CORE LABORATORIES N.V.

(a public limited liability company (naamloze vennootschap) incorporated in the Netherlands with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands)

This prospectus ("**Prospectus**") concerns the admission to listing and trading (the "**Listing**") of 49,037,808 common shares (the "**Shares**") in the capital of Core Laboratories N.V. (the "**Company**"), a public company with limited liability incorporated under the laws of The Netherlands, on NYSE Euronext in Amsterdam ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V. ("**Euronext**").

The Shares in the Company are publicly traded since 1995 on Nasdaq, which listing was changed to the New York Stock Exchange (the "**NYSE**") since 1998. Application has been made to list and admit all the Shares to trading on Euronext Amsterdam under the symbol CLB. Application has also been made to admit all the Shares to the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., trading as Euroclear Nederland ("**Euroclear Nederland**").

The Shares are registered under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**").

The Shares constitute the entire issued and outstanding share capital of the Company. The Company will not receive any proceeds from the Listing.

Investing in the Shares involves a high degree of risk. See "Risk Factors" for a description of certain risks and factors that should be carefully considered by a prospective investor prior to an investment in the Shares.

Each purchaser of Shares, in making a purchase, will be deemed to have made certain acknowledgements, representations and agreements as set out in "Transfer Restrictions". Potential investors in the Shares should carefully read the "Transfer Restrictions" section of this Prospectus.

The Company has appointed ING Bank N.V. as its listing agent ("**Listing Agent**") and as its Euroclear agent ("**Euroclear Agent**"). The Listing Agent, the Euroclear Agent and Euronext do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing. For more information regarding the conditions to the Listing and the consequences of withdrawal of the Listing, see "The Listing".

This document constitutes a Prospectus for the purposes of Article 3 of European Union Directive 2003/71/EC as amended by Directive 2010/73/EC (the "**Prospectus Directive"**) and has been prepared in accordance with chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) ("**DFSA**") and the rules promulgated thereunder. This Prospectus has been approved by the Dutch Authority for the Financial Markets (the "**AFM**").

Distribution of this Prospectus may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Prospectus are urged to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Company disclaims all responsibility for any violation of such restrictions by any person.

Listing Agent

ING Bank N.V.

Date of this Prospectus: May 4, 2012 (the "**Publication Date**")

TABLE OF CONTENTS

SUMMARY

The following information should be read as an introduction to this Prospectus only. Any decision to invest in the Shares should be based on a consideration of this Prospectus and the information incorporated by reference into this Prospectus as a whole and not just this summary.

Where a claim relating to the information contained in, or incorporated by reference into, this Prospectus is brought before a court in a member state of the European Economic Area (a "**Member State**"), the claimant might, under the national legislation of that Member State, have to bear the costs of translating this Prospectus or any document incorporated by reference herein before the legal proceedings are initiated. Civil liability in relation to this summary is attached to us, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus (including information incorporated by reference herein).

Overview

We are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management products and services to the oil and gas industry. These products and services are directed toward enabling the clients to improve reservoir performance and increase oil and gas recovery from their producing fields. As of the Publication Date we have over 70 offices in more than 50 countries and have approximately 5,000 employees.

Application has been made to list all of the Shares on Euronext Amsterdam under the symbol "CLB". The applicable law is Dutch law. Since 1995, the Shares in the capital of the Company are admitted to listing and trading on Nasdaq, which listing was changed to the NYSE since 1998. The Shares are traded on the NYSE under the ticker "CLB".

Our business strategy

Our business strategy is to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the products and services offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

Our business units

We derive our revenue from services and product sales to clients primarily in the oil and gas industry. Our business units have been aggregated into three complementary, interrelated segments which provide, produce and design products and services for evaluating and improving reservoir performance and increasing oil and gas recovery from new and existing fields:

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterise properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

Corporate Information

Core Laboratories N.V. was founded in 1936 and was incorporated in its current form on July 8, 1994. The Company is a Netherlands limited liability company incorporated in The Netherlands, operating under Dutch law. The address of the legal and registered office is Herengracht 424, 1017 BZ

Amsterdam, The Netherlands and the telephone number is +31 (0)20 420 3191. The Company is registered in the commercial register of the Dutch Chamber of Commerce under number 33261158.

Company	Core Laboratories N.V.
Shares	49,037,808 issued common shares in the capital of the Company
Listing and trading	Application has been made to list and admit all the Shares to trading on Euronext Amsterdam. The Shares in the Company are publicly traded since 1995 on Nasdaq, which listing was changed to the NYSE since 1998.
Share trading information Euronext Amsterdam	ISIN: NL0000200384 Common Code: 027468624 Euronext Amsterdam symbol: CLB
Share trading information NYSE	Ticker: CLB
Listing Date	May 16, 2012
Listing Agent	ING Bank N.V.
Euroclear Agent	ING Bank N.V.

Summary of Risk Factors

Before investing in the Shares, prospective investors should consider carefully, together with the other information contained in this Prospectus, the factors and risks related to an investment in the Shares described in "Risk Factors", including the following risks:

Risks related to our Business

- Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations;
- We are subject to a variety of environmental laws and regulations, which may result in increased costs and significant liability to our business;
- We depend on the results of our international operations, which expose us to risks inherent in doing business abroad;
- Our results of operations may be significantly affected by foreign currency exchange rate risk;
- Our results of operations may be adversely affected because our efforts to comply with U.S. laws such as the Foreign Corrupt Practices Act ("**FCPA**") could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law;
- If we are not able to develop or acquire new products or our products and services become technologically obsolete, our results of operations may be adversely affected;
- If we are unable to obtain patents, licenses and other intellectual property rights covering our products and services, our operating results may be adversely affected;
- There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected;
- We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business;
- We require a significant amount of cash to service our indebtedness, and our ability to generate cash beyond the next twelve months may depend on factors beyond our control; and
- Because the Company is a Netherlands company, it may be difficult for you to sue the members of the Company's Supervisory Board or the Company and it may not be possible to obtain or enforce judgements against either.

Risks related to our Industry

- The businesses in which we engage are highly competitive;
- Our operations are subject to political and economic instability and risk of government actions that could have a material adverse effect on our consolidated results of operations and consolidated financial condition;
- Disruptions in the timely delivery of our backlog could affect sales, profitability, and our relationship with our customers;
- We may fail to comply with various environmental, health, security and safety laws, to maintain regulatory permissions or approvals, or to obtain any necessary waivers from such laws, regulations and standards;
- Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources;
- Doing business with national oil companies exposes us to risks of cost overruns, delays, and project losses and unsettled political conditions that can heighten these risks and control of oil and gas reserves by state owned oil companies may impact the demand for our products and services and create additional risks in our operations; and
- Certain matters related to the Macondo well incident, the Deepwater Horizon event and the drilling moratorium in the U.S. Gulf of Mexico, including regulation of the U.S. offshore drilling industry, and similar catastrophic events could have a material adverse effect on the industry and may impact the demand of our products and services.

Risks related to the Listing

- The NYSE and Euronext Amsterdam have different characteristics;
- The Company is subject to both Dutch and U.S. laws, regulations and policies;
- There is currently no market for the Company's Shares on Euronext Amsterdam and, notwithstanding our intention to be admitted to trading on Euronext Amsterdam, a market for the Company's Shares may not develop on Euronext Amsterdam, which could adversely affect the liquidity and price of those Shares;
- If securities or industry analysts do not publish research or reports about the Company’s business, or if they adversely change their recommendations regarding the Shares, the market price and trading volume of the Shares could decline;
- The Company may in the future seek to raise capital by conducting equity offerings, which may dilute shareholders’ shareholdings; and
- Shareholders outside The Netherlands may not be able to exercise pre-emptive rights in future offerings.

Summary of consolidated financial data

The summary consolidated financial data below should be read in conjunction with "Operating and Financial Review", "Selected Consolidated Financial Information", the consolidated financial statements of the Company for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) derived from our Annual Report on Form 10-K ("**Form 10-K**") for the financial year 2011 filed with the U.S. Securities and Exchange Commission ("**SEC**"), the notes thereto and the auditor’s report incorporated by reference into this Prospectus and the consolidated Balance Sheet of the Company for the financial year ended December 31, 2009 derived from the Form 10-K for the financial year 2009, the notes thereto and the auditor's report incorporated by reference into this Prospectus and the interim consolidated financial statements of the Company for the three-month periods ended March 31, 2012 and 2011 derived from our Quarterly Report on Form 10-Q for the three-month period ended March 31, 2012 ("**Form 10-Q**") filed with the SEC and the notes thereto incorporated by reference into this Prospectus. The Company has prepared its audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 and its unaudited interim consolidated financial statements as of and for the three-month periods ended March 31, 2012 and 2011 in accordance with the accounting principles general accepted in the United States ("**U.S. GAAP**").

The full year and year-end consolidated financial data is extracted from our consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 that have been audited by PricewaterhouseCoopers LLP, independent auditors (see: "General Information" - "Independent

Auditors"). The information on the consolidated financial statements for the years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) is derived from our Form 10-K for the financial year 2011 and the information on the consolidated Balance Sheet for the year ended December 31, 2009 is derived from our Form 10-K for the financial year 2009. The three-month interim consolidated financial data is based upon our unaudited interim consolidated financial statements as of and for the three-month periods ended March 31, 2012 and 2011, which in turn are derived from our Form 10-Q for the three-month period ended March 31, 2012. The results for the three-month period ended March 31, 2012 are not necessarily indicative of results for the full year of 2012.

The summary consolidated financial data set forth below may not contain all of the information that is important to you.

Summary consolidated income statements (as reported in U.S. GAAP)

Years ended December 31,		**2011**		**2010**		**2009**
(amounts in thousands, except share and per share data)						
REVENUE	$	907,648	$	794,653	$	695,539
OPERATING EXPENSES:						
Costs of services and sales		593,369		513,790		457,769
General and administrative expenses		41,141		33,029		30,372
Depreciation and amortization		23,303		23,113		23,818
Other (income) expense, net		(919)		(2,205)		(3,202)
OPERATING INCOME		250,754		226,926		186,782
Loss on exchange of Senior Exchangeable Notes		1,012		1,939		-
Interest expense		10,900		15,839		15,523
INCOME BEFORE INCOME TAX EXPENSE		238,842		209,148		171,259
INCOME TAX EXPENSE		54,198		63,747		57,164
NET INCOME		184,644		145,401		114,095
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST		(40)		484		491
NET INCOME ATTRIBUTABLE TO CORE LABORATORIES N.V.	$	184,684	$	144,917	$	113,604
Basic Earnings Per Share:	$	3.99	$	3.23	$	2.47
Diluted Earnings Per Share:	$	3.82	$	3.00	$	2.43
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING						
Basic		46,286		44,830		45,939
Diluted		48,393		48,241		46,657

Three-month Periods ended March 31,		2012		2011
(amounts in thousands, except share and per share data)		(unaudited)		(unaudited)
REVENUE	$	234,191	$	206,733
OPERATING EXPENSES:				
Costs of services and sales		149,140		136,750
General and administrative expenses		10,174		9,524
Depreciation and amortization		5,883		5,831
Other (income) expense, net		(4,912)		(1,871)
OPERATING INCOME	$	73,906	$	56,499
Loss on exchange of Senior Exchangeable Notes		-		629
Interest expense		2,190		2,360
INCOME BEFORE INCOME TAX EXPENSE	$	71,716	$	53,510
INCOME TAX EXPENSE		17,786		7,518
NET INCOME	$	53,930	$	45,992
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST		(21)		(298)
NET INCOME ATTRIBUTABLE TO CORE LABORATORIES N.V.	$	53,951	$	46,290
Basic Earnings Per Share:	$	1.13	$	1.02
Diluted Earnings Per Share:	$	1.13	$	0.94
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic		47,606		45,225
Diluted		47,945		49,141

Summary consolidated balance sheet (as reported in U.S. GAAP):

(amounts in thousands, except per share data)	3/31/2012	12/31/2011	12/31/2010	12/31/2009
ASSETS:	(unaudited)			
Cash and Cash Equivalents	$ 23,537	$ 29,332	$ 133,880	$ 181,045
Accounts Receivable, net	171,656	170,805	154,726	133,758
Inventory	58,119	53,214	33,979	32,184
Other Current Assets	31,014	27,463	27,656	43,550
Total Current Assets	**284,326**	**280,814**	**350,241**	**390,537**
Property, Plant and Equipment, net	114,812	115,295	104,223	98,784
Intangibles, Goodwill and Other Long Term Assets	211,540	209,030	195,777	168,845
Total Assets	**$ 610,678**	**$ 605,139**	**$ 650,241**	**$ 658,166**
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Accounts Payable	$ 48,189	$ 57,639	$ 44,710	$ 33,009
Short-Term Debt	1,487	2,344	147,543	-
Other Current Liabilities	81,997	77,478	88,021	73,399
Total Current Liabilities	**131,673**	**137,461**	**280,274**	**106,408**
Long-Term Debt	198,066	223,075	-	209,112
Other Long-Term Liabilities	66,675	62,948	68,763	60,888
Equity Component of Short-Term Debt	-	-	8,864	-
Shareholders' Equity	214,264	181,655	292,340	281,758
Total Liabilities and Shareholders' Equity	**$ 610,678**	**$ 605,139**	**$ 650,241**	**$ 658,166**

Summary consolidated cash flow statements (as reported in U.S. GAAP):

Years ended December 31,	**2011**	**2010**	**2009**
(amounts in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities	$ 204,126	$ 205,832	$ 181,873
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash used in investing activities	(52,018)	(38,737)	(18,540)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used in investing activities	(256,656)	(214,260)	(18,426)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(104,548)	(47,165)	144,907
CASH AND CASH EQUIVALENTS, beginning of period	133,880	181,045	36,138
CASH AND CASH EQUIVALENTS, end of period	**$ 29,332**	**$ 133,880**	**$ 181,045**

Periods ended March 31,	**2012**	**2011**
(amounts in thousands)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by operating activities	$ 53,789	$ 58,022
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used in investing activities	(7,987)	(4,624)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used in investing activities	(51,597)	(107,267)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,795)	(53,869)
CASH AND CASH EQUIVALENTS, beginning of period	29,332	133,880
CASH AND CASH EQUIVALENTS, end of period	**$ 23,537**	**$ 80,011**

RISK FACTORS

Before investing in the Shares, prospective investors should consider carefully all of the information that is included or incorporated by reference in this Prospectus and should form their own view before making an investment decision with respect to any Shares. In particular, investors should evaluate the uncertainties and risks referred to or described below, which may materially adversely affect our business, financial condition or results of operations. Should any of the following events or circumstances occur, the value of the Company's Shares could fall and an investor might lose part or all of an investment. Although we believe that the risks and uncertainties described below are our most material risks and uncertainties, they are not the only ones we face. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may also materially and adversely affect our business, financial condition or results of operations and may cause the market price of the Company's Shares to fall.

Risks related to our business

Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations.

Our business and operations are substantially dependent upon the condition of the global oil and gas industry. The oil and gas industry is highly cyclical and demand for the majority of our oilfield products and services is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. There are numerous factors affecting the supply of and demand for our products and services, which are summarised as:

- general and economic business conditions;
- market prices of oil and gas and expectations about future prices;
- cost of producing and the ability to deliver oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by the Organisation of the Petroleum Exporting Countries ("**OPEC**");
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- the physical effects of adverse weather;
- the adoption of legal requirements or taxation that lowers the demand for petroleum-based fuels;
- civil unrest or political uncertainty in oil producing or consuming countries;
- level of consumption of oil, gas and petrochemicals by consumers;
- changes in existing laws, regulations, or other governmental actions;
- the business opportunities (or lack thereof) that may be presented to and pursued by us;
- availability of products and services and materials for our clients to grow their capital expenditures; and
- availability of materials and equipment from key suppliers.

The oil and gas industry has historically experienced periodic downturns, which have been characterised by diminished demand for our oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could adversely affect our operating results.

We are subject to a variety of environmental laws and regulations, which may result in increased costs and significant liability to our business.

We are subject to a variety of stringent governmental laws and regulations both in the United States and abroad relating to protection of the environment and the use and storage of chemicals and gases used in our analytical and manufacturing processes and the discharge and disposal of wastes generated by those processes. Certain of these laws and regulations may impose joint and several, strict liability for environmental liabilities, such as the remediation of historical contamination or recent spills, and failure to comply with such laws and regulations could result in the assessment of damages, fines and penalties, the imposition of remedial or corrective action obligations or the suspension or cessation of some or all of our operations. These stringent laws and regulations could require us to acquire permits or other authorizations to conduct regulated activities, install and maintain costly equipment and pollution control technologies, or to incur costs or liabilities to mitigate or remediate pollution conditions caused by our operations or attributable to former operators. If we fail to control the use, or adequately restrict the discharge of, hazardous substances or wastes, we could be subject to future material liabilities including remedial obligations. In addition, public interest in the protection of the environment has increased dramatically in recent years with governmental authorities imposing more stringent and restrictive requirements. We anticipate that the trend of more expansive and stricter environmental laws and regulations will continue, the occurrence of which may require us to increase our capital expenditures or could result in increased operating expenses.

For example, in the United States, the federal Congress has, from time to time, considered legislation that could be introduced and adopted in the current session of Congress, in which event such adopted laws or any implementing regulations could adversely affect our business, financial condition and results of operations. This legislation could include or arise from the following:

- *Climate Change.* Congress has from time to time considered legislation to reduce emissions of greenhouse gases ("**GHGs**"), primarily through the establishment of a "cap-and-trade" plan for GHGs but no such legislation has been adopted by Congress. It is not possible at this time to predict whether or when Congress may introduce and adopt climate change legislation. In addition, based on determinations made by the U.S. Environmental Protection Agency ("**EPA**") in December 2009 that emissions of GHGs present a danger to public health and the environment, the EPA adopted regulations that restrict emissions of GHGs under existing provisions of the federal Clean Air Act, including one that requires a reduction in emissions of GHGs from motor vehicles and another that requires certain construction and operating permit reviews for GHG emissions from certain large stationary sources. Also, the EPA adopted rules requiring the monitoring and reporting of GHGs from certain sources, including, among others, onshore and offshore oil and natural gas production facilities, and almost one-half of the states already have taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Adoption and implementation of laws and regulations limiting emissions of GHGs from our equipment or operations could require us to incur costs to comply with such requirements and also could adversely affect demand for the production of oil and natural gas by our customers and thus reduce demand for the products and services we provide to the oil and natural gas industry.

- *Hydraulic Fracturing.* From time to time, legislation has been introduced before Congress to provide for federal regulation of hydraulic fracturing under the Safe Drinking Water Act and to require disclosure of the chemicals used in the hydraulic fracturing process, which disclosed information could be proprietary in nature. At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure, and well construction requirements on hydraulic fracturing activities. Moreover, the EPA has asserted federal regulatory authority under the Safe Drinking Water Act, as amended ("**SDWA**") over hydraulic fracturing involving diesel. While it is not possible at this time to predict whether or when Congress may introduce and adopt legislation restricting hydraulic fracturing activities under the SDWA or other regulatory mechanisms, if new or more stringent federal, state, or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where our oil and natural gas exploration and production customers operate, those customers could incur significant added costs to comply with such requirements and experience delays or curtailment in the pursuit of exploration, development or production activities, which could reduce demand for our products and services. Although Core Laboratories is not a hydraulic fracturing company, it does supply and utilise chemicals during such processes for reservoir diagnostic purposes. In addition, certain governmental reviews are either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014 and, more recently, the EPA announced plans to develop effluent limitations for the treatment and discharge of wastewater resulting from hydraulic fracturing activities by 2014. The

White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices, and a committee of the United States House of Representatives has conducted an investigation of hydraulic fracturing practices. Other governmental agencies, including the U.S. Department of Energy and the U.S. Department of the Interior, are evaluating various other aspects of hydraulic fracturing. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the federal SDWA or other regulatory mechanisms, which events could delay or curtail production of oil and natural gas by our exploration and production customers and thus reduce demand for our business.

Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and even the issuance of injunctive relief. The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or cleanup requirements could have a material adverse effect on our operations and financial position. For instance, the adoption of laws or implementation of regulations to address concerns about global climate change or threats to drinking water from hydraulic fracturing activities that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business.

We depend on the results of our international operations, which expose us to risks inherent in doing business abroad.

We conduct our business in over 50 countries; business outside of the United States accounted for approximately 49%, 50% and 52% of our revenue during the years ended December 31, 2011, 2010 and 2009, respectively. Not included in the foregoing percentages are significant levels of our revenue recorded in the U.S. that are sourced from projects on foreign oilfields. Our operations are subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes, seizure, detention, nationalisation and expropriations of assets;
- interpretation of tax statutes and requirements of taxing authorities worldwide, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates (see section below);
- the impact of inflation;
- difficulty in repatriating foreign currency received in excess of the local currency requirements; and
- current conditions in oil producing countries such as Venezuela, Nigeria, Libya, Iran and Iraq considering their potential impact on the world markets.

Historically, economic downturn and political events have resulted in lower demand for our products and services in certain markets. The continuing instability in the Middle East and North Africa and the potential for activity from terrorist groups that the U.S. government has cautioned against have further heightened our exposure to international risks. The global economy is highly influenced by public confidence in the geopolitical environment and the situation in the Middle East and North Africa continues to be highly fluid; therefore, we expect to experience heightened international risks.

Our results of operations may be significantly affected by foreign currency exchange rate risk.

We are exposed to risks due to fluctuations in currency exchange rates. By the nature of our business, we derive a substantial amount of our revenue from our international operations, subjecting us to risks relating to fluctuations in currency exchange rates.

Our results of operations may be adversely affected because our efforts to comply with U.S. laws such as the FCPA could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law.

We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that U.S. law and regulations prohibit us from using.

Because we are registered with the SEC, we are subject to the regulations imposed by the FCPA, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our business, results of operations or financial condition. In addition, our ability to continue to work in these parts of the world discussed above could be adversely affected if we were found to have violated certain U.S. laws, including the FCPA.

If we are not able to develop or acquire new products and services or our products and services become technologically obsolete, our results of operations may be adversely affected.

The market for our products and services is characterised by changing technology and product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. While we intend to continue committing substantial financial resources and effort to the development of new products and services, we may not be able to successfully differentiate our products and services from those of our competitors. Our clients may not consider our proposed products and services to be of value to them; or if the proposed products and services are of a competitive nature, our clients may not view them as superior to our competitors' products and services. In addition, we may not be able to adapt to evolving markets and technologies, develop new products, or achieve and maintain technological advantages.

If we are unable to continue developing competitive products in a timely manner in response to changes in technology, our businesses and operating results may be materially and adversely affected. In addition, continuing development of new products inherently carries the risk of inventory obsolescence with respect to our older products.

If we are unable to obtain patents, licenses and other intellectual property rights covering our products and services, our operating results may be adversely affected.

Our success depends, in part, on our ability to obtain patents, licenses and other intellectual property rights covering our products and services. To that end, we have obtained certain patents and intend to continue to seek patents on some of our inventions and our products and services. While we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. In addition, effective copyright and trade secret protection may be unavailable or limited in certain countries. Litigation, which could demand significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights. Also, there can be no assurance that we can obtain licenses or other rights to necessary intellectual property on acceptable terms.

There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected.

One of our key business strategies is to acquire technologies, operations and assets that are complementary to our existing businesses. There are financial, operational and legal risks inherent in any acquisition strategy, including:

- increased financial leverage;
- ability to obtain additional financing;
- increased interest expense; and
- difficulties involved in combining disparate company cultures and facilities.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to continue to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimise any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operation.

We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, geologists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. We may confront significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for oil and gas. Additionally, at times there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. As a result, our business, results of operations and financial condition may be materially adversely affected.

We require a significant amount of cash to service our indebtedness, and our ability to generate cash beyond the next twelve months may depend on factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures depends, in part, on our ability to generate cash beyond the next twelve months. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

No assurance can be given that, beyond the next twelve months, we will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure that any refinancing or debt restructuring would be possible or, if possible, would be completed on favourable or acceptable terms, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realised from those sales would be favourable to us or that additional financing could be obtained on acceptable terms. Disruptions in the capital and credit markets could adversely affect our ability to refinance our indebtedness, including our ability to borrow under the existing credit facility entered into by the Company and a U.S. based subsidiary of the Company. Banks that are party to the existing credit facility may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Because the Company is a Netherlands company, it may be difficult for you to sue the members of the Company's Supervisory Board or the Company and it may not be possible to obtain or enforce judgements against either.

Although the Company is a Netherlands company, its assets are located in a variety of countries. In addition, not all the members of the Supervisory Board are residents of the same countries as other members of the Supervisory Board. As a result, it may not be possible for you to effect service of process within certain countries upon the members of the Supervisory Board, or to enforce against the members of the Supervisory Board or use judgements of courts of certain countries predicated upon civil liabilities under a country's federal securities laws. Because there is no treaty between certain countries and The Netherlands providing for the reciprocal recognition and enforcement of judgements, some countries' judgements are not automatically enforceable in The Netherlands or in the United States, where the principal market for the Company's Shares is located. In addition, there is doubt as to whether a court in one country would impose civil liability on the Company or on the members of the Supervisory Board in an original action brought against it or the members of the Supervisory Board in a court of competent jurisdiction in another country and predicated solely upon the federal securities laws of that other country.

Risks related to our Industry

The businesses in which we engage are highly competitive.

Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While not one company competes with us in all of our product and service lines, we face competition in these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, client service, pricing, industry trends and general economic trends.

Our operations are subject to political and economic instability and risk of government actions that could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our consolidated results of operations and consolidated financial conditions. With respect to any particular country, these risks may include:

- Political and economic instability, including:
  - civil unrest, acts of terrorism, force majeure, war and other armed conflict;
  - inflation; and
  - currency fluctuations, devaluations and conversion restrictions.
- Governmental actions that may:
  - result in expropriation and nationalisation of our assets in that country;
  - result in confiscatory taxation or other adverse tax policies;
  - limit or disrupt markets, restrict payments, or limit the movement of funds;
  - result in the deprivation of contract rights and;
  - result in the inability to obtain and retain licenses required for operation.

For example due to the unsettled political conditions in many oil-producing countries, our revenue and profits are subject to adverse consequences of war, the effects of terrorism, civil unrest, strikes currency controls and governmental actions. Military action or continued unrest in the Middle East and North Africa, among other possible locations, could impact the supply of and pricing for oil and natural gas, disrupt our operations in the region and elsewhere, and increase our costs for security worldwide.

Furthermore we derived bookings from European countries. The financial markets remain concerned about the ability of certain European countries, particularly Greece, Ireland and Portugal, but also others such as Spain and Italy, to finance their deficits and service growing debt burdens amidst difficult economic conditions. This loss of confidence has led to rescue measures for Greece, Portugal and Ireland by Euro-zone countries and the International Monetary Fund. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. In addition, the actions required to be taken by those countries as a condition to rescue packages, and by other countries to mitigate similar developments in their economies, have resulted in increased political discord within and among Euro-zone countries. The interdependencies among European economies and financial institutions have also exacerbated concern regarding the stability of European financial markets generally. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro currency entirely. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Company’s Euro-denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally, and more specifically, may cause users to delay or forgo decisions to purchase or upgrade to premium paid products and services. In addition, this uncertainty could also result in users delaying or forgoing decisions to upgrade their existing hardware or operating system, which can be a catalyst to purchase our premium paid products and services. Given the scope of our European bookings and user base, persistent disruptions in the European financial markets, the overall stability of the Euro and the suitability of the Euro as a single currency or the failure of a significant European financial institution, could have a material adverse impact on our operations or financial performance.

Disruptions in the timely delivery of our backlog could affect sales, profitability, and our relationship with our customers.

Many of the contracts we enter into with our customers require long manufacturing lead times and may contain penalty clauses relating to on-time delivery. A failure by us to deliver in accordance with customers expectations could subject us to financial penalties and may result in damage to existing customer relationships. Additionally, we include our expectations regarding the timing and delivery of products and services currently in backlog within our earnings guidance to the financial markets. Failure to deliver backlog in accordance with expectations could negatively impact our financial performance.

We may fail to comply with various environmental, health, security and safety laws, to maintain regulatory permissions or approvals, or to obtain any necessary waivers from such laws, regulations and standards.

We could face substantial liability under existing and future environmental, health, security and safety laws, regulations and standards for penalties, fines, damages and remediation costs. Changes in enforcement policies for existing laws, regulations and standards and additional laws, regulations and standards adopted in the future could limit our ability to do business or further increase the cost of our doing business. Finally, even if we are in compliance with relevant environmental, health, security, safety and other laws, regulations and standards, the ordinary course of operation of our business involves certain inherent risks to the environment, its employees and others. We could incur substantial liability in the event of accidents, exposure to hazardous substances or other events resulting in injury or death, even if any such event is not as a result of any fault on our part. Our expenses associated with these risks, if not covered or not completely covered by our insurance, could have a material adverse effect on our business, results of operations, financial condition or prospects. Any liability incurred by us, the increased costs of environmental compliance and damage to our reputation could have a material adverse effect on our business, results of operations, financial condition or prospects.

Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.

As part of our business strategy, we intend to continue to seek to acquire businesses and properties that we believe could complement or expand our business or otherwise offer growth opportunities. Any future acquisitions will involve numerous risks, including:

- difficulties in integrating operations, technologies, services, accounting and personnel;
- difficulties in supporting and transitioning customers of our acquired companies to our technology platforms and business processes;
- diversion of financial and management resources from existing operations;
- difficulties in obtaining regulatory approvals and permits for the acquisition; and
- inability to generate sufficient revenue to offset acquisition or investment costs.

Acquisitions also frequently result in recording of goodwill and other intangible assets, which are subject to potential impairments in the future that could have a material adverse effect on our operating results. Furthermore, the costs of integrating acquired businesses (including restructuring charges associated with the acquisitions, as well as other acquisition costs, such as accounting fees, legal fees and investment banking fees) could significantly impact our operating results.

Although we perform diligence on the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. We may not be able to ascertain the value or understand the potential liabilities of the acquired businesses and their operations until we assume operating control of the assets and operations of these businesses. Once we acquire a business, we are faced with risks, including the following:

- the possibility that we have acquired substantial undisclosed liabilities;
- the need for further regulatory approvals;
- the risks of entering markets in which we have limited or no prior experience; and
- the possibility that we may be unable to recruit additional managers with the necessary skills to supplement the management of the acquired businesses.

If we are unsuccessful in overcoming these risks, our business, financial condition or results of operations could be materially and adversely affected. We also compete for acquisition opportunities with other operators, some of which may have substantially greater financial resources than us. These competitors may generally be able to accept more risk than we can prudently manage. Competition may generally reduce the number of suitable acquisition opportunities offered to us and increase the bargaining power of property owners seeking to sell.

Doing business with national oil companies exposes us to risks of cost overruns, delays, and project losses and unsettled political conditions that can heighten these risks and control of oil and gas reserves by state owned oil companies may impact the demand for our products and services and create additional risks in our operations.

Much of the world's oil and natural gas reserves are controlled by national or state-owned oil companies ("**NOCs**"). Several of the NOCs are among our top 20 customers. Increasingly NOCs are turning to oilfield services companies like us to provide products, services, technologies, and expertise needed to develop their reserves. Reserve estimation is a subjective process that involves estimating location and volumes based on a variety of assumptions and variables that cannot be directly measured. As such, the NOCs may provide us with inaccurate information in relation to their reserves that may result in cost overruns, delays and project losses. In addition NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These types of issues may also result in similar cost overruns, losses and contract delays.

Certain matters related to the Macondo well incident, the Deepwater Horizon event and the drilling moratorium in the U.S. Gulf of Mexico, including regulation of the U.S. offshore drilling industry, and similar catastrophic events could have a material adverse effect on the industry and may impact the demand of our products and services.

As a result of the Deepwater Horizon explosion and related oil leak in April 2010 in the U.S. Gulf of Mexico, the Secretary of the U.S. Department of the Interior directed the Bureau of Ocean Energy Management, Regulation and Enforcement ("**BOEMRE**") to issue a suspension, until November 30, 2010, of drilling activities for specified drilling configurations and technologies as a consequence of which the demand for our products and services was impacted. The BOEMRE has also issued new guidelines and regulations regarding safety, environmental matters, drilling equipment and decommissioning applicable to drilling in the U.S. Gulf of Mexico. In addition to the new requirements recently imposed by the BOEMRE, there have been a variety of proposals to change existing laws and regulations that could adversely affect our operations due to a decrease in demand for our products and services.

Risks related to the Listing

The NYSE and Euronext Amsterdam have different characteristics.

Following the Listing, the Shares will be fungible and able to be traded on the NYSE or Euronext Amsterdam. As there is no direct trading or settlement between the stock markets of New York and Amsterdam, the time required to move Shares between the stock markets may vary and there is no certainty of when Shares that are moved will be available for trading or settlement. In addition, the NYSE and Euronext Amsterdam have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Shares on the NYSE and Euronext Amsterdam may not be the same at any given time. Furthermore, fluctuations in the share price on the NYSE could materially and adversely affect the share price on Euronext Amsterdam (and vice versa). Moreover, fluctuations in the exchange rate between the U.S. dollar and the Euro could materially and adversely affect the prices of the Shares listed on the NYSE and Euronext Amsterdam.

The Company is subject to both Dutch and U.S. laws, regulations and policies.

Dutch laws, regulations and policies may differ in some respects from comparable laws, regulations and policies in the United States. The differences in compliance requirements may subject the Company to additional regulatory burdens. In the event of any conflict between the applicable laws, regulations and policies in The Netherlands and the United States, the Company will have to comply with the more onerous rules and may incur additional costs and require additional resources.

There is currently no market for the Company's Shares on Euronext Amsterdam and, notwithstanding our intention to be admitted to trading on Euronext Amsterdam, a market for the Company's Shares may not develop on Euronext Amsterdam, which could adversely affect the liquidity and price of those Shares.

There is currently no market on Euronext Amsterdam for the Company's Shares. Therefore, you should be aware that you cannot benefit from information about prior market history on Euronext Amsterdam when making your decision to invest. The price of the Shares after the Listing can also vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Although our current intention is to maintain a listing on Euronext Amsterdam, we cannot assure you that we will always do so. In addition, an active trading market for the Company's Shares on Euronext Amsterdam may not develop or, if developed, may not be maintained. Although the Company's Shares are also admitted to listing and trading on the NYSE, you may be unable to sell your Shares or experience difficulties in selling your Shares on the NYSE. In addition, because a large percentage of Euronext Amsterdam's market capitalisation and trading volume is represented by a limited number of companies, fluctuations in the prices of those companies' securities may have an effect on the market prices for the securities of other listed companies, including the price of the Company's Shares.

In addition, although the Company expects to meet the listing standards of Euronext Amsterdam on admission, it cannot assure you that its Shares will continue to be listed on Euronext Amsterdam as it might not meet certain continued listing standards. If the Company is delisted from Euronext Amsterdam you may be unable to sell your Shares or experience difficulties in selling your Shares on the NYSE.

If securities or industry analysts do not publish research or reports about the Company's business, or if they adversely change their recommendations regarding the Shares, the market price and trading volume of the Shares could decline.

The trading market for the Shares will be influenced by the research and reports that industry or securities analysts publish about the Company's business. If one or more of the analysts who cover the Company or its industry downgrade the Shares, the market price of the Shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on it, the Company could lose visibility in the financial markets, which could cause the market price of the Shares or trading volume to decline.

The Company may in the future seek to raise capital by conducting equity offerings, which may dilute shareholders' shareholdings.

After the Listing, we may issue additional equity securities, incur substantial indebtedness or enter into other financing arrangements in order to fund the growth of our business. Any issuance of additional equity securities may significantly dilute the value of the Shares held by the Company's shareholders and adversely affect the market price of the Company's Shares. In addition, if we raise additional funds by borrowing, the rights of the Company's shareholders would be subordinated to the rights of our creditors, and the terms of any such financing could significantly restrict our operating flexibility and result in the loss of your entire investment if our assets did not exceed the level of our borrowings upon liquidation.

We may also seek to raise additional funds through licensing arrangements, collaborative relationships, joint ventures or other alliances with third parties, which could require us to pay royalties upon any resulting products, relinquish certain intellectual property rights in our existing or new technologies and products.

Shareholders outside The Netherlands may not be able to exercise pre-emption rights.

In the event of an increase in the Company's share capital, holders of the Company's Shares are generally entitled to certain pre-emption rights, unless these rights are excluded by a resolution of the Supervisory Board pursuant to the Articles of Association. Certain holders of Shares outside The Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with. In particular, U.S. holders of the Company's Shares may not be able to exercise pre-emption rights unless a registration statement under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") is declared effective with respect to the Shares issuable upon exercise of such rights, or an exemption from the registration requirements of the U.S. Securities Act is available. The Company intends to evaluate at the time of any rights issue the cost and potential liabilities associated with any such registration statement, as well as the indirect benefits and costs to us of enabling the exercise by U.S. holders of their pre-emption rights for the Company's Shares, and any other factors we consider appropriate at the time. The Company will then make a decision as to whether to file such a registration statement. There can be no assurance given that the Company will file a registration statement or that any exemption from registration would be available to enable the exercise of a U.S. holder's pre-emption rights.

IMPORTANT INFORMATION

Responsibility Statement

Potential investors should rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 5:23 of the DFSA. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the Publication Date. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, the members of the management board of Core Laboratories International B.V., the members of the Supervisory Board or any of their respective affiliates. The delivery of this Prospectus at any time after the Publication Date will not, under any circumstances, create any implication that there has been no change in our affairs since the Publication Date or that the information set forth in this Prospectus is correct as of any time since the Publication Date.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the Company's knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

ING Bank N.V. in its capacity as Listing Agent and Euroclear Agent in connection with the Listing accepts no responsibility whatsoever for the contents of this Prospectus nor for any statements made or purported to be made in connection with the Company, the Shares or the Listing. Accordingly, ING Bank N.V. disclaims any and all liability, whether arising in tort or contract or otherwise in respect of this Prospectus or any such statement.

Notice to investors

The distribution of this Prospectus in certain jurisdictions other than The Netherlands may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. No action has been or will be taken in any jurisdiction by us that would permit a public offering of the Shares or possession or distribution of a Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Shares in any jurisdiction in which such offer or invitation would be unlawful. Neither we nor the Listing Agent accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Company’s Shares, of any of these restrictions.

Presentation of Financial and Other Information

In this Prospectus, "Core", "Core Laboratories", "we", "our" or "us" refers to Core Laboratories N.V., a public company with limited liability and its subsidiaries on a consolidated or combined basis, whereas the “Company” refers simply to Core Laboratories N.V. "Management Board", "Supervisory Board" and "General Meeting of Shareholders" or "General Meeting" refer to, respectively, the management board (*raad van bestuur*), the supervisory board (*raad van commissarissen*) and the general meeting of shareholders (*algemene vergadering van aandeelhouders*) of Core Laboratories N.V.

The consolidated financial information for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) contained in the body of this Prospectus is derived from the Form 10-K for the financial year 2011. The consolidated Balance Sheet for the financial year ended December 31, 2009 contained in the body of this Prospectus is derived from the Form 10-K for the financial year 2009. This financial information has been prepared in accordance with U.S. GAAP and is audited by PricewaterhouseCoopers LLP. The interim consolidated financial information as of and for the three-month periods ended March 31, 2012 and 2011 contained in the body of this Prospectus is derived from the Form 10-Q for the three-month period ended March 31, 2012. This financial information has been prepared in accordance with U.S. GAAP and is unaudited. See the financial data under "Summary", "Selected Consolidated Financial Information" and "Operating and Financial Review". Any financial information in this Prospectus that has not been extracted from our audited consolidated financial statements for the financial years ended December 31, 2011, 2010 and 2009 is unaudited.

In the F-pages section of the Prospectus under "Selected Consolidated Financial Information under IFRS", "Capitalisation and indebtedness under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2011 under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2010 under IFRS" and "Consolidated Financial information for the financial year ended December 31, 2009 under IFRS", financial information is provided which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This includes the audited consolidated financial statements of Core Laboratories N.V. for the financial years ended December 31, 2011, 2010 and 2009 which have been audited by PricewaterhouseCoopers Accountants N.V.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments.

Our financial year is the calendar year. All references in this Prospectus to "Euro" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. All references to "U.S. dollars", "U.S. $", "USD", or "$" are to the lawful currency of the United States.

Articles of Association

The Company last amended its articles of association ("**Articles of Association**") on July 8, 2010. The Company has submitted amendments to these Articles of Association ("**Proposed Articles of Association**") for approval by its shareholders at the next General Meeting scheduled on the Listing Date. References made to the Articles of Association in this Prospectus are to the current Articles of Association of the Company as in force on the Publication Date. References made to the Proposed Articles of Association in this Prospectus are to the Company's proposed articles of association as submitted for approval at the next General Meeting.

Stock split

At the Company's annual General Meeting on June 10, 2010, the General Meeting of Shareholders approved an amendment to increase the Company's authorised capital of Shares from 100 million to 200 million Shares and to increase the authorised capital in the form of preference shares ("**Preference Shares**") from 3 million to 6 million Preference Shares. In addition, the General Meeting of Shareholders approved the two-for-one stock split authorised by the Supervisory Board and thereby reduced the par value of each Share from EUR 0.04 to EUR 0.02. As a result of the stock split, shareholders of record on June 30, 2010 received an additional Share for each Share held. The stock split was effected on July 8, 2010. All references to common shares, share prices, per share amounts and stock plans in this Prospectus have been restated retroactively for the stock split, excluding any filings made prior to the date of the stock split, June 30, 2010.

Documents Incorporated by Reference

The following documents shall be deemed incorporated in, and form part of, this Prospectus and can be obtained free of charge on the Company's website at *www.corelab.com* (see http://www.corelab.com/corporate/Financial_Reports.aspx for the financial reports and http://www.corelab.com/corporate/governance.aspx for the current Articles of Association):

- the audited consolidated financial statements of Core as prepared in accordance with U.S. GAAP for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet), as included in our Form 10-K for the financial year 2011, which includes the Statement of Operations, Changes in Equity and Statement of Cash Flows for 2009, 2010 and 2011 and the Balance Sheets for 2010 and 2011, and includes the auditor's report for all of these statements;

- the audited consolidated Balance Sheet of Core as prepared in accordance with U.S. GAAP for the financial year ended December 31, 2009, as included in our Form 10-K for the financial year 2009, which includes the auditor's report for that statement;
- the unaudited interim consolidated financial statements for the three-month periods ended March 31, 2012 and 2011 as prepared in accordance with U.S. GAAP, as included in our Form 10-Q for the three-month period ended March 31, 2012; and
- the current Articles of Association.

If between the Publication Date and the Listing Date a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises, which is capable of affecting the assessment of the Shares, a supplement to this Prospectus to be approved by the AFM will be published in accordance with the DFSA. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Prospective investors should rely only on the information that is provided in this Prospectus or incorporated by reference into this Prospectus.

No other documents or information, including the contents of the Company's website or of websites accessible from hyperlinks on the Company's website, form part of, or are incorporated by reference into, this Prospectus.

Forward-looking Statements

Certain statements in this Prospectus other than statements of historical fact are forward-looking statements. This Prospectus contains forward-looking statements in, without limitation, "Risk Factors", "Business and Industry Overview" and "Operating and Financial Review" which are based on the Company's beliefs and projections and on information currently available to the Company, such as but not limited to, analysis of currently available competitive, financial and economic data and our operating plans. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "project", "predict", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Company and its subsidiaries. Such risks, uncertainties and other important factors include, among others:

- our ability to continue to develop or acquire new and useful technology;
- the realization of anticipated synergies from acquired businesses and future acquisitions;
- our dependence on one industry, oil and gas, and the impact of commodity prices on the expenditure levels of our clients;
- competition in the markets we serve;
- the risks and uncertainties attendant to adverse industry, political, economic and financial market conditions, including stock prices, government regulations, interest rates and credit availability;
- unsettled political conditions, war, civil unrest, currency controls and governmental actions in the numerous countries in which we operate;
- changes in the price of oil and natural gas;
- integration of acquired businesses; and

- the effects of industry consolidation.

The Company's businesses depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of natural gas or oil, which could have a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what the Company believes are important factors to consider. Should any of the underlying assumptions about the above or other factors prove to be incorrect, our actual financial condition or results of operations could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions, underlying the above factors, the forward-looking events described in this Prospectus may not occur. Additional risks not known to us or that we do not currently consider material could also cause the forward looking events discussed in this Prospectus not to occur. Reference is made to the sections of this Prospectus entitled "Risk Factors", "Business and Industry Overview" and "Operating and Financial Review" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company's operate.

Enforceability of Civil Liabilities

The ability of shareholders in certain countries other than The Netherlands to bring an action against the Company may be limited under applicable law. The Company is a public limited liability company incorporated under the laws of The Netherlands and has its statutory seat in Amsterdam, The Netherlands. Certain members of the Company's Supervisory Board and certain members of the management board of Core Laboratories International B.V. and a substantial number of our employees are citizens or residents of countries other than the United States. All or a substantial portion of the assets of such persons and a substantial portion of our assets are located outside the United States, and as a result, it may not be possible for investors to effect service of process upon such persons or the Company. In addition, there is substantial doubt as to the enforceability, in The Netherlands, of original actions or actions for enforcement based on the federal securities laws of the United States or judgements of U.S. courts, including judgements predicated upon the civil liability provisions of the securities laws of the United States.

The United States and The Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgement for the payment of money rendered by U.S. courts based on civil liability would not be directly enforceable in The Netherlands. However, if the party in whose favour such final judgement is rendered brings a new suit in a competent court in The Netherlands, that party may submit to the Dutch court the final judgement that has been rendered in the United States. A judgement by a federal or state court in the United States against the Company will neither be recognised nor enforced by a Dutch court but such judgement may serve as evidence in a similar action in a Dutch court.

Market and Industry Data

Market data and certain other statistical information used in this Prospectus is based on internally developed data as well as on such third party sources that are specifically indentified in this Prospectus, in addition to information from Stone Partners, Inc., for our executive compensation analysis, and on information from Bloomberg (via www.bloomberg.com) for data, analytics and other financial information on the industry.

Any third-party information included in this Prospectus has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

EXCHANGE RATES

We publish our consolidated financial statements in U.S. Dollars. The Euro to U.S. dollar exchange rates below are provided solely for information and convenience. No representation is made that the euro could have been, or could be, converted into U.S. dollars at these rates.

	Noon buying rate			
	Period End	**Average[1]**	**High**	**Low**
Year:				
2007	1.4602	1.3701	1.4860	1.2903
2008	1.3920	1.4713	1.6010	1.2446
2009	1.4332	1.3932	1.5099	1.2547
2010	1.3391	1.3267	1.4534	1.1957
2011	1.2972	1.3926	1.4875	1.2925
2012 (through April 30)	1.3228	1.3128	1.3462	1.2675
Month:				
January 2012	1.3052	1.2902	1.3192	1.2675
February 2012	1.3358	1.3240	1.3462	1.3087
March 2012	1.3334	1.3207	1.3336	1.3024
April 2012	1.3228	1.3163	1.3337	1.3065

1 The average of the noon buying rate in New York in the United States for the euro on the last business day of each full month during the relevant year or each business day during the relevant month

CAPITALISATION AND INDEBTEDNESS

The table below sets out the Company’s unaudited consolidated capitalisation and indebtedness schedule as of March 31, 2012 on an actual basis as reported in U.S. GAAP.

This table should be read in conjunction with the consolidated financial statements and the related notes thereto, as well as the information under "Operating and Financial Review" included in this Prospectus. The table below is prepared for illustrative purposes only and, because of its nature, may not give a true picture of our financial condition following the Listing.

(amounts in thousands)		**March 31, 2012**
Total Current debt:		
Guaranteed		—
Secured		55
Unguaranteed/Unsecured		1,432
Total Non-current debt:		
Guaranteed		198,000
Secured		66
Unguaranteed/Unsecured		—
Equity		
Share capital		1,376
Legal Reserve		—
Other Reserves		212,888
Total capitalization and indebtedness	$	413,817
Cash		23,537
Cash equivalent		—
Trading securities		—
Liquidity	$	23,537
Current Financial Receivable	$	—
Current Bank debt		—
Current portion of non current debt		—
Other current financial debt		1,487
Current Financial Debt	$	1,487
Net Current Financial Indebtedness	$	(22,050)
Non current Bank loans		48,000
Bonds Issued		150,000
Other non current loans		66
Non current Financial Indebtedness	$	198,066
Net Financial Indebtedness	$	(176,016)

While there have been changes to the components of the Company’s capitalisation and indebtedness arising in the ordinary course of business, there has been no material change in the Company's financial or trading position since March 31, 2012 (the date to which the last financial statements under U.S. GAAP have been presented). For a summary of our principal contractual obligations and commercial commitments over the next five years, see "Operating and Financial Review - Credit Facilities and Available Future Liquidity".

DIVIDENDS AND DIVIDEND POLICY

General

The Company may only make distributions to shareholders if the Company's equity exceeds the sum of the paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. Distribution of dividends may only take place after adoption of annual accounts or interim accounts demonstrating that such distribution is legally permitted. Under the Articles of Association the Supervisory Board determines which part of any profit will be reserved. Any profits remaining after such reservation will be used to pay a dividend on the Company's Preference Shares, if any are outstanding. Any profits remaining after dividend payment on the Preference Shares will be at the disposal of the General Meeting of Shareholders. The Supervisory Board is permitted to declare interim dividends.

Dividend Policy

The declaration, calculation of amount (there is no set formula) and payment of future interim-dividends will be at the discretion of the Supervisory Board and there is no guaranteed distribution of excess profits in the form of dividends. Declaration of a dividend will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. In general, any payment of dividends must be made in accordance with the Articles of Association (see "Description of Share Capital and Corporate Governance" – "Share Capital") and the requirements of Dutch law. Dividends must be authorized by a resolution of the Supervisory Board, which resolution will set a record/registration date and a payment date about thirty days after the resolution. Claims to dividends not made within five years from the date that such dividends became payable will lapse and any such amounts will be considered to have been forfeited to us. There is no distinction made between resident and non-resident owners.

Because Core Laboratories N.V. is a holding company that conducts substantially all of our operations through subsidiaries, the Company's ability to pay cash dividends on the shares is also dependent upon the ability of its subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements. (See "Operating and Financial Review" - "Liquidity and Capital Resources").

Recent Dividends

In July 2008, the Company announced the initiation of a quarterly cash dividend program that has continued to the present. Since the inception of the dividend program, the Company has paid fifteen quarterly dividends. During this period, as stated earlier, effective July 8, 2010, the Company completed a two-for-one stock split. Accordingly, the amount of each dividend per Share is stated in the announced amount with the pre-split amount in parenthesis for those issued before the stock split.

Quarterly payment date	Amount per Share post-split	Amount per Share pre-split
August 2008	$0.05	($0.10)
November 2008	$0.05	($0.10)
March 2009	$0.05	($0.10)
May 2009	$0.05	($0.10)
August 2009	$0.05	($0.10)
November 2009	$0.05	($0.10)
February 2010	$0.06	($0.12)
May 2010	$0.06	($0.12)
August 2010	$0.06	
November 2010	$0.06	
February 2011	$0.25	
May 2011	$0.25	
August 2011	$0.25	
November 2011	$0.25	
February 2012	$0.28	

In addition, the Company has paid three special dividends as follows:

Payment date	Amount per Share post-split	Amount per Share pre-split
August 2008	$0.50	($1.00)
August 2009	$0.375	($0.75)
August 2010	$0.65	

BUSINESS AND INDUSTRY OVERVIEW

Business Overview

The Company is a Netherlands limited liability company incorporated in The Netherlands, governed by Dutch law. The address of the legal and registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands and the telephone number is +31 (0)20 420 3191. The Company was founded in 1936 and incorporated in its current form on July 8, 1994 and is registered in the commercial register of the Dutch Chamber of Commerce under number 33261158, under the commercial name “Core Laboratories N.V.”.

The Company and its group are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management products and services to the oil and gas industry. These products and services are directed toward enabling the clients to improve reservoir performance and increase oil and gas recovery from their producing fields. As of the Publication Date, the Company and its group have over 70 offices (totalling approximately 2.4 million square feet of space) in more than 50 countries and have approximately 5,000 employees.

Application has been made to list all of the Shares on Euronext Amsterdam under the symbol "CLB". The International Security Identification Number ("**ISIN**") of Core Laboratories N.V. is NL0000200384. The applicable law is Dutch law. Since 1995 the Shares in the capital of the Company are admitted to listing and trading on Nasdaq, which listing was changed to the NYSE since 1998. The Shares are traded on the NYSE under the ticker "CLB".

History

Core was founded in 1936 and the shares in the capital of Core traded on the American Stock Exchange from 1971 to 1984. The Company was acquired by Litton Industries in 1984. In September 1994, management bought the assets of Core as a private company and within a year, the Company went public with an IPO on Nasdaq in 1995 with a $120 million market cap. In July 1998, the Company began trading on the NYSE and in the late 1990s and early 2000s, the Company acquired the entities that largely constitute its three reporting segments today. Since that point in time, there have been no large strategic acquisitions and most growth has been organic. In 1999, revenue exceeded $300 million and in 2004, revenue exceeded $400 million. As of year-end 2011, the Company’s revenue exceeded $900 million and the Company had a market cap of approximately $5 billion.

Our business strategy

Our business strategy is to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the products and services offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

We conduct research and development to meet the needs of our clients who are continually seeking new products, services and technologies to lower their costs of finding, developing and producing oil and gas. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, oil and gas producers have, on a proportional basis, increased expenditures on technology products and services to improve their understanding of the reservoir and increase production of oil and gas from their producing fields. We intend to continue concentrating our efforts on products, services and technologies that improve reservoir performance and increase oil and gas recovery.

Another component of our business strategy is to broaden the spectrum of services and products offered to our clients on a global basis. We intend to continue using our worldwide network of offices to offer many of our services and products that have been developed internally or obtained through acquisitions. This allows us to enhance our revenue through efficient utilisation of our worldwide network.

Our business units

We derive our revenue from services and product sales to clients primarily in the oil and gas industry. We provide services and design and produce products which enable our clients to evaluate reservoir performance and increase oil and gas recovery from new and existing fields. Our clients' investment in capital expenditure programs tends to correlate to oil and natural gas commodity prices. During periods of higher prices, our clients generally invest more in capital expenditures and, during periods of lower commodity prices, they tend to invest less. Accordingly, the level of capital expenditures by our clients impacts the demand for our services and products.

Our business units have been aggregated into three complementary, interrelated segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields:

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterise properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

We offer our services worldwide through our global network of offices. Services accounted for approximately 69%, 72% and 76% of our revenue from operations for the years ended December 31, 2011, 2010 and 2009, respectively.

We manufacture products primarily in four facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 31%, 28% and 24% of our revenue from operations for the years ended December 31, 2011, 2010 and 2009, respectively.

Our product sales backlog at December 31, 2011 was approximately $25.9 million compared to $26.0 million at December 31, 2010. Sources of raw materials for our products are readily available and we expect that our current sales backlog at December 31, 2011 will be completed in 2012.

Increases in activity levels in 2010 by our clients combined with greater market share, led to higher revenue over 2009 across all of our business segments. Given this higher revenue in conjunction with the lower cost structure attained during the global economic recession, we were able to generate operating income that was 21% higher in 2010 than the prior year. This increase was driven primarily by our Production Enhancement and Reservoir Management segments with operating income increases of 56% and 35%, respectively. The ongoing increases in our clients' activity in 2011 led to our revenue increase of 14% over 2010, again primarily in our Production Enhancement and Reservoir Management segments with operating income for each of these segments increasing by 11%.

Reservoir Description

Commercial oil and gas fields consist of porous and permeable reservoir rocks that contain natural gas, crude oil and water. Due to the density differences of the fluids, natural gas typically caps the field and overlies an oil layer, which overlies the water. We provide services that characterise the porous reservoir rock and all three reservoir fluids. Services relating to these fluids include determining quality and measuring quantity of the fluids and their derived products. This includes determining the value of different crude oil and natural gases by analyzing the individual components of complex hydrocarbons. These data sets are used by oil companies to determine the most efficient method by which to recover, process and refine these hydrocarbons to produce the maximum value added to crude oil and natural gas.

We analyze samples of reservoir rocks for their porosity, which determines reservoir storage capacity, and for their permeability, which defines the ability of the fluids to flow through the rock. These measurements are used to determine how much oil and gas are present in a reservoir and the rates at which the oil and gas can be produced. We also use our proprietary services and technologies to correlate the reservoir description data to wireline logs and seismic data by determining the different acoustic velocities of reservoir rocks containing water, oil and natural gas. These measurements are used in conjunction with our reservoir management services to develop programs to produce more oil and gas from the reservoir.

Production Enhancement

We produce data to describe a reservoir system that is used to enhance oil and natural gas production so that it may exceed the average oilfield recovery factor, which is approximately 40%. Two production enhancement methods commonly used are (i) hydraulic fracturing of the reservoir rock to improve flow and (ii) flooding a reservoir with water, carbon dioxide, nitrogen or hydrocarbon gases to force more oil and gas to the wellbore. Many oilfields today are hydraulically fractured and flooded to maximise oil and gas recovery. Although Core Laboratories is not a hydraulic fracturing company, we do provide chemicals that are used to analyze such processes for reservoir diagnostic purposes. Our services and technologies play a key role in the success of both methods.

The hydraulic fracturing of a producing formation is achieved by pumping a proppant material in a gel slurry into the reservoir zone at extremely high pressures. This forces fractures to open in the rock and "props" or holds the fractures open so that reservoir fluids can flow to the production wellbore. Our data on rock type and strength are critical for determining the proper design of the hydraulic fracturing job. In addition, our testing indicates whether the gel slurry is compatible with the reservoir fluids so that damage does not occur to the porous rock network. Our proprietary and patented ZERO WASH® tracer technology is used to determine that the proppant material was properly placed in the fracture to ensure effective flow and increased recovery.

SPECTRACHEM® is another proprietary and patented technology developed for optimising hydraulic fracture performance. SPECTRACHEM® is used to aid operators in determining the efficiency of the fracture fluids used. SPECTRACHEM® tracers allow operators to evaluate the quantity of fracture fluid that returns to the wellbore during the clean-up period after a hydraulic fracturing event. This technology also allows our clients to evaluate load recovery, gas breakthrough, fluid leak-off and breaker efficiency, all of which are important factors for optimising oil and/or natural gas production after the formation is hydraulically fractured.

Core's patented and proprietary SPECTRACHEM® fracture diagnostic service continued to evolve with the introduction of the SpectraChem® Plus+ service in early 2009. The new SpectraChem® Plus+ service is effective in determining the effectiveness and efficiency of the hydraulic fracture stimulation of long multistage horizontal wells in oil- and gas-shale plays throughout North America. SpectraChem® Plus+ data sets are used to determine how each frac stage, which may number up to 30 per well, is flowing. Frac stages with ineffective flows may warrant further stimulation or remedial actions.

We conduct dynamic flow tests of the reservoir fluids through the reservoir rock, at actual reservoir pressure and temperature, to realistically simulate the actual flooding of a producing zone. We use patented technologies, such as our Saturation Monitoring by the Attenuation of X-rays (SMAX™), to help design the enhanced recovery project. After a field flood is initiated, we are often involved in monitoring the progress of the flood to ensure the maximum amount of incremental production is being achieved through the use of our SpectraFlood™ technology, which we developed to optimise sweep efficiency during field floods.

Our unique completion monitoring system, Completion Profiler™, helps to determine flow rates from reservoir zones after they have been hydraulically fractured. This provides our clients with a baseline of early production information and can be compared to subsequent production logs later in the life of the well to see if and where hydrocarbon production varies.

Our PACKSCAN® patented technology, which is used as a tool to evaluate gravel pack effectiveness in an unconsolidated reservoir, has contributed to our revenue growth. PACKSCAN® measures the density changes in the area around the tool and is designed to observe the changes within the wellbore to verify the completeness of the gravel pack protection of the wellbore without any additional rig time.

In addition to our many patented reservoir analysis technologies, we have established ourselves as a global leader in the manufacture and distribution of high-performance perforating products. Our unique understanding of complex reservoirs supports our ability to supply perforating systems engineered to maximise well productivity by reducing, eliminating and overcoming formation damage caused during the completion of oil and gas wells. Our "systems" approach to the perforating of an oil or gas well has resulted in numerous patented products. Our HERO® (High Efficiency Reservoir Optimization), SuperHERO™ and recently introduced SuperHERO Plus+™ perforating systems have quickly become industry leaders in enhancing reservoir performance. The SuperHERO™ and SuperHERO Plus+™ perforating systems complement our successful HERO® line and are designed to optimise wellbore completions and stimulation programs in oil- and gas-shale reservoirs. Evolved from our HERO® charges, the SuperHERO™ and the SuperHERO Plus+™ charges use a proprietary and patented design of powdered metal liners and explosives technology that results in a deeper and cleaner perforating tunnel into the oil- and gas-shale reservoir. This allows greater flow of hydrocarbons to the wellbore and helps to maximise hydrocarbon recovery from the reservoir. Moreover, the deeper, near debris-free perforations enable lower fracture initiation pressures, reducing the amount of pressure-pumping horsepower required and its associated cost. SuperHERO™ and SuperHERO Plus+™ charges can eliminate the ineffective perforations that would otherwise limit daily oil and natural gas production and hinder the optimal fracture stimulation programs needed for prolific production from the Bakken, Eagle Ford, Marcellus, Niobrara and similar oil- and gas-shale formations. Our manufacturing operations in the United States and Canada continue to meet the global demand for our perforating systems through facility expansion in addition to gains in efficiency and productivity.

Our Horizontal Time-Delayed Ballistics Actuated Sequential Transfer (HTD-Blast™) perforating system is a technology useful for the effective and efficient perforation of extended-reach horizontal completions in the Bakken, Eagle Ford, and other shale formations. The HTD-Blast™ perforating system can be deployed via coiled tubing, and it currently enables eight perforating events, beginning at the farthest reaches, or toe regions, of extended-reach horizontal wells. The toe region is the most difficult section of an extended-reach well to effectively perforate and fracture stimulate. The HTD-Blast™ system significantly improves the potential for production from those sections. A proprietary, time-delayed detonating sequence allows the operator to position and perforate up to eight discrete zones. This efficiency, coupled with Core's effective SuperHERO Plus+™ perforating charges, results in superior perforations at a greatly reduced operating cost. Superior perforations then allow effective fracture stimulation programs that can maximise production from extended horizontal wells.

We have experienced technical services personnel to support clients through our global network of offices for the everyday use of our perforating systems and the rapid introduction of new products. Our personnel are capable of providing client training and on-site service in the completion of oil and gas wells. Our patented X-SPAN™ and GTX-SPAN™ casing patches are supported by our technical services personnel. These systems are capable of performing in high pressure oil and gas environments and are used to seal non-productive reservoir zones from the producing wellbore.

Reservoir Management

Reservoir description and production enhancement information, when applied across an entire oilfield, is used to maximise daily production and the ultimate total recovery from the reservoir. We are involved in numerous large-scale reservoir management projects, applying proprietary and state-of-the-art techniques from the earliest phases of a field development program until the last economic barrel of oil is recovered.

These projects are of increasing importance to oil companies as the incremental barrel is often the lowest cost and most profitable barrel in the reservoir. Producing incremental barrels increases our clients' cash flows which we believe will result in additional capital expenditures by our clients, and ultimately further opportunities for us. We also develop and provide industry consortium studies to provide critical reservoir information to a broad spectrum of clients in a cost effective manner such as our multi-client regional reservoir optimization projects for both North America and international studies, especially studies pertaining to unconventional reservoirs such as our ongoing global shale study that examines the shale potential in central and southern Europe, North Africa, India, China and Australia among other regions and a joint industry project evaluating the petrophysical, geochemical and production characteristics of the Eagle Ford shale in South Texas. Additional studies being performed are our long running deep water Gulf of Mexico studies, a worldwide characterisation of tight-gas sands, with special emphasis in the Middle East region, deepwater studies off the coasts of West Africa and Brazil and a study on the petroleum potential of offshore Vietnam and a global gas shale study.

We sell and maintain permanent real time reservoir monitoring equipment that is installed in the reservoir for our oil and gas company clients which eliminates the need for down-hole electronic components providing increased reliability and high temperature capability in extreme operating environments.

Segment Reporting

Selected consolidated financial information for our three business segments is presented below. We use the same accounting policies to prepare our business segment results as are used to prepare our consolidated financial statements (see: "Operating and Financial Review" - "Critical Accounting Policies and Estimates"). We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense). Summarised consolidated financial information concerning our segments is shown in the following table (in thousands $):

Derived from U.S. GAAP financial statements	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
December 31, 2011					
Revenue from unaffiliated clients	$ 469,775	$ 371,449	$ 66,424	$ —	$ 907,648
Inter-segment revenue	1,515	1,947	1,686	(5,148)	—
Segment income (loss)	116,244	112,576	21,887	47	250,754
Total assets	267,559	242,419	23,208	71,953	605,139
Capital expenditures	15,320	8,700	1,318	4,589	29,927
Depreciation and amortization	14,073	6,449	666	2,115	23,303
December 31, 2010					
Revenue from unaffiliated clients	$ 425,829	$ 313,956	$ 54,868	$ —	$ 794,653
Inter-segment revenue	1,817	1,681	1,625	(5,123)	—
Segment income (loss)	106,179	101,241	19,759	(253)	226,926
Total assets	267,621	196,802	24,313	161,505	650,241
Capital expenditures	20,495	5,066	591	1,417	27,569
Depreciation and amortization	13,988	6,442	713	1,970	23,113
December 31, 2009					
Revenue from unaffiliated clients	$ 414,934	$ 230,652	$ 49,953	$ —	$ 695,539
Inter-segment revenue	1,076	1,424	1,866	(4,366)	—
Segment income (loss)	106,421	65,076	14,620	665	186,782
Total assets	251,671	173,117	25,073	208,305	658,166
Capital expenditures	12,311	3,383	247	1,348	17,289
Depreciation and amortization	14,334	5,858	700	2,926	23,818

(1) "Corporate and other" represents those items that are not directly relating to a particular segment and eliminations.

Geographic Segments

We are a Netherlands company and we derive our revenue from services and product sales to clients primarily in the oil and gas industry. No single client accounted for 10% or more of revenue in any of the periods presented. The following is a summary of our operations by major geographic region for 2011, 2010 and 2009 (in thousands $):

GEOGRAPHIC INFORMATION Derived from U.S. GAAP financial statements		**United States**		**Canada**		**Other Countries**		**Consolidated**
December 31, 2011								
Revenue	$	470,600	$	85,287	$	351,761	$	907,648
Operating income		157,267		27,651		65,836		250,754
Total assets		321,756		73,385		209,998		605,139
December 31, 2010								
Revenue	$	406,823	$	72,296	$	315,534	$	794,653
Operating income		126,726		34,152		66,048		226,926
Total assets		355,269		69,260		225,712		650,241
December 31, 2009								
Revenue	$	339,235	$	54,888	$	301,416	$	695,539
Operating income		112,158		14,430		60,194		186,782
Total assets		326,223		45,344		286,599		658,166

Revenue is attributed to the country in which the revenue is earned. U.S. revenue derived from exports was approximately $59.8 million, $49.7 million and $42.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. Operating income and total assets associated with our corporate operations have been included in the results for the United States.

International Operations

We operate facilities in more than 50 countries. Our non-U.S. operations accounted for approximately 49%, 50% and 52% of our revenue from operations during the years ended December 31, 2011, 2010 and 2009, respectively. Not included in the foregoing percentages are significant levels of our revenue recorded in the U.S. that are sourced from projects on foreign oilfields.

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our foreign contracts are denominated in a currency other than the U.S. dollar to an amount generally equal to the expenses expected to be incurred in such foreign currency. However, the ultimate decision as to the proportion of the foreign currency component within a contract usually resides with our clients. Consequently, we are not always able to eliminate our foreign currency exposure. We have not historically engaged in and are not currently engaged in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations.

Industry Overview

The financial market crisis and the start of a global economic recession that began in late 2008 led to a decrease in demand for oil and gas; consequently oilfield activity in 2009 declined as oil and gas companies reduced their spending levels for that year. However, in late 2009, a global economic recovery began that continued steadily through 2010 and into 2011 that increased consumption of oil and natural gas products leading to higher oil related prices, increased capital budgets for our clients, and more demand for our services and products.

The general crude oil market conditions in the United States began improving in 2010 along with increases in global demand which led to higher crude oil prices that approached pre-recession levels by the end of the year and continued into 2011. This created a positive impact on our business compared to the volatility experienced throughout 2009.

Natural gas prices in 2010 had a different reaction to the overall increase in global demand for oil and gas products. Prices were volatile during 2009 and followed with continued decreases throughout 2010 and 2011. These decreasing prices for natural gas were the result of increases in the global supply instead of decreases in the global demand; consequently activity levels of our clients in this sector did not decrease until late in 2011.

Crude oil prices generally increased during 2011, with spot prices for West Texas Intermediate crude beginning the year at $91.59 per barrel and ending at $98.83 per barrel, an 8% increase. These increased prices led to the rise in the U.S. oil rig count, which increased by over 50% and the number of horizontal wells increased by over 20% during the same time period.

The following table summarises the average worldwide and U.S. rig counts for the years ended December 31, 2011, 2010 and 2009, as well as the annual average spot price of a barrel of West Texas Intermediate crude and an MMBtu of natural gas:

		2011		2010		2009
Baker Hughes Worldwide Average Rig Count ([1])		3,466		2,985		2,304
Baker Hughes U.S. Average Rig Count ([1])		1,875		1,541		1,086
Average Crude Oil Price per Barrel ([2])	$	94.87	$	79.39	$	61.95
Average Natural Gas Price per MMBtu ([3])	$	4.54	$	5.13	$	6.92

(1) Twelve month average rig count as reported by Baker Hughes Incorporated - Worldwide Rig Count.
(2) Average daily West Texas Intermediate crude spot price.
(3) Obtained from Bloomberg NGH1 average price for the years December 31, 2011, 2010, and 2009.

Operators determined that the economics of certain projects would be viable at the higher commodity prices in 2010 compared to 2009 which led to an increase in rig count in 2010, particularly rigs drilling for oil, both in North America and worldwide. Higher oil prices in 2011 had the same impact on drilling activity as it continued a general increase throughout the year. This resulted in rig counts at the end of the year exceeding rig counts at the beginning of the year across most of the globe, with the average U.S. rig count increasing by 22% and average international rig count increasing by over 10%.

Subsequent to year-end 2011 through the Publication Date, the Company expects increasing international growth, especially in deepwater projects supported by the scheduled arrivals of additional deepwater rigs. Deepwater pre-salt activities in several international basins, such as the Kwanza basin offshore Angola, should increase significantly throughout 2012. Other international areas including the Middle East specifically Iraq, and Asia Pacific, should see activity levels remain brisk with the support of higher international commodity prices. In addition, we expect to benefit from increasing activities in the deepwater Gulf of Mexico, which is projected to approach the highs of early 2008 by late 2012. We also expect to benefit from increasing activities in unconventional oil-shale reservoirs, not only in North America, but also in South America and North Africa. Core expects that worldwide activity levels will increase by 10%, and we expect to see sustained higher commodity prices.

Competition

The businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our product and service lines, we face competition in these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, client service, pricing, industry trends and general economic trends.

Environmental Regulation

We are subject to stringent governmental laws and regulations, both in the United States and other countries pertaining to protection of the environment and the manner in which chemicals and gases used in our analytical and manufacturing processes are handled and generated wastes are disposed. Consistent with our quality assurance and control principles, we have established proactive environmental policies for the management of these chemicals and gases as well as the handling and recycling or disposal of wastes resulting from our operations. Compliance with these laws and regulations, whether at the federal, provincial, regional, state or local levels, may require the acquisition of permits for regulated activities, capital expenditures to limit or prevent emissions and discharges, and stringent restrictions for the handling and disposal of certain wastes. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and even the issuance of injunctive relief.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or cleanup requirements could have a material adverse effect on our operations and financial position. For instance, the adoption of laws or implementation of regulations to address concerns about global climate change or threats to drinking water from hydraulic fracturing activities that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business. Moreover, we depend on the demand for our products and services from oil and natural gas exploration and production companies. Thus, any changes in environmental laws and regulations that result in more stringent and costly well drilling, construction, completion, development or production activities could impose additional and significant costs on, or delay or decrease the operational activity of those operators who are our customers, which also could have a material adverse effect on our business.

Our analytical and manufacturing processes involve the handling and use of numerous chemicals and gases as well as the generation of wastes. Spills or releases of these chemicals, gases, and wastes at our facilities or at offsite locations where they are transported for recycling or disposal could subject us to environmental liability, which may be strict, joint and several, for the costs of cleaning up chemicals and wastes released into the environment and for damages to natural resources, and it is not uncommon for neighbouring landowners and other third parties to file claims against industry participants for personal injury and property damage allegedly caused by such spills or releases. As a result of such actions, we could be required to remove previously disposed wastes, remediate environmental contamination, and undertake measures to prevent future contamination. We may not be able to recover some or any of these remedial or corrective costs from insurance. While we believe that we are in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on us, we cannot give any assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate.

Our operations are also subject to stringent governmental laws and regulations, including the federal Occupation Safety and Health Act, as amended ("**OSHA**"), and comparable state laws in the United States, whose purpose is to protect the health and safety of workers. In the United States, the OSHA hazard communication standard and applicable community right-to-know regulations require that information is maintained concerning hazardous materials used or produced in our operations and that this information is provided to employees, state and local government authorities, and citizens. We believe that we are in substantial compliance with all applicable laws and regulations relating to worker health and safety.

Investments and Acquisitions

We continually review potential acquisitions to add key services and technologies, enhance market presence or complement existing businesses.

In 2010, we acquired fracture diagnostics assets for $9.0 million in cash. The acquisition was recorded in the Production Enhancement business segment and resulted in an increase of $5.6 million in goodwill and an increase of $3.2 million in intangible assets.

In September 2011, we acquired a business providing additional manufacturing capacity for our Canadian operations for $18.8 million in cash. We have accounted for this acquisition by allocating the purchase price to the net assets acquired based on their estimated fair values at the date of acquisition, resulting in an increase to goodwill of $8.6 million and an increase of $0.5 million to intangible assets. The acquisition was recorded in the Production Enhancement business segment.

The acquisition of these entities did not have a material impact on our Consolidated Balance Sheet or Consolidated Statements of Operations.

Marketing and Sales

We market and sell our services and products through a combination of sales representatives, technical seminars, trade shows and print advertising. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices. Our business development group manages a large account management program to better serve our largest and most active clients by meeting with key personnel within their organisations to ensure the quality of our products and services are meeting their expectations and we are addressing any issues or needs in a timely manner.

Research and Development

The market for our products and services is characterised by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilised in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies. Research and development costs consist mostly of development cost and are less than 1% of our revenue. As they are not material to our operations, they are not tracked separately, but expensed as incurred.

Intellectual property

We believe our patents, trademarks and other intellectual property rights are an important factor in maintaining our technological advantage, although no one patent is considered essential to our success. Typically, we will seek to protect our intellectual technology in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. In addition to patents, in many instances we protect our trade secrets through confidentiality agreements with our employees and our clients.

Litigation

We have been and may from time to time be named as a defendant in legal actions that arise in the ordinary course of business. These include, but are not limited to, employment-related claims and contractual disputes or claims for personal injury or property damage which occur in connection with the provision of our products and services. The Company does not believe that any of our pending contractual, employment-related, personal injury or property damage claims and disputes will have a material effect on our future results of operations, financial position or cash flow.

We are not currently involved, nor have we been involved during the twelve month period immediately prior to the Publication Date, in any governmental, legal or arbitration proceedings which may have or have had in the recent past significant effects on the Company and/or the group's business, financial position or profitability, and we are not aware of any such proceedings which are currently pending or threatened.

Material contracts

Other than the Credit Facility and the private placement of Senior Notes each as described under "Operating and Financial Review - Liquidity and Capital Resources", there are no material contracts, other than those entered into in the ordinary course of business, that have been entered into within the two years immediately preceding the Publication Date which are material or which have been entered into at any other time and which contain provisions under which we have an obligation or entitlement that is material as of the Publication Date.

Group structure

We are a Netherlands holding company of an extensive global group of companies and as such we conduct substantially all of our operations' through subsidiaries. All of our subsidiaries are engaged in the Company's field of activity or related activities.

Our significant direct and indirect subsidiaries which form approximately 90% of our revenue, are:

Name	Legal Seat	Ownership and voting power %
Core Laboratories Australia PTY LTD	Perth, Australia	100%
Core Laboratories Canada Ltd.	Alberta, Canada	100%
Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Malaysia SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Sales N.V.	Curacao	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%
Owen Oil Tools LP	Delaware, United States	100%
Core Lab de Mexico S.A. de C.V.	Mexico City, Mexico	100%
PT Corelab Indonesia	Jakarta, Indonesia	70%
Saybolt Belgium N.V.	Antwerp, Belgium	100%
Saybolt LP	Delaware, United States	100%
Saybolt Nederland B.V.	Rotterdam, The Netherlands	100%
Saybolt (Singapore) PTE LTD	Singapore, Singapore	100%
Stim-Lab, Inc.	Oklahoma, United States	100%
ZAO Petroleum Analysts	Moscow, Russian Federation	100%

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information set forth below is that of the Company and its subsidiaries. The selected consolidated financial information should be read in conjunction with "Operating and Financial Review", the financial data included in the "Summary", the consolidated financial statements of the Company for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) derived from the Form 10-K for the financial year 2011, the notes thereto and the auditor's report incorporated by reference into this Prospectus and the consolidated Balance Sheet of the Company for the financial year ended December 31, 2009 derived from the Form 10-K for the financial year 2009, the notes thereto and the auditor's report incorporated by reference into this Prospectus and the interim consolidated financial statements of the Company for the three-month periods ended March 31, 2012 and 2011 derived from the Form 10-Q for the three-month period ended March 31, 2012 and the notes thereto incorporated by reference into this Prospectus.

The full year and year-end consolidated financial data is extracted from our consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 that have been audited by PricewaterhouseCoopers LLP, independent auditors (see: "General Information" - "Independent Auditors"). The information on the consolidated financial statements for the years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) is derived from our Form 10-K for the financial year 2011 and the information on the consolidated Balance Sheet for the year ended December 31, 2009 is derived from our Form 10-K for the financial year 2009. The three-month interim consolidated financial data is based upon our unaudited interim consolidated financial statements as of and for the three-month periods ended March 31, 2012 and 2011, which in turn are derived from our Form 10-Q for the three-month period ended March 31, 2012. The results for the three-month period ended March 31, 2012 are not necessarily indicative of results for the full year of 2012.

The selected consolidated financial data set forth below may not contain all of the information that is important to you.

Selected consolidated income statements (as reported in U.S. GAAP)

(in thousands of USD, except share and per share data)	2011	2010	2009
REVENUE:			
Services	$ 621,752	$ 568,220	$ 529,523
Product sales	285,896	226,433	166,016
Total Revenue	907,648	794,653	695,539
OPERATING EXPENSES:			
Cost of services, exclusive of depreciation shown below	395,303	356,563	333,544
Cost of product sales, exclusive of depreciation shown below	198,066	157,227	124,225
General and administrative expenses, exclusive of depreciation shown below	41,141	33,029	30,372
Depreciation	22,126	21,820	23,106
Amortization	1,177	1,293	712
Other (income) expense, net	(919)	(2,205)	(3,202)
OPERATING INCOME	250,754	226,926	186,782
Loss on exchange of Senior Exchangeable Notes	1,012	1,939	—
Interest expense	10,900	15,839	15,523
Income before income tax expense	238,842	209,148	171,259
Income tax expense	54,198	63,747	57,164
Net income	184,644	145,401	114,095
Net income (loss) attributable to non-controlling interest	(40)	484	491
Net income attributable to Core Laboratories N.V.	$ 184,684	$ 144,917	$ 113,604
EARNINGS PER SHARE INFORMATION:			
Basic earnings per share attributable to Core Laboratories N.V.	$ 3.99	$ 3.23	$ 2.47
Diluted earnings per share attributable to Core Laboratories N.V.	$ 3.82	$ 3.00	$ 2.43

Cash dividends per share	$ 1.00	$ 0.89	$ 0.575
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	46,286	44,830	45,939
Diluted	48,393	48,241	46,657

	For the 3 months ended	
(in thousands of USD, except share and per share data)	March 31, 2012	March 31, 2011
	(unaudited)	(unaudited)
REVENUE:		
Services	$ 162,669	$ 141,492
Product sales	71,522	65,241
Total Revenue	234,191	206,733
OPERATING EXPENSES:		
Cost of services, exclusive of depreciation shown below	98,010	92,691
Cost of product sales, exclusive of depreciation shown below	51,130	44,059
General and administrative expenses, exclusive of depreciation shown below	10,174	9,524
Depreciation	5,596	5,540
Amortization	287	291
Other (income) expense, net	(4,912)	(1,871)
OPERATING INCOME	73,906	56,499
Loss on exchange of Senior Exchangeable Notes	-	629
Interest expense	2,190	2,360
Income before income tax expense	71,716	53,510
Income tax expense	17,786	7,518
Net income	53,930	45,992
Net income (loss) attributable to non-controlling interest	(21)	(298)
Net income attributable to Core Laboratories N.V.	$ 53,951	$ 46,290
EARNINGS PER SHARE INFORMATION:		
Basic earnings per share attributable to Core Laboratories N.V.	$ 1.13	$ 1.02
Diluted earnings per share attributable to Core Laboratories N.V.	$ 1.13	$ 0.94
Cash dividends per share	$ 0.28	$ 0.25
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	47,606	45,225
Diluted	47,945	49,141

Selected consolidated balance sheet (as reported in U.S. GAAP)

(in thousands of USD, except share and per share data)	3/31/2012	12/31/2011	12/31/2010	12/31/2009
ASSETS	(unaudited)			
CURRENT ASSETS:				
Cash and cash equivalents	$ 23,537	$ 29,332	$ 133,880	$ 181,045
Accounts receivable, net of allowance for doubtful accounts of $4,074, $3,762, $3,396 and $3,202 at 2012, 2011, 2010 and 2009, respectively	171,656	170,805	154,726	133,758
Inventories	58,119	53,214	33,979	32,184
Prepaid expenses and other current assets	31,014	27,463	27,656	43,550
TOTAL CURRENT ASSETS	284,326	280,814	350,241	390,537
PROPERTY, PLANT AND EQUIPMENT, net	114,812	115,295	104,223	98,784
INTANGIBLES, net	8,082	8,221	8,660	6,520
GOODWILL	162,781	162,787	154,217	148,600
DEFERRED TAX ASSETS, net	13,086	13,662	13,278	---

OTHER ASSETS	27,591	24,360	19,622	13,725
TOTAL ASSETS	$ 610,678	$ 605,139	$ 650,241	$ 658,166
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$ 48,189	$ 57,639	$ 44,710	$ 33,009
Accrued payroll and related costs	24,754	34,028	28,621	24,368
Taxes other than payroll and income	8,437	8,566	7,796	8,183
Unearned revenues	25,757	19,154	20,181	16,528
Income taxes payable	9,478	793	21,004	15,433
Short-term debt and capital lease obligations	1,487	2,344	147,543	---
Other accrued expenses	13,571	14,937	10,419	8,887
TOTAL CURRENT LIABILITIES	131,673	137,461	280,274	106,408
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS	198,066	223,075	—	209,112
DEFERRED COMPENSATION	26,478	24,117	21,241	16,866
DEFERRED TAX LIABILITIES, net	4,534	5,531	15,476	7,692
OTHER LONG-TERM LIABILITIES	35,663	33,300	32,046	36,330
COMMITMENTS AND CONTINGENCIES				
EQUITY COMPONENT OF SHORT-TERM DEBT - SENIOR EXCHANGEABLE NOTES	—	—	8,864	---
EQUITY:				
Preference shares, EUR 0.02 par value; 6,000,000 shares authorised, none issued or outstanding	—	—	—	---
Common shares, EUR 0.02 par value; 200,000,000 shares authorised, 49,037,808 issued and 47,547,595 outstanding at March 31, 2012; 49,037,806 issued and 47,629,472 outstanding at December 31, 2011; 49,739,912 issued and 45,521,186 outstanding at December 31, 2010; and 51,039,912 issued and 45,973,408 outstanding at December 31, 2009	1,376	1,376	1,397	1,430
Additional paid-in capital	5,589	2,012	—	61,719
Retained earnings	324,277	283,660	536,991	469,454
Accumulated other comprehensive income (loss)	(1,725)	(1,739)	(6,207)	(6,536)
Treasury shares (at cost), 1,490,213 at March 31, 2012; 1,408,334 at December 31, 2011; 4,218,726 at December 31, 2010; and 5,066,504 at December 31, 2009	(118,984)	(107,406)	(242,690)	(246,699)
Total Core Laboratories N.V. shareholders' equity	210,533	177,903	289,491	279,368
Non-controlling interest	3,731	3,752	2,849	2,390
TOTAL EQUITY	214,264	181,655	292,340	281,758
TOTAL LIABILITIES AND EQUITY	$ 610,678	$ 605,139	$ 650,241	$ 658,166

Selected consolidated cash flow statement (as reported in U.S. GAAP)

(in thousands of USD)	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 184,644	$ 145,401	$ 114,095
Adjustments to reconcile net income to net cash provided by operating activities:			
Net provision for (recoveries of) doubtful accounts	254	1,444	545
Provision for inventory obsolescence	552	643	807
Equity in earnings of affiliates	(274)	(376)	(92)
Stock-based compensation	17,165	8,517	5,896
Depreciation and amortization	23,303	23,113	23,818
Non-cash interest expense	5,956	15,087	14,688
(Gain) loss on sale of assets	(487)	(176)	90
Gain on insurance recovery	(1,014)	—	—
Loss on exchange of Senior Exchangeable Notes	1,012	1,939	—
Realization of pension obligation	303	137	364
(Increase) decrease in value of life insurance policies	285	(1,950)	(1,997)
Deferred income taxes	(6,549)	(10,135)	25,636

Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(12,082)	(22,412)	9,990
Inventories	(16,033)	(2,438)	1,847
Prepaid expenses and other current assets	(1,228)	21,455	(27,762)
Other assets	680	(102)	(1,060)
Accounts payable	11,969	11,701	(8,579)
Accrued expenses	(13,754)	13,701	18,813
Other long-term liabilities	9,424	283	4,774
Net cash provided by operating activities	204,126	205,832	181,873
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(29,927)	(27,569)	(17,289)
Patents and other intangibles	(220)	(233)	(240)
Acquisitions, net of cash acquired	(18,821)	(9,000)	—
Cash in escrow	(2,179)	—	—
Proceeds from sale of assets	900	669	584
Proceeds from insurance recovery	1,300	—	—
Premiums on life insurance	(3,071)	(2,604)	(1,595)
Net cash used in investing activities	(52,018)	(38,737)	(18,540)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	(348,564)	(82,251)	—
Proceeds from debt borrowings	417,426	—	—
Stock options exercised	297	346	408
Excess tax benefits from stock-based payments	2,559	967	170
Debt financing costs	(2,014)	(1,019)	—
Settlement of warrants	(219,451)	—	—
Non-controlling interest - contributions	1,194	156	—
Non-controlling interest - dividend	(251)	(181)	(259)
Dividends paid	(46,027)	(39,791)	(26,416)
Repurchase of common shares	(61,825)	(92,487)	(9,389)
Proceeds from sale of note hedge claim	—	—	17,060
Net cash used in financing activities	(256,656)	(214,260)	(18,426)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(104,548)	(47,165)	144,907
CASH AND CASH EQUIVALENTS, beginning of year	133,880	181,045	36,138
CASH AND CASH EQUIVALENTS, end of year	$ 29,332	$ 133,880	$ 181,045

	2011	**2010**	**2009**
Supplemental disclosures of cash flow information:			
Cash payments for interest	$ 2,308	$ 566	$ 597
Cash payments for income taxes	$ 74,724	$ 57,259	$ 41,703
Non-cash investing and financing activities:			
Financed capital expenditures	$ 1,273	$ —	$ 1,810
Common stock issued related to compensation plans	$ 17,165	$ 8,517	$ 5,896

	For the 3 Months Ended	
(in thousands of USD)	**March 31, 2012 (unaudited)**	**March 31, 2011 (unaudited)**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 53,930	$ 45,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Net provision for (recoveries of) doubtful accounts	320	(202)
Provision for inventory obsolescence	150	230
Equity in earnings of affiliates	(66)	(27)
Stock-based compensation	4,388	2,522
Depreciation and amortization	5,883	5,831
Non-cash interest expense	120	2,223
(Gain) loss on sale of assets	(86)	(63)
Gain on insurance recovery	(3,366)	(710)

Loss on exchange of Senior Exchangeable Notes	-	629
Realization of pension obligation	14	76
(Increase) decrease in value of life insurance policies	(1,661)	(889)
Deferred income taxes	(1,091)	(6,831)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	2,195	(3,151)
Inventories	(5,055)	(4,744)
Prepaid expenses and other current assets	(2,822)	(2,182)
Other assets	(932)	(4)
Accounts payable	(7,315)	4,039
Accrued expenses	(2,144)	2,672
Unearned revenue	6,603	8,674
Other long-term liabilities	4,724	3,937
Net cash provided by operating activities	53,789	58,022
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(7,297)	(4,379)
Patents and other intangibles	(147)	(30)
Acquisitions, net of cash acquired	—	—
Cash in escrow	—	—
Proceeds from sale of assets	136	64
Proceeds from insurance recovery	—	477
Premiums on life insurance	(679)	(756)
Net cash used in investing activities	(7,987)	(4,624)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt borrowings	(26,867)	(46,568)
Proceeds from debt borrowings	1,000	—
Stock options exercised	—	217
Excess tax benefits from stock-based payments	500	-
Debt financing costs	(7)	(2)
Non-controlling interest - contributions	—	435
Non-controlling interest - dividend	—	(240)
Dividends paid	(13,334)	(11,304)
Repurchase of common shares	(12,889)	(49,805)
Proceeds from sale of note hedge claim	—	—
Net cash used in financing activities	(51,597)	(107,267)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,795)	(53,869)
CASH AND CASH EQUIVALENTS, beginning of year	29,332	133,880
CASH AND CASH EQUIVALENTS, end of quarter	$ 23,537	$ 80,011

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the rest of this Prospectus, including our consolidated financial statements and the related notes, "Summary", "Important Information – Presentation of Financial and Other Information", "Selected Consolidated Financial Information" and "Business and Industry Overview" in this Prospectus. The financial information in this chapter is derived from financial statements presented in accordance with U.S. GAAP. The financial information for the financial years ended December 31, 2011, 2010 and 2009 (except for information based on the 2009 Balance Sheet) is derived from the Form 10-K for the financial year 2011. The financial information based on the Balance Sheet for the financial year ended December 31, 2009 is derived from the Form 10-K for the financial year 2009. The financial information as of and for the three-month periods ended March 31, 2012 and 2011 is derived from the Form 10-Q for the three-month period ended March 31, 2012.

In the F-pages section of the Prospectus, financial information is included under "Selected Consolidated Financial Information under IFRS", "Capitalisation and indebtedness under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2011 under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2010 under IFRS" and "Consolidated Financial information for the financial year ended December 31, 2009 under IFRS", financial information is provided, including an alike discussion of the financial position of the Company as described below, which has been prepared in accordance with IFRS.

Prospective investors should read the entire Prospectus and not rely only on the information set out below. This discussion and analysis contains forward-looking statements that are subject to known and unknown risks and uncertainties. Our actual results and the timing of events could differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the headings "Important Information" – "Forward-Looking Statements" and "Risk Factors". We do not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

Overview

We are a Netherlands company and we derive our revenue from services and product sales to clients primarily in the oil and gas industry. No single client accounted for 10% or more of revenue in any of the periods presented.

Outlook

We continue our efforts to expand our market presence by opening or expanding facilities in strategic areas and realizing synergies within our business lines. We believe our market presence provides us a unique opportunity to service clients who have global operations in addition to the national oil companies.

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. Based on recent developments, we believe that the current level of activities, workflows, and operating margins both outside North America and within North America, particularly that relate to oil development projects, will grow moderately into 2012.

Net revenue for the years ended 2011, 2010 and 2009 were $907.6 million, $794.7 million and $695.5 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 69%, 72% and 76% of our revenue from operations for the years ended December 31, 2011, 2010 and 2009, respectively. We manufacture products primarily in four facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 31%, 28% and 24% of our revenue from operations for the years ended December 31, 2011, 2010 and 2009, respectively.

We recorded operating income of $250.8 million, $226.9 million and $186.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The market for our products and services is characterised by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilised in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Material Factors affecting Results of Operations and Financial Condition

We believe that the following factors have had and will continue to have a material effect on our results of operations and financial condition: the concentration of the Company's business on oil resources internationally, the amount of intellectual property developed owned by the Company, the capabilities of our employees, the highly technical aspects of our business operations, our diversification into so many regions of the world, our emphasis on our return on invested capital when making capital deployment decisions and our ability to provide valuable products and services that allow our customers to maximise their returns.

Consolidated Results of Operations

The following discussion and analysis of our annual results of operations and financial condition is based on our historical results. Principally as a result of growth in our operations during the periods under review, our historical results of operations are not directly comparable from period to period and should not be relied upon as indicative of future performance. Other factors, including the rate of market acceptance of our products, our ability to receive reimbursement from third-party payors, and the clinical validation of our current and future products will be significant to our future success and should be carefully considered. In addition, investors should expect that we may face declining rates of revenue growth at some point in the future as our absolute revenue has grown rapidly over the last three years.

The following tables set forth our consolidated results of operations for the periods indicated.

Results of operations as a percentage of applicable revenue are as follows (dollars in thousands), derived from U.S. GAAP financial statements:

	2011		2010		2009		2011/ 2010 % Change	2010/ 2009 % Change
Revenue:								
Services (1)	$ 621,752	68.5%	$ 568,220	71.5%	$ 529,523	76.1%	9.4%	7.3%
Product Sales (1)	285,896	31.5%	226,433	28.5%	166,016	23.9%	26.3%	36.4%
TOTAL REVENUE	907,648	100.0%	794,653	100.0%	695,539	100.0%	14.2%	14.2%
OPERATING EXPENSES:								
Cost of services* (1)	395,303	63.6%	356,563	62.8%	333,544	63.0%	10.9%	6.9%
Cost of product sales* (1)	198,066	69.3%	157,227	69.4%	124,225	74.8%	26.0%	26.6%
Total cost of services and product sales	593,369	65.4%	513,790	64.7%	457,769	65.8%	15.5%	12.2%
General and administrative expenses	41,141	4.5%	33,029	4.2%	30,372	4.4%	24.6%	8.7%
Depreciation and amortization	23,303	2.6%	23,113	2.9%	23,818	3.4%	0.8%	(3.0) %
Other (income) expense, net	(919)	(0.1)%	(2,205)	(0.3)%	(3,202)	(0.5)%	NM	NM
OPERATING INCOME	250,754	27.6%	226,926	28.6%	186,782	26.9%	10.5%	21.5%
(Gain) loss on early extinguishment of debt	1,012	0.1%	1,939	0.2%	—	—%	(47.8) %	100.0%
Interest expense	10,900	1.2%	15,839	2.0%	15,523	2.2%	(31.2) %	2.0%
Income before income tax expense	238,842	26.3%	209,148	26.3%	171,259	24.6%	14.2%	22.1%
Income tax expense	54,198	6.0%	63,747	8.0%	57,164	8.2%	(15.0) %	11.5%
Net income	184,644	20.3%	145,401	18.3%	114,095	16.4%	27.0%	27.4%
Net income attributable to non-controlling interest	(40)	—%	484	0.1%	491	0.1%	(108.3) %	(1.4) %

Net income attributable to Core Laboratories N.V.	$	184,684	20.3%	$	144,917	18.2%	$	113,604	16.3%	27.4%	27.6%

*Percentage based on applicable revenue rather than total revenue.
"NM" means not meaningful.
(1) Revision adjustments were made between Services Revenue and Product Sales Revenue and between Cost of Services and Cost of Product Sales in the Consolidated Statement of Operations for 2010 and 2009 which did not affect total revenues, operating income, or net income for either period.

A breakdown of our revenue by our business segments for the periods indicated is provided below, derived from U.S. GAAP financial statements:

For the Years Ended December 31, ***(dollars in thousands)***		**2011**		**2010**		**2009**
Reservoir Description	$	469,775	$	425,829	$	414,934
Production Enhancement		371,449		313,956		230,652
Reservoir Management		66,424		54,868		49,953
Total Revenue	$	907,648	$	794,653	$	695,539

For the Three-month Periods Ended March 31, ***(dollars in thousands)***		**2012**		**2011**
		(unaudited)		(unaudited)
Reservoir Description	$	116,106	$	107,621
Production Enhancement		96,733		82,098
Reservoir Management		21,352		17,014
Total Revenue	$	234,191	$	206,733

Operating results for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011, in thousands of USD:

(Unaudited)	**Three Months Ended March 31,**				
Derived from U.S. GAAP financial statements	**2012**			**2011**	
REVENUE	234,191	100%	$	206,733	100%
OPERATING EXPENSES:					
Cost of services* (1)	98,010			92,691	
Cost of product sales* (1)	51,130			44,059	
Total cost of services and product sales	149,140	64%		136,750	66%
General and administrative expenses	10,174	4%		9,524	5%
Depreciation and amortization	5,883	2%		5,831	3%
Other (income), net	(4,912)	(2%)		(1,871)	(1%)
Operating income	73,906	32%		56,499	27%
Loss on exchange of Senior Exchangeable Notes	-	-%		629	-
Interest expense	2,190	1%		2,360	1%
Income before income tax expense	71,716	31%		53,510	26%
Income tax expense	17,786	8%		7,518	4%
Net income	53,930	23%		45,992	22%
Net income (loss) attributable to non-controlling interest	(21)	-%		(298)	-%
Net income attributable to Core Laboratories N.V.	53,951	23%	$	46,290	22%

* Exclusive of depreciation and amortization expense, percentage based on applicable revenue rather than total revenue
(1) Revision adjustments were made between Services Revenue and Product Sales Revenue and between Cost of Services and Cost of Product Sales in the Consolidated Statement of Operations for 2010 and 2009 which did not affect total revenues, operating income, or net income for either period.

Services Revenue

Services revenue increased to $162.7 million for the first quarter of 2012, up 15% when compared to $141.5 million for the first quarter of 2011. The increase in services revenue was primarily due to the increases in reservoir rock and reservoir fluids phase-behavior studies. Our large-scale core analyses and reservoir fluid projects continue to provide meaningful revenue streams in the Middle East, Asia-Pacific and off the coasts of Africa.

Product Sales Revenue

Revenue associated with product sales increased to $71.5 million for the first quarter of 2012, up 10% from $65.2 million for the first quarter of 2011. The increase in product sales revenue was primarily driven by increased demand for our specialized completion and recompletion technology products utilized in high-end multi-stage well completion and stimulation programs in areas such as the oil- and natural gas-shale plays in North America and in the major, giant, and super-giant fields in southern Iraq.

Cost of Services

Cost of services expressed as a percentage of services revenue was 60% for the quarter ended March 31, 2012, down from 66% in the same period in 2011. During the first quarter of 2012, we recognized the efficiencies/benefits of the lower fixed cost structure that was established in 2011 when restructuring charges and other personnel costs were taken in the second quarter of 2011.

Cost of Product Sales

Cost of product sales expressed as a percentage of product sales revenue was 71% for the quarter ended March 31, 2012, up from 68% during the same period in 2011. The cost of raw materials, especially metals, increased substantially in the second half of 2011 which drives our cost of sales in 2012 as these raw materials are converted to finished goods and sold.

General and Administrative Expenses

General and administrative expenses include corporate management and centralized administrative services that benefit our operations. General and administrative expenses were $10.2 million for the first quarter of 2012, which represents 4% of revenue, an improvement over the first quarter of 2011 when general and administrative costs represented 5% of revenue.

Depreciation and Amortization Expense

Depreciation and amortization expense was $5.9 million for the first quarter of 2012, virtually unchanged from the first quarter of 2011.

Other (Income) Expense, Net

The components of other (income) expense, net, were as follows (in thousands):

	Three Months Ended March 31,	
(Unaudited)	**2012**	**2011**
(Gain) loss on sale of assets	$ (86)	$ (63)
Foreign exchange (gain) loss	(1,025)	(512)
Interest income	(2)	(55)
Rents and royalties	(340)	(451)
(Gain) loss on insurance recovery	(3,366)	(710)
Other, net	(93)	(80)
Total other (income) expense, net	$ (4,912)	$ (1,871)

As a result of a fire in 2011 at one of our supplier's facilities that provided certain high performance specialty steel tubulars used with the Company's perforating systems, we filed a claim under our business interruption insurance policy in the amount of $5 million. During the first quarter of 2012, we received notice from the insurer that they agreed to pay $3.4 million of the claim and will continue reviewing the remainder of the claim. As a result, we recorded a gain of $3.4 million. Subsequent to March 31, 2012, we received payment of the agreed amount.

During 2011, as a result of reaching a settlement on a fire damage claim we filed in 2010, we recorded an insurance recovery gain of $0.7 million.

Interest Expense

Interest expense for the three months ended March 31, 2012 and 2011 was $2.2 million and $2.4 million, respectively.

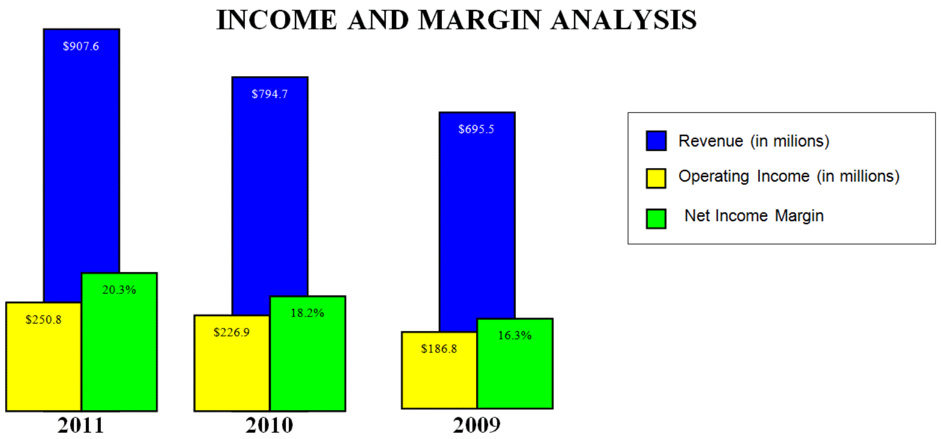
Income Tax Expense

The effective tax rates for the three months ended March 31, 2012 and 2011 were 24.8% and 14.0%, respectively. Included in the three months ended March 31, 2011 is the reversal of $10.4 million in tax liabilities provided over the period of 2007-2010 as a result of audits of prior year returns offset by $3.7 million in other discrete items.

The change in income tax expense also reflects the change in activity levels among jurisdictions with different tax rates.

Operating Results for the Year Ended December 31, 2011 compared to the Years Ended December 31, 2010 and 2009

We evaluate our operating results by analysing revenue, operating income and net income margin (defined as net income divided by total revenue). Since we have a relatively fixed cost structure, increases in revenue generally translate into higher operating income results as well as net income margin percentages. Results for the years ended December 31, 2011, 2010 and 2009 are summarised in the following chart (derived from U.S. GAAP financial statements):



Services Revenue

Services revenue increased to $621.8 million for 2011 from $568.2 million for 2010 and $529.5 million for 2009. The increase in services revenue from 2010 to 2011 was primarily due to increases in reservoir rock and reservoir fluids phase-behavior studies. Our large scale core analyses and reservoir fluid projects continue to provide meaningful revenue streams in the Middle East, Asia-Pacific and off the coasts of Africa. The increase in service revenue from 2009 to 2010 was due, in part, to the increased demand for reservoir rock and reservoir fluids phase-behavior studies worldwide as activity levels of our clients continued to increase as a result of the West Texas Intermediate and Brent crude oil prices being near post-recession highs.

Product Sales Revenue

Product sales revenue increased to $285.9 million for 2011, from $226.4 million for 2010 and $166.0 million for 2009. The increase in revenue from 2010 to 2011 was driven by increased demand for our specialised completion and recompletion technology products utilised in high-end multi-stage well completion and stimulation programs in areas such as the oil- and natural gas-shale plays in North America en in the major, giant, and super-giant fields in southern Iraq. The increase in revenue from 2009 to 2010 was driven by increased acceptance and demand of our specialised completion products introduced over the last three years, as indicated by an increased market share in unconventional oil and natural gas shale reservoirs in North America and perforating markets in the Middle East and Asia-Pacific.

Cost of Services

Cost of services increased to $395.3 million for 2011 from $356.6 million for 2010 and $333.5 million for 2009. As a percentage of services revenue, cost of services increased to 63.6% in 2011 from 62.8% in 2010 and 63.0% in 2009. The increase in cost of services is primarily driven by restructuring charges and other personnel costs taken in the second quarter of 2011 to lower our fixed cost structure.

Cost of Product Sales

Cost of product sales increased to $198.1 million for 2011 from $157.2 million for 2010 and $124.2 million for 2009. As a percentage of product sales revenue, cost of sales decreased to 69.3% for 2011 compared to 69.4% for 2010 and 74.8% for 2009. The decrease in cost of sales as a percentage of product sales revenue in 2011, as compared to 2010, was primarily due to the growing demand for our new technologies which led to an overall increase in sales, which improved absorption of our fixed cost structure. The decrease in cost of sales as a percentage of product sales revenue in 2010, as compared to 2009, was primarily due to the growing demand for our new technologies, which are our higher margin products.

General and Administrative Expense

General and administrative expenses include corporate management and centralised administrative services that benefit our operations. General and administrative expenses were $41.1 million for 2011, which represents 4.5% of revenue, a slight increase compared to 4.2% of revenue in 2010 due to facility repairs and additional compensation expenses. General and administrative expenses as a percent of revenue were 4.4% in 2009.

Depreciation and Amortization Expense

Depreciation and amortization expense of $23.3 million increased slightly by $0.2 million in 2011 compared to 2010, after decreasing slightly by $0.7 million in 2010 compared to 2009.

Other (Income) Expense, Net

The components of other (income) expense, net, were as follows (in thousands):

Derived from U.S. GAAP financial statements	**For the Years Ended December 31,**		
	2011	**2010**	**2009**
(Gain) loss on sale of assets	$ (487)	$ (176)	$ 90
Equity in (income) of affiliates	(274)	(376)	(92)
(Gain) loss on foreign exchange	1,800	1,032	(331)
Interest (income)	(138)	(249)	(138)
Non-income tax (benefit) expense	—	—	(2,500)
Rent and royalty (income)	(1,716)	(1,550)	(1,358)
Gain on insurance recovery	(1,014)	—	—
Legal entity realignment	711	—	—
Other (gain) loss	199	(886)	1,127
Total other (income) expense, net	$ (919)	$ (2,205)	$ (3,202)

During 2011, we paid $0.7 million in fees to outside parties relating to changes made in our legal entity structure.

During 2010, we had fire incidents at two separate facilities resulting in the loss of portions of the buildings, as well as some of the laboratory equipment. The final settlements were reached in 2011, which resulted in gains of $1.0 million.

In 2010, we sold our minority investment in a technology company acquired in 2001, resulting in a gain of $0.8 million and recorded a foreign exchange loss of $1.4 million on the settlement of a Euro-denominated income tax receivable in The Netherlands.

In 2009, we released the remaining $2.5 million of a long-term liability established in 2008 associated with non-income related taxes.

Loss on Exchange of Senior Exchangeable Notes

An indirect subsidiary of the Company issued senior exchangeable notes ("**Exchangeable Notes**") in 2006 which were fully and unconditionally guaranteed by the Company. The Exchangeable Notes fully matured and settled on October 31, 2011. The Exchangeable Notes were exchangeable into Shares of the Company under certain circumstances whereby holders received cash up to the principal amount and for any fractional shares, and the excess exchange value was delivered in whole shares of the Company's common stock.

Under the terms of the Exchangeable Notes, defined criteria were met which allowed the Exchangeable Notes to be early exchanged during each quarter of 2011, as it was during the second, third, and fourth quarters of 2010. During 2011, we received 142 requests to exchange 156,301 Exchangeable Notes which were settled during the year for $156.3 million in cash and 1,851,869 shares of the Company's common stock, all of which were treasury shares, resulting in a loss of $1.0 million. During 2010, we received 21 requests to exchange 82,251 Exchangeable Notes which were settled during the year for $82.3 million in cash and 808,367 shares of the Company's common stock, all of which were treasury shares, resulting in a loss of $1.9 million. All of the Exchangeable Notes were early exchanged or matured during 2011.

In connection with the Exchangeable Notes, we entered into a warrant agreement in 2006 (the "**Warrants**"). During the year ended December 31, 2011, we settled all of the 6.6 million warrants with no impact to our income statement.

Interest Expense

Interest expense decreased by $4.9 million in 2011 compared to 2010. The Exchangeable Notes were fully repaid during the fourth quarter of 2011 and have been replaced by the $150 million Senior Notes (as described below under "Credit Facilities and Available Future Liquidity") which carry a lower interest expense. Cash interest expense was only $2.3 million, $0.6 million and $0.6 million for the years ended December 31, 2011, 2010 and 2009, respectively. Cash interest increased during 2011 due to the replacement of the Exchangeable Notes with the Senior Notes and the utilization during the year of the Credit Facility.

On August 24, 2011, we entered into a $100 million interest rate hedge that was unwound on September 16, 2011 resulting in a loss of $1.3 million which was recorded to interest expense.

Income Tax Expense

Income tax expense decreased $9.5 million in 2011 compared to 2010 due primarily to the reversal of $10.4 million in tax liabilities provided over the period 2007-2010 as a result of recently concluded audits of prior year returns. Income tax expense increased $6.6 million in 2010 compared to 2009 commensurate with the overall increase in income before income tax expense. The effective tax rate was 22.7% for 2011, 30.5% for 2010 and 33.4% for 2009. The lower tax rate for 2011 was due primarily to the reversal of $10.4 million in tax liability noted above and was partially offset by changes in our estimate of unrecognised tax benefits in certain jurisdictions. The lower tax rate for 2010 was the result of a change in the earnings mix in the various jurisdictions in which we operate.

Segment Analysis

The following tables summarise the operating results for our three complementary business segments.

Segment Revenue

Derived from U.S. GAAP financial statements	For the Years Ended December 31,				
(dollars in thousands)	2011	% Change	2010	% Change	2009
Reservoir Description	$ 469,775	10.3%	$ 425,829	2.6%	$ 414,934
Production Enhancement	371,449	18.3%	313,956	36.1%	230,652
Reservoir Management	66,424	21.1%	54,868	9.8%	49,953
Total Revenue	$ 907,648	14.2%	$ 794,653	14.2%	$ 695,539

Segment Operating Income

Derived from U.S. GAAP financial statements	For the Years Ended December 31,				
(dollars in thousands)	2011	% Change	2010	% Change	2009
Reservoir Description	$ 116,244	9.5%	$ 106,179	(0.2)%	$ 106,421
Production Enhancement	112,576	11.2%	101,241	55.6%	65,076
Reservoir Management	21,887	10.8%	19,759	35.2%	14,620
Corporate and other ([1])	47	NM ([2])	(253)	NM ([2])	665
Operating Income	$ 250,754	10.5%	$ 226,926	21.5%	$ 186,782

(1) "Corporate and other" represents those items that are not directly relating to a particular segment.
(2) "NM" means not meaningful.

Reservoir Description

Revenue for our Reservoir Description segment increased by 10.3% in 2011 compared to 2010, after increasing 2.6% in 2010 compared to 2009. During 2011, this segment's operations, which focus on international crude-oil related products, continued to benefit from large-scale core analyses and reservoir fluids characterisation studies in the Asia-Pacific areas, offshore West and East Africa, the Eastern Mediterranean region and the Middle East, including Iraq, Kuwait and the United Arab Emirates. During 2010, this segment's increased revenue were primarily due to the continued expansion of worldwide development projects particularly in West Africa, Asia Pacific, and the North Sea, as well as the North American oil- and gas-shale and liquid-rich plays in the Bakken, Eagle Ford, Marcellus, Muskwa and other active fields.

Operating income increased in 2011 from 2010 while operating margin fell slightly as a result of increased revenue driven by increased activity, offset by higher costs in certain operating areas due to charges in the second quarter for restructuring and other personnel costs. This segment emphasises technologically demanding services on internationally-based development and production-related crude oil projects over the more cyclical exploration-related projects. Operating income was unchanged in 2010 compared to 2009.

Production Enhancement

Revenue for our Production Enhancement segment increased by $57.5 million, or 18.3% in 2011 compared to 2010, primarily due to an increased market share of our perforating charges and gun systems particularly in the North American markets relating to horizontal well developments of oil- and gas-shale reservoirs and for high margin completion and recompletion technologies used in the reworking of major, giant, and super-giant fields. Revenue for our Production Enhancement segment increased 36.1% in 2010 compared to 2009, primarily due to the increased drilling and activity levels by our clients in North America.

Operating income for this segment increased to $112.6 million in 2011 from $101.2 million in 2010, an increase of 11.2%. The increase in operating income in 2011 was primarily driven by increased revenue from services related to our proprietary and patented diagnostic technologies, such as SpectraChem® Plus, SpectraScan®, ZERO WASH®, and our HERO® line of perforating charges and gun systems and our HTD Blast™ perforating system which is used for the perforation of extended-reach horizontal wells in non-conventional reservoirs. Operating income for this segment increased to $101.2 million in 2010 from $65.1 million in 2009, an increase of 55.6%. The increase in operating income in 2010 was primarily driven by increased drilling and activity by our clients in North America.

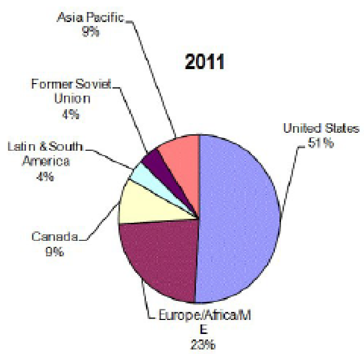
Reservoir Management

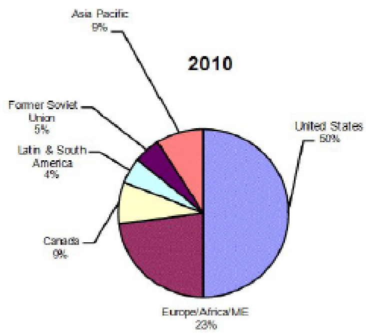
Revenue for our Reservoir Management segment increased to $66.4 million in 2011 from $54.9 million in 2010 and $50.0 million in 2009. The increase in revenue in 2011 was due to studies initiated in 2011 including the *Avalon Shale Study* and the *Midland Basin Project*. The increase in revenue in 2010 was due to new multi-client reservoir studies in the Montney Shale in northeastern British Columbia and northern Alberta, the Niobrara Formation Study, deepwater studies off the coasts of Brazil and West Africa, and a study on the petroleum potential of offshore Vietnam as well as the expansion of our unconventional reservoir studies to different regions in North America.

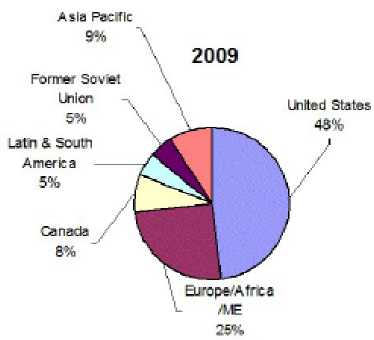
Operating income for this segment increased to $21.9 million in 2011 compared to $19.8 million in 2010 and $14.6 million in 2009. The increase in operating income in 2011 as compared to 2010 was primarily related to increased interest in our consortium projects such as the *Global Gas Shale Project*, the *Marcellus Shale Evaluation* study and the *Eagle Ford Shale* study along with the continued participation in our North American Gas Shale Study and our new Worldwide Oil and Natural Gas Shale Reservoir Study. The increase in operating income in 2010 from 2009 was primarily related to the increased interest in our proprietary studies, including studies of offshore Ivory Coast, Ghana and Nigeria, a gas-shale reconnaissance project in Indonesia and detailed proprietary reservoir studies for several companies active in the Wolfberry play in West Texas.

Geographic Breakdown of Revenue

The following graphs summarise our revenue reported by geographic region (in contrast to the location of the reservoirs) for the years ended December 31, 2011, 2010 and 2009, derived from U.S. GAAP financial statements:







Liquidity and Capital Resources

General

We expect to finance our activities through cash flows from operations, bank credit facilities and/or the issuance of debt. Cash flow from operating activities provides the primary source of funds to finance operating needs, capital expenditures and the Company's share repurchase program (the "**Share Repurchase Program**"). If necessary, we supplement this cash flow with borrowings under bank credit facilities to finance some capital expenditures and business acquisitions. As we are a Netherlands holding company, we conduct substantially all of our operations through direct and indirect subsidiaries. Our cash availability is largely dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to the Company.

We utilise the non-GAAP financial measure of free cash flow to evaluate our cash flows and results of operations. Free cash flow is defined as net cash provided by operating activities (which is the most directly comparable GAAP measure) less capital expenditures. The Executive Officers believe that free cash flow provides useful information to investors regarding the cash that was available in the period that was in excess of our needs to fund our capital expenditures and operating activities. Free cash flow is not a measure of operating performance under GAAP, and should not be considered in isolation nor construed as an alternative to operating profit, net income (loss) or cash flows from operating, investing or financing activities, each as determined in accordance with GAAP. Free cash flow does not represent residual cash available for distribution because we may have other non-discretionary expenditures that are not deducted from the measure. Moreover, since free cash flow is not a measure determined in accordance with GAAP and thus is susceptible to varying interpretations and calculations, free cash flow as presented, may not be comparable to similarly titled measures presented by other companies.

The following table reconciles this non-GAAP financial measure to the most directly comparable measure as reported in U.S. GAAP for the years ended December 31, 2011, 2010 and 2009 (in thousands):

	For the Years Ended December 31,		
Free Cash Flow Calculation	**2011**	**2010**	**2009**
Net cash provided by operating activities	$ 204,126	$ 205,832	$ 181,873
Less: capital expenditures	(29,927)	(27,569)	(17,289)
Free cash flow	$ 174,199	$ 178,263	$ 164,584

The decrease in free cash flow in 2011 compared to 2010 was primarily due to an increase in inventory in preparation for an anticipated shortage of steel required for our products at the end of 2011 and to stock three new warehouses opened in 2011.The increase in cash flow from operating activities in 2010 compared to 2009 was primarily due to an increase in net income. Working capital was $143.4 million and $70.0 million at December 31, 2011 and 2010, respectively.

Cash Flows

The following table summarises cash flows for the years ended December 31, 2011, 2010 and 2009 (in thousands), derived from U.S. GAAP financial statements:

	For the Years Ended December 31,		
	2011	**2010**	**2009**
Cash provided by/(used in):			
Operating activities	$ 204,126	$ 205,832	$ 181,873
Investing activities	(52,018)	(38,737)	(18,540)
Financing activities	(256,656)	(214,260)	(18,426)
Net change in cash and cash equivalents	$ (104,548)	$ (47,165)	$ 144,907

The decrease in cash flow from operating activities in 2011 compared to 2010 was primarily the result of an increase in inventory in preparation for an anticipated shortage of steel required for our products at the end of 2011 and to stock three new warehouses opened in 2011, partially off set by an increase in net income. The increase in cash flow from operating activities in 2010 compared to 2009 was primarily due to an increase in net income.

Cash flow used in investing activities increased $13.3 million in 2011 over 2010 due primarily to an increase in acquisition activity, $18.8 million in 2011 up from $9.0 million in 2010. Cash flow used in investing activities increased $20.2 million in 2010 over 2009 due to higher capital expenditures and an acquisition for $9.0 million during the first quarter of 2010.

Cash flow used in financing activities in 2011 increased $42.4 million compared to 2010 and was caused by two transactions: the settlement of the Exchangeable Notes and the early settlement of our outstanding warrants. During 2011, 106 Exchangeable Notes matured and we received 142 requests to exchange 156,301 Exchangeable Notes which were settled during the year for $156.4 million in cash and 1,851,869 treasury shares. During 2011, we accelerated the settlement of our outstanding warrants resulting in cash payments of $219.5 million, offset by the cash flow provided by financing activities from the issuance of Senior Notes for $150 million in 2011 (See “Credit Facilities and Available Future Liquidity” below) and net borrowings from a revolving credit facility. Cash flow used in financing activities in 2010 increased $195.8 million compared to 2009 due to an increase in the number of shares repurchased under our Share Repurchase Program, increased dividends paid, and the early exchange of the Exchangeable Notes by note holders.

Credit Facilities and Available Future Liquidity

In September 2011, a U.S. based subsidiary of the Company issued two series of senior notes with an aggregate principal amount of $150 million ("**Senior Notes**") in a private placement transaction that is guaranteed by the Company and certain other subsidiaries. Series A consists of $75 million in aggregate principal amount of Senior Notes that bear interest a fixed rate of 4.01% and are due in full on September 30, 2021. Series B consists of $75 million in aggregate principal amount of Senior Notes that bear interest at a fixed rate of 4.11% and are due in full on September 30, 2023. Interest on each series of the Senior Notes is payable semi-annually on March 30 and September 30.

In September 2011, the Company and the U.S. based subsidiary entered into an agreement to amend a revolving credit facility (the "**Credit Facility**") to allow for an aggregate borrowing capacity of $300 million. The Credit Facility provides an option to increase the commitment under the Credit Facility to $350 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 1.5% to a maximum of LIBOR plus 2.25%. Any outstanding balance under the Credit Facility is due on September 28, 2016 when the Credit Facility matures. Interest payment terms are variable depending upon the specific type of borrowing under this facility. The available capacity at any point in time is reduced by borrowings at the time and outstanding letters of credit and performance guarantees and bonds which totaled $15.3 million at December 31, 2011, resulting in an available borrowing capacity under the Credit Facility of $211.7 million. In addition to those items under the Credit Facility, there were $11.7 million of outstanding letters of credit and performance guarantees and bonds from other sources at December 31, 2011.

The terms of the Credit Facility and the Senior Notes require the parties to meet certain financial covenants, including, but not limited to, certain operational and minimum equity and cash flow ratios. We believe that we are in compliance with all such covenants contained in the credit agreement. All of the Company’s material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

In addition to the repayment commitments under the Credit Facility and Senior Notes, we have capital lease obligations relating to the purchase of equipment, and non-cancellable operating lease arrangements under which we lease property including land, buildings, office equipment and vehicles.

The following table summarises our future contractual obligations under these arrangements (in thousands), derived from U.S. GAAP financial statements:

Contractual Obligations:	**Total**	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Debt (1)	$ 225,287	$ 2,287	-	$ 73,000	$ 150,000
Capital leases	132	57	75	-	-
Operating leases	51,223	15,674	19,910	9,341	6,298
Pension (2)	1,618	1,618	-	—	—
Total contractual obligations	$ 278,260	$ 19,636	$ 19,985	$ 82,341	$ 156,298

(1) Not included in the above balances are anticipated cash payments for interest of $6.1 million a year for 2012-2021 and cash payments for interest of $3.1 million a year for 2022-2023 for a total of $67.1 million.
(2) Our Dutch pension plan requires annual employer contributions. Amounts payable in the future will be based on future workforce factors which cannot be projected beyond one year.

We have no significant purchase commitments or similar obligations outstanding at December 31, 2011. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2011 as the amounts and timing of payment, if any, are uncertain.

At December 31, 2011, we had tax net operating loss carry-forwards in various tax jurisdictions of approximately $29.4 million. Although we cannot be certain that these operating loss carry-forwards will be utilised, we anticipate that we will have sufficient taxable income in future years to allow us to fully utilise the carry-forwards that are not subject to a valuation allowance as of December 31, 2011. If unused, those carry-forwards which are subject to expiration may expire during the years 2012 through 2021. During 2011, $0.5 million of operating loss carry-forwards which carried a full valuation allowance expired unused.

We expect our investment in capital expenditures to be approximately $33 million in 2012 which will be used to fund our growth through the purchase of instrumentation, tools and equipment along with expenditures to replace obsolete or worn-out instrumentation, tools and equipment, to consolidate certain facilities to gain operational efficiencies, and to increase our presence where requested by our clients. In addition, we plan to continue to (i) repurchase our common shares on the open market through our Share Repurchase Program, (ii) pay a dividend or (iii) acquire complementary technologies. Our ability to continue these initiatives depends on, among other things, market conditions and our ability to generate free cash flow.

Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. We are a Netherlands holding company and substantially all of our operations are conducted through subsidiaries. Consequently, our cash flow depends upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

Property, Plants and Equipment

Currently, we have over 70 offices (totaling approximately 2.4 million square feet of space) in more than 50 countries. In these locations, we lease approximately 1.9 million square feet and own approximately 0.5 million square feet. We serve our worldwide clients through six Advanced Technology Centers ("ATCs") that are located in Houston, Texas; Calgary, Canada; Kuala Lumpur, Malaysia; Rotterdam, The Netherlands; Abu Dhabi, UAE; and Aberdeen, Scotland. The ATCs provide support for our more than 50 regional specialty centers located throughout the global energy producing provinces. In addition, we have significant manufacturing facilities located in Godley, Texas, and Red Deer, Alberta, Canada, which are included in our Production Enhancement business segment. Our facilities are adequate for our current operations. However, expansion into new facilities or the replacement or modification of existing facilities may be required to accommodate future growth.

Qualitative Disclosure about Market Risk

The principal categories of market risk we are exposed to are market risk, price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk.

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. We do not enter, or intend to enter, into derivative financial instruments for hedging or speculative purposes. We do not believe that our exposure to market risks, which are primarily related to interest rate changes, is material.

Interest Rate Risk

From time to time, we are exposed to interest rate risk on the Credit Facility debt, which carries a variable interest rate. At December 31, 2011, the outstanding balance of debt in the Credit Facility was $73 million.

Foreign Currency Risk

We operate in a number of international areas which exposes us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD.

Credit Risk

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Substantially all cash and cash equivalents are on deposit at commercial banks or investment firms. Our trade receivables are with a variety of domestic, international and national oil and gas companies.

The Executive Officers consider this credit risk to be limited due to the creditworthiness and financial resources of these financial institutions and companies. We limit this risk by evaluating the credit history and credit worthiness using various credit agencies, such as Dun and Bradstreet, to determine if we should conclude transactions with the company. All new customers are required to be reviewed by our credit department who obtains independent credit reports and trade reports on the customer. If there is no independent rating, our credit department assesses the credit quality of the customer taking into account its financial position, past experience and other factors. In certain situations we will require a letter of credit before completing the sale. In addition, ongoing customers are periodically reviewed to ensure their financial position continues to warrant the extension of credit. The aim is to maintain a customer base where no one customer will account for a significant portion of our business. We evaluate our estimate of the allowance for doubtful accounts on an on-going basis throughout the year. In addition, we have re-evaluated our credit policy in respect to the current conditions of the credit market and have concluded no change is necessary. We had no clients who provided more than 10% of our revenue for the years ended December 31, 2011 and 2010.

Critical accounting policies and estimates

Our financial statements are prepared in conformity with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We evaluate our estimates on an ongoing basis and determine the adequacy of our estimates based on our historical experience and various other assumptions that we believe are reasonable under the circumstances. By nature, these judgements are subject to an inherent degree of uncertainty. We consider an accounting estimate to be critical if it is highly subjective and if changes in the estimate under different assumptions would result in a material impact on our financial condition and results of operations. The following transaction types require significant judgement and, therefore, are considered critical accounting policies as of December 31, 2011.

The following accounts, among others, require us to use critical estimates and assumptions: (i) allowance for doubtful accounts; (ii) inventory reserves; (iii) depreciation and amortization; (iv) long-lived assets, (v) intangibles and goodwill; (vi) income taxes; (vii) pensions and other postretirement benefits; and (viii) stock-based compensation. For each of these critical estimates it is at least reasonably possible that changes in these estimates will occur in the short term which may impact our financial position or results of operations.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("**FASB**") issued Accounting Standards Update ("**ASU**") 2011-04 which relates to fair value measurement (FASB ASC Topic 820), which amends current guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. The amendments generally represent clarification of FASB ASC Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted this pronouncement for our fiscal year beginning January 1, 2012. This pronouncement did not have a material effect on our consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05 which provides new guidance on the presentation of comprehensive income (FASB ASC Topic 220) in financial statements. Entities are required to present total comprehensive income either in a single, continuous statement of comprehensive income or in two separate, but consecutive, statements. Under the single-statement approach, entities must include the components of net income, a total for net income, the components of other comprehensive income and a total for comprehensive income. Under the two-statement approach, entities must report an income statement and, immediately following, a statement of other comprehensive income. Under either method, entities must display adjustments for items reclassified from other comprehensive income to net income in both net income and other comprehensive income. The provisions for this pronouncement are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. We adopted this pronouncement for our fiscal year beginning January 1, 2012. This pronouncement did not have a material effect on our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08 which relates to testing goodwill for impairment (FASB ASC Topic 350), which amends current guidance to simplify how entities test goodwill for impairment. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. Under this amendment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. This pronouncement is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted this pronouncement for our fiscal year beginning January 1, 2012. This pronouncement did not have a material effect on our consolidated financial statements.

Working capital statement

We believe the working capital to be sufficient for our present requirements. Working capital is considered to be our ability to access cash and other available liquid resources in order to meet our liabilities as they fall due. Present requirements are considered to be a minimum of 12 months from the Publication Date.

Current Trading and Prospects

We continue our efforts to expand our market presence by opening or expanding facilities in strategic areas and realising synergies within our business lines. We believe our market presence provides us a unique opportunity to service clients who have global operations in addition to the national oil companies.

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. Based on recent developments, we believe that the current level of activities, workflows, and operating margins both outside North America and within North America will grow moderately into 2012.

No significant change

There has been no significant change in the Company's or the group's financial or trading position from March 31, 2012 up to and including the Publication Date.

RISK MANAGEMENT

The Company has developed and has implemented a risk management structure to protect it against events that undermine sustainable performance, solvency or the achievement of strategic objectives. The Company's activities are exposed to a variety of financial risks, (see "Operating and Financial Review" - "Qualitative Disclosure about Market Risk"). The risk management is carried out by the Executive Officers.

Risk Management Framework

Our Executive Officers are responsible for ensuring that the Company complies with all relevant legislation and regulations. It is responsible for proper financing of the Company and the management of the risks that the Company is facing. It reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. Within the Company, risk management forms an integral part of business management. The Company's risk and control policy is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal requirements and by safeguarding the reliability of the financial reporting and its disclosures. The Company's risk management approach is embedded in the periodic business planning and review cycle. With respect to financial reporting a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting. On the basis of risk assessments, operating division and business management determines the risks related to the achievement of business objectives and appropriate risk responses in relation to business processes and objectives.

Our Executive Officers are responsible for internal control in the Company and have implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore the system is designed to ensure compliance with relevant laws and regulations. The Company has designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), which recommendations are aimed at providing a reasonable level of assurance.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses. The material risks identified, as well as the structure of the aforesaid risk management and internal control system, are discussed in the "Risk Factors".

Internal representations received from management, regular management reviews, reviews of the design and implementation of the Company's risk management approach and reviews in business and functional audit committees are integral parts of the Company's risk management approach.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliances with rules and regulations.

In view of all of the above the Management Board believes that it is in compliance with the requirements of best practice provisions II.1.4 and II.1.5 of the Dutch Corporate Governance Code (the "**Dutch Code**"), taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof.

Disclosure Controls and Procedures

Our Executive Officers, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period March 31, 2012. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under applicable rules and regulations is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarised and reported within the time periods specified in the applicable rules and regulations. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2012 at the reasonable assurance level.

Our Executive Officers do not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent all errors and all fraud. Further, the design of disclosure controls and internal control over financial reporting must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our Share Repurchase Program and our dividend program, issue new Shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the debt to capital ratio. This ratio is calculated as debt divided by the sum of cash, debt and equity.

The debt to capital ratio at December 31, 2011, 2010 and 2009 were as follows (in thousands), derived from U.S. GAAP financial statements:

	2011	2010	2009
Total borrowings	$ 225,419	$ 147,543	$ 209,112
Cash and cash equivalents	29,332	133,880	181,045
Total equity	181,655	292,340	281,758
Total cash, debt and equity	$ 436,406	$ 573,763	$ 671,915
Debt to capital ratio[1]	52%	26%	31%

(1) Debt to capital ratio is calculated as follows: debt divided by the sum of cash, debt and equity.

The increase of the debt to capital ratio in 2011 was due primarily to the impact of settling the remainder of the Exchangeable Notes and all of our Warrants for cash and shares which lowered the total cash, debt and equity portion of the calculation as well as the overall increase in our debt.

The change in the debt to capital ratio during 2010 was due primarily to the early exchange of the Exchangeable Notes settled with cash and shares, which lowered the total cash, debt and equity portion of the calculation, partially offset by earnings for the year.

MANAGEMENT AND EMPLOYEES

General

The Company has a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which must consist of at least one member under the Articles of Association. Under Dutch law, the Supervisory Board's duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board currently consists of eight members. The members of the Supervisory Board are expected to exercise oversight of management with the Company's interests in mind. The Supervisory Board is divided into three classes, with each class subject to re-appointment every third year by the shareholders at the annual meeting.

Management Board

Powers, composition and function

Our Management Board is responsible for the day-to-day management of our operations under the supervision of our Supervisory Board. The Management Board is required to keep the Supervisory Board informed.

The Management Board may perform all acts necessary or useful for achieving the Company's corporate purpose, save for those acts that are prohibited by law or by the Articles of Association. Core Laboratories International B.V., as a sole member of our Management Board is authorised to represent us, in its turn represented by one or more of the members of its management board.

The Articles of Association provide that the General Meeting of Shareholders appoints members of the Management Board upon a recommendation by the Supervisory Board. The number of members of the Management Board will be determined by the Supervisory Board, and will consist of a minimum of one member.

Core Laboratories International B.V., as sole member of our Management Board was appointed for an indefinite period of time as permitted under the Articles of Association in force at the time of its appointment. Pursuant to the Articles of Association the General Meeting of Shareholders may suspend and dismiss the members of the Management Board at any time. The Supervisory Board may suspend Management Board members at any time.

The Proposed Articles of Association and Dutch law provide that decisions of the Management Board involving a significant change in our identity or character are subject to the approval of the General Meeting of Shareholders. Such changes include:

- the transfer of all or substantially all of our business to a third party;
- the entry into or termination of a longstanding joint venture by the Company or by any of its subsidiaries with another legal entity or company, or of the Company's position as a fully liable partner in a limited partnership or a general partnership if the joint venture is of a major significance to the Company; or
- the acquisition or disposal, by the Company or any of its subsidiaries, of a participating interest in the capital of a company valued at one-third or more of our assets according to our most recently adopted consolidated annual balance sheet with explanatory notes thereto.

The sole member of the Management Board

The Management Board's sole member is Core Laboratories International B.V. As the Management Board, Core Laboratories International B.V.'s duties are to manage the Company. The management board of Core Laboratories International B.V. as per the Publication Date consists of Messrs. Elvig, Boks and Schouten.

Mark. F. Elvig, 53	Mr. Elvig joined Core Laboratories N.V. in November 2006 and on March 31, 2008 became Vice President, Secretary and General Counsel of the Company. He has also served as one of the three

	managing directors of Core Laboratories International B.V. since March 31, 2008. Prior to joining Core Laboratories N.V., Mr. Elvig practiced law in the private sector for 22 years with law firms in Houston, Texas specializing in a variety of commercial matters. He is a member of the State Bar of Texas.
Peter Boks, 52	Mr. Boks was appointed as one of the three members of the management board of Core Laboratories International B.V. on May 1, 2012. He began his career with Saybolt in 1983 as Project Engineer, and in 1985 joined a trading company Vanol Rotterdam, as Gasoline Trader/Blender until 1992 at which time he became Managing Director of that company. In 1996, he returned to Saybolt as Business Development Manager and Manager of larger projects until 1998. From 1998 – 2007 he served as Commercial Director and managed Saybolt's Dutch operations. In 2007 he was appointed as Area Manager for Saybolt Europe and in 2012 he became President of Saybolt.
Jacobus Schouten, 57	Mr. Schouten served as a member of the Supervisory Board of Core Laboratories N.V. from its initial public offering in 1995 until 2011 and upon leaving the Supervisory Board began serving on the management board of Core Laboratories International B.V. Mr. Schouten also serves on the board of directors of various privately-held European companies. He has been a managing director of International Mezzanine Capital B.V., a private equity fund, since 1990.

The business address of the management board of Core Laboratories International B.V. is Stroomloggerweg 12, 3133 KT, Vlaardingen, The Netherlands.

Supervisory Board

Powers, Composition and Functioning

The Company's Supervisory Board is responsible for supervising the conduct and policy of, and providing advice to, the Management Board and supervising our business generally. It shall offer advice to the Management Board. In performing its duties, the Supervisory Board is required to act in the interests of the Company and of its shareholders.

The Articles of Association provide that the General Meeting of Shareholders in principle appoints members of the Supervisory Board, upon a recommendation by the Supervisory Board. The number of members of the Supervisory Board will be determined by the Supervisory Board and will consist of a minimum of one member.

The members of the Supervisory Board are appointed for a maximum term of three years unless such member of the Supervisory Board has resigned at an earlier date, his or her term of office shall lapse on the day of the annual General Meeting to be held in the third year after the year of his or her appointment. However, each member of the Supervisory Board is eligible for immediate re-appointment. In 2011, the Company initiated a succession plan for the non-executive members of the Supervisory Board, whereby, one non-executive member would be replaced each year for six years. Pursuant to this plan, Mr. Schouten resigned from the Supervisory Board effective as per the date of the annual General Meeting in 2011 and Mr. Sodderland was appointed to replace him. In 2012, Mr. Vriesendorp's term will end and Ms. van Kempen has been nominated for appointment at the annual General Meeting to be held on the Listing Date.

The Articles of Association provide that the General Meeting of Shareholders may in principle suspend and dismiss Supervisory Board members at any time.

In connection with determining the independence of each member of the Supervisory Board and of the management board of Core Laboratories International B.V., as the sole member of the Management Board, we inquired as to any transactions and relationships between each such member and his or her immediate family and the Company and its subsidiaries, and reviewed and discussed the results of such inquiry. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that a member of the Supervisory Board is independent, under the standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code. Under the Dutch Code, the Supervisory Board is to be composed of members who are able to act critically and independently of each other and of the Management Board. As a result of this review, after finding no material transactions or relationships, the Management Board affirmatively determined that each of Messrs. Demshur, Joyce, Kearney, Sodderland, Ogren, Perna, Bergmark and Vriesendorp and the new nominee, Ms. van Kempen are independent under the applicable standards described above.

Nomination Process

- The Nominating and Governance Committee, the chairman (the "**Chairman**") of the Supervisory Board, the Chief Executive Officer, or a member of the Supervisory Board identifies a need to add a new board member that meets specific criteria or to fill a vacancy on the Supervisory Board. The Nominating and Governance Committee also reviews the candidacy of existing members of the Supervisory Board whose terms are expiring and who may be eligible for re-appointment to the Supervisory Board. The Nominating and Governance Committee also considers recommendations for nominees for directorships submitted by shareholders as provided below.

- If a new Supervisory Board member is to be considered, the Nominating and Governance Committee initiates a search by seeking input from members of the Supervisory Board and Senior Management, and hiring a search firm, if necessary. An initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Supervisory Board are identified by and/or presented to the Nominating and Governance Committee, which ranks the candidates. Members of the Nominating and Governance Committee review the qualifications of prospective candidate(s), and the Chairman of the Supervisory Board, the Chief Executive Officer, and all other members of the Supervisory Board have the opportunity to review the qualifications of prospective candidate(s).

- Shareholders seeking to recommend Supervisory Board candidates for consideration by the Nominating and Governance Committee may do so by writing to the Company’s Secretary giving the recommended candidates’ name, biographical data and qualifications.

- The Nominating and Governance Committee recommends to the Supervisory Board the nominee(s) from among the candidate(s), including existing members of the Supervisory Board whose terms are expiring and who may be eligible for re-appointment to the Supervisory Board, and new candidates, if any, identified as described above.

- The nominee(s) are nominated by the Supervisory Board.

Newly adopted Dutch legislation is expected to take effect on July 1, 2012, which will require "large" companies, such as Core Laboratories, to have a balanced gender distribution whereby at least 30% of the seats of the Supervisory Board are held by men and at least 30% of the seats of the Supervisory Board are held by women. The Company will be required to take the above allocation of seats into account upon the appointment, re-appointment, recommendation or nomination of Supervisory Board members. Pursuant to the new legislation, if the Company does not comply with the gender diversity rules, it will be required to explain in its annual report why it failed to meet them and the efforts it will make in the future to meet them. Core Laboratories will continue to look for ways to nominate the best candidates available and to have a diverse, experienced and highly qualified Supervisory Board.

Consistent with newly adopted Dutch legislation expected to take effect on July 1, 2012, all of the Company’s Supervisory Directors serve on five or fewer supervisory directorships in other "large" Dutch companies.

The members of the Supervisory Board

The Company's Supervisory Board consists of eight members in three classes who serve three year terms. Set forth below as of March 31, 2012 are the names, ages, biographical information and Class information for the members of the Supervisory Board who will serve following the annual meeting, scheduled for May 16, 2012 including individuals who have been nominated for re-appointment or appointment as members of the Supervisory Board. We are also including the information on Mr. Vriesendorp, whose term expires as of the date of the 2012 annual General Meeting. There are four members of Class I in the Supervisory Board temporarily until the Board Succession Plan announced in 2011 can be completed.

Class I Supervisory Directors whose terms expire at the annual General Meeting in 2014

David M. Demshur, 56	Mr. Demshur has served as our Chief Executive Officer and Supervisory Board member since the Company's initial public offering in 1995 and Chairman of our Supervisory Board since May 2001. Since joining the Company in 1979, Mr. Demshur has held various operating positions, including Manager of Geological Sciences from 1983 to 1987, Vice President of Europe, Africa and the Middle East from 1989 to 1991, Senior Vice President of Petroleum Services from 1991 to 1994 and Chief Executive Officer and President from 1994 to the present time. Mr. Demshur's extensive background with the Company and the diversity of experiences gained while in these leadership roles positions him to be an effective leader of the Company. Mr. Demshur is a member of the Society of Petroleum Engineers, the American Association of Petroleum Geologists, Petroleum Exploration Society of Great Britain and the Society of Core Analysts Section of the Society of Professional Well Loggers Association.
Rene R. Joyce, 64	Mr. Joyce currently is our Lead Director and serves on our Audit, Compensation and as Chairman of our Nominating and Governance Committees and has served as a Supervisory Director since 2000. Mr. Joyce has served as Executive Chairman of the Board of Targa Resources Corp. ("TRC"), Targa Resources GP LLC (the "General Partner"), the general partner of Targa Resources Partners LP (the "Partnership"), and TRI Resources Inc. ("TRI") since January 1, 2012 and as a director of TRC since its formation on October 27, 2005 and of the General Partner since October 2006. Previously, Mr. Joyce served as Chief Executive Officer of TRC between October 27, 2005 and December 31, 2011, the General Partner between October 2006 and December 31, 2011 and TRI between February 2004 and December 31, 2011. He also served as director of TRI between 2004 and December 31, 2011. Mr. Joyce served as an independent consultant in the energy industry from 2000 through April 2004. Mr. Joyce served as President of Energy Services of Coral Energy, LLC from its acquisition by Shell Oil Company in 1998 until the end of 1999. From 1990 until 1998, Mr. Joyce served as president of the operating companies of Tejas Gas Corporation, Coral's predecessor and a listed company on the NYSE. The Company benefits from Mr. Joyce's current experience as the Chief Executive Officer of two publicly traded entities which affords us his valuable insight into matters affecting public companies. His diversity of educational background of being a degreed engineer and an attorney-at-law enables Mr. Joyce to provide the Company with counsel on a variety of technical and professional matters. Mr. Joyce is a member of the Louisiana State Bar Association.

Michael C. Kearney, 63	Mr. Kearney is currently Chairman of our Audit Committee and has served as a Supervisory Director since 2004. Mr. Kearney has served as President and Chief Executive Officer of Deepflex Inc. since September 2009 and had served as the Chief Financial Officer of Deepflex Inc., from January 2008 until September 2009. He served as Executive Vice President and Chief Financial Officer of Tesco Corporation, a Canadian based oil-service company from October 2004 to January 2007. From 1998 until 2004, Mr. Kearney served as the Chief Financial Officer and Vice President administration of Hydril Company, a manufacturer of products for petroleum drilling and production. Mr. Kearney brings to the Company significant accounting expertise as a result of his work experience and educational training. He has executive level experience as a Chief Financial Officer at publicly traded companies which benefits the Company due to Mr. Kearney's direct knowledge of operating and maintaining internal control of financial reporting given his position as a certifying officer. Mr. Kearney has a Master of Science degree in Accountancy and a BBA degree in Finance.
Jan Willem Sodderland, 70	Mr. Sodderland was appointed to the Supervisory Board in 2011 and prior to that he had served for five years as a Managing Director of the Company's Managing Director, Core Laboratories International B.V., and as a managing director of other Dutch affiliates. Mr. Sodderland serves on the board of European subsidiaries of a number of international companies. From 1974 until 2006, Mr. Sodderland was an attorney and partner of NautaDutilh and was stationed in Rotterdam, Brussels and Amsterdam. In his practice, Mr. Sodderland has built up considerable experience in assisting and advising companies in complicated takeovers, mergers and joint ventures. Mr. Sodderland has long had a close relationship with Japan and China and has published a number of articles about investment possibilities in Asia. He is also the past Chairman of the Pacific Rim Advisory Council, an association of some thirty independent law firms in various parts of the world. His legal practice and service on boards has given him broad, diversified exposure to best practices for corporate governance.

Class II Supervisory Directors whose terms expire at the annual General Meeting in 2013

D. John Ogren, 68	Mr. Ogren is currently Chairman of our Compensation Committee and has served as a Supervisory Director since 2000. Mr. Ogren also became a member of the Audit Committee, effective March 1, 2011. Mr. Ogren served as the President of Production Operators, Inc. from 1994 until 1999. Production Operators was listed on the Nasdaq Stock Market prior to its acquisition by Camco International in 1997 and Schlumberger's acquisition of Camco International in 1998. From 1989 until 1991, Mr. Ogren served as Senior Vice President of Conoco Inc. and from 1992 until 1994, as Senior Vice President of E.I. duPont. Mr. Ogren served as a director of the John Wood Group PLC until May 2011 and as Chairman of Deepflex Inc. until August 2011. Previously, he served as non-executive Chairman of WellDynamics, a Halliburton/Shell joint venture. He is a member of the Society of Petroleum Engineers. The combination of Mr. Ogren's experiences within the oilfield service sector in addition to his senior level work experience within an oil and gas operating company provide valuable insight for the Company. Having served in senior operating and executive management positions as well as in the role of Chairman of other companies during his career, he has the background to deal with the many facets of planning as well

as issues related to compensation that are handled in his role as Chairman of the Compensation Committee.

Joseph R. Perna, 68	Mr. Perna served as a member of our Audit and Compensation Committees until March 1, 2011 and has served as a Supervisory Director since the Company's initial public offering in 1995. Mr. Perna served as Manager with Ethyl Corporation from 1972 to 1985. He joined the Company as General Manager in 1985. In 1991, he was promoted to Senior Vice President, with responsibility for certain laboratory services operations and the Technology Products Division, a position he held until his retirement on March 31, 1998. Mr. Perna has significant historical knowledge of the Company and its worldwide operations. This in-depth knowledge and experience is useful when making decisions regarding the strategic direction of the Company and serves to guide us when considering the implementation of any changes or modifications to our strategic direction. This knowledge is unique from the other non-executive directors given his long-term association with the Company

Class III Supervisory Directors whose terms expire at the annual General Meeting in 2012. Mr. Bergmark has been nominated for re-appointment at the annual General Meeting in 2012 and Mr. Vriesendorp will leave the Supervisory Board as of the annual General Meeting in 2012

Richard L. Bergmark, 58	Mr. Bergmark has served as a Supervisory Director since the Company's initial public offering in 1995 and he has been nominated for appointment for a new three year term to begin at the 2012 annual meeting. Mr. Bergmark also presently serves as our Executive Vice President and Chief Financial Officer. Mr. Bergmark joined Western Atlas International, Inc. as Treasurer in 1987. From 1987 to 1994, the Company was operated as a division of Western Atlas. In 1991, Mr. Bergmark became the Area Manager for Finance and Administration for Europe, Africa and the Middle East operations of Western Geophysical, a division of Western Atlas. From our separation with Western Atlas in 1994 until 1999, he served as our Chief Financial Officer and Treasurer and in 1999 he was appointed Executive Vice President. He has substantial knowledge of the industry based upon his 20+ years with the Company and its predecessors and has extensive knowledge about the history of the Company, both of which are important for planning and management purposes. Furthermore, his understanding of the financial matters relating to the Company and our industry are of crucial importance to the Company. Mr. Bergmark, along with our Chief Executive Officer, has developed important contacts with others in the industry and has an excellent relationship with our Company's shareholders.
Lex Vriesendorp, 59	Mr. Vriesendorp has served as a Supervisory Director since 2000 and served as a member of our Nominating and Governance Committee until the Spring 2012, upon the completion of the nomination of the new candidate for appointment at the 2012 annual meeting. Mr. Vriesendorp's current term on the supervisory board ends at that annual meeting in 2012 and his service on the supervisory board will end at that time. Mr. Vriesendorp has been a partner since 1996 of Shamrock Partners B.V. which serves as the manager for the Vreedenlust venture capital funds. From 1998 until 2001, Mr. Vriesendorp served as chief executive officer of RMI Holland B.V., a valve manufacturer, in The Netherlands. From 1991 until 1995, he served as chief executive officer of the Nienhuis Group, a manufacturer and distributor of Montessori materials in

The Netherlands. Mr. Vriesendorp serves on the supervisory boards of various privately-held European companies.

New nominee, to be appointed at the annual General Meeting in 2012

Margaret Ann van Kempen, 59	Margaret Ann van Kempen is the owner and managing partner of Van Kempen Public Relations & Public Affairs since 1997. She has extensive experience in strategic corporate communications, investor relations, with a focus on reputation and risk management. She has provided litigation PR and communications advice on a wide variety of issues in high profile cases in and outside The Netherlands. Her clients cover a range of sectors including telecommunications, energy, ICT, professional services, and the fashion industry. From 1988 - 1995 she was Director European Affairs of Financial Times Television. Before that she worked in government and semi government organizations including the Ministry of Economic Affairs. She is also a Partner of Consilia, a partnership of communications professionals, headquartered in London. Upon appointment to the Supervisory Board, Ms. van Kempen will serve as a member of our Nominating and Governance Committee.

The Company's registered address serves as the business address for the members of the Supervisory Board.

Executive Officers

As per the date hereof our Executive Officers consist of Messrs. Demshur, Bergmark and Davis. Our Executive Officers are not members of the Management Board.

Mr. Demshur serves as the Chief Executive Officer and as Chairman of the Supervisory Board. Given the size of the Company, we believe the Company's shareholders are well served by having Mr. Demshur hold the Chief Executive Officer role along with being Chairman of the Company and that this is the most effective Supervisory Board leadership structure at the present time. The Company also notes that within its industry, the common practice is for the same person to hold both positions. We believe this structure has served us well for many years.

During sessions without the Chairman, Mr. Joyce conducts the meetings the Supervisory Board in the role of Lead Director. The Lead Director has leadership authority and responsibilities and sets the agenda for, and leads, all executive sessions of the independent Supervisory Directors, providing consolidated feedback, as appropriate, from those meetings to the Chairman. In its role in the risk oversight of the Company, the Supervisory Board oversees the Company's and its shareholders' interest in the long-term health and the overall success of the Company and its financial strength. The Supervisory Board is actively involved in overseeing risk management for the Company, and each of our Supervisory Board committees considers the risks within its areas of responsibilities. The Supervisory Board and each of its Supervisory Board committees regularly discuss with management our major risk exposures, their potential financial impact on us and the steps we take to manage them.

Set forth below as of March 31, 2012 is the biographical information of Mr. Davis. For the biographical information of Messrs. Demshur and Bergmark, see under "Members of the Supervisory Board" above.

Mr. Davis, 57	Mr. Davis joined Western Atlas International in 1977, holding various management positions including Atlas Wireline Division Financial Controller for Europe, Africa and the Middle East from 1983 to 1987, Core Laboratories Division Vice President of Finance from 1987 to 1991, and Atlas Wireline Division Vice President of Finance and Administration from 1991 to 1993. In 1993, Mr. Davis left Western Atlas International and joined Bovar Inc. of Calgary, Canada, an environmental waste disposal company, as Chief

Financial Officer. From 1994 to 1995 he served as Chief Operating Officer and from 1995 to 1998 he served as President and Chief Executive Officer of Bovar Inc. Mr. Davis rejoined the Company as Senior Vice President in 1998, and in 1999 was promoted to Chief Operating Officer, the position he currently holds.

The Company's registered address serves as the business address for our Executive Officers.

Consultants

Stone Partners Inc., periodically provides executive compensation advice to the Supervisory Board's Compensation Committee.

Supervisory Board Committees

Audit Committee

The current members of the Audit Committee are Messrs. Kearney (Chairman), Joyce and Ogren.

The Audit Committee's principal functions include making recommendations concerning the engagement of the independent registered public accountants, reviewing with the independent registered public accountants the plan and results of the engagement, approving professional services provided by the independent registered public accountants and reviewing the adequacy of our internal accounting controls.

Compensation Committee

The current members of the Compensation Committee are Messrs. Ogren (Chairman) and Joyce.

The Compensation Committee's principal functions include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer, our Senior Executive Officers and our non-employee Supervisory Directors, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. The Compensation Committee also regularly discusses a succession plan for the Chief Executive Officer and other Senior Executive Management. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the whole Supervisory Board for approval.

The Compensation Committee periodically retains a consultant to provide independent advice on executive compensation matters and to perform specific project-related work. The consultant reports directly to the Compensation Committee, which pre-approves the scope of the work and the fees charged. The Compensation Committee indicates to the consultant the role that management has in the analysis of executive compensation, such as the verification of executive and Company information that the consultant requires.

The Compensation Committee periodically reviews the composition of our compensation peer group and reviews the compensation paid at these companies, as well as their corporate performance, and other factors in determining the appropriate compensation levels for our Executives. The peer group consists of publicly traded oilfield services companies comparable in size to us in terms of annual revenue and the value of ongoing operations.

In 2011, the Compensation Committee retained Stone Partners, Inc. to advise it on selecting a peer group of companies to be used for compensation purposes. For 2012 executive compensation levels, due to a lack of a material change in circumstances or compensation in 2012, the Compensation Committee relied upon its 2011 review of the peer companies based on industry, revenue, market cap, enterprise value and assets and the following companies comprise our compensation peer group for the year ended 2011:

Atwood Oceanics, Inc.	FMC Technologies Inc.	RPC, Inc.
Cameron International Corp.	Helix Energy Solutions Group, Inc.	Rowan Companies, Inc.
CARBO Ceramics, Inc.	Nabors Industries Ltd	Superior Energy Services, Inc.
Dresser-Rand Group, Inc.	Oceaneering International, Inc.	
Dril-Quip, Inc.	Oil States International, Inc.	

The Compensation Committee operates under a written charter (see "General Information"- "Availability of Documents"), a copy of which may be found on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Nominating and Governance Committee

The current member of the Nominating and Governance Committee of our Supervisory Board is Mr. Joyce. Mr. Vriesendorp served on the Committee through the completion of the process of selecting the new nominee for the Supervisory Board to be appointed at the 2012 annual General Meeting. We anticipate that Ms. van Kempen, if appointed by the shareholders as a member of the Supervisory Board, will serve on the Committee, if appointed at the 2012 annual General Meeting. The Nominating and Governance Committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as a member of the Supervisory Board and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Each member of the Nominating and Governance Committee is independent as defined by the corporate governance standards of the NYSE.

The Nominating and Governance Committee has the responsibility to make recommendations to the Supervisory Board of candidates for the Supervisory Board that will perform well in that role. In considering suitable candidates for that position, the Nominating and Governance Committee considers, among other factors, the person's reputation, knowledge, experience, integrity, independence, skills, expertise, business and governmental acumen and time commitments. In addition to considering these factors on an individual basis, the Nominating and Governance Committee considers how these factors contribute to the overall variety and mix of attributes of our Supervisory Board as a whole so that the members of our Supervisory Board collectively possess the diverse knowledge and complementary attributes necessary to oversee our business. The members of the Supervisory Board should be excellent representatives of the Company and be able to provide a wide range of management and strategic advice and be persons that the Company can count on to devote the required time and attention needed from the Supervisory Board. In the case of current members of the Supervisory Board being considered for re-nomination, the Nominating and Governance Committee will also take into account the tenure as a member of our Supervisory Board; the history of attendance at meetings of the Supervisory Board and committees thereof; the preparation for and participation in all meetings, and the contributions and performance as a member of the Supervisory Board.

The Nominating and Governance Committee operates under a written charter, a copy of which may be found on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Remuneration and benefits

The Company's executive compensation program is designed to create strong financial incentive for our officers to increase revenue, profits, operating efficiency and returns, which we expect to lead to an increase in shareholder value. The executive compensation program includes five primary elements. Three of the elements are performance-oriented and, taken together, all constitute a flexible and balanced method of establishing total compensation for our Senior Executive Officers. The elements are a) base salary, b) annual incentive plan awards, c) stock-based compensation, d) benefits and e) severance/change-in-control compensation. The Company views each compensation element as a different means of encouraging and promoting performance. These elements are designed to work in tandem, not against each other. The weighting of these compensation components is consistent with the market and puts a significant portion of the executives' total direct compensation "at risk" if Company performance declines.

Upon recommendation of the Chief Executive Officer and periodically after having obtained independent advice of a consultant, the Compensation Committee determines the executive compensation. The Compensation Committee's principal functions include conducting periodic reviews of the compensation and benefits programs to ensure that they are properly designed to meet corporate objectives, overseeing of the administration of the cash incentive and equity-based plans and developing the compensation program for the members of the Supervisory Board.

The following tables sets forth the approximate remuneration paid to each of (i) the members of the management board of Core Laboratories International B.V. as a sole member of the Management Board on an aggregate basis, (ii) the members of the Supervisory Board other than the members of the Supervisory Board who are also an Executive Officer, and (iii) the Executive Officers during the financial year ended December 31, 2011. Core Laboratories International B.V, in its capacity as sole member of the Management Board, did not receive any form of remuneration or benefits during the financial year ended December 31, 2011.

Members of the management board of Core Laboratories International B.V.

	Salary	**Fees earned or paid in cash**	**Stock Awards**	**Non-Equity Incentive Plan Compensation**	**Change in Pension Value and Non-qualified Deferred Compensation Earnings**	**All Other Compensation**	**Total**
	($)		($) (1)	($)	($)	($)	($) (2)
Messrs. Elvig, Boks and Schouten, each a member of the management board of Core Laboratories International B.V., on an aggregate basis	580,414	26,350	607,159	300,092	545,597	47,175	2,106,787

(1) The amount included in the "Stock Awards" column include the aggregate grant date fair value of the equity-based awards granted during 2011, and have been computed in accordance with FASB ASC Topic 718, formerly FAS 123(R).

(2) The above compensation is US $ and Euros. All amounts denominated in Euros have been converted to US$ using the foreign currency exchange rate as of December 31, 2011 for purposes of this schedule.

Members of the Supervisory Board

Name	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($) (1)**	**Change in Pension Value ($) (2)**	**Total ($)**
Rene R. Joyce	89,950	147,987	—	237,937
Michael C. Kearney	85,400	147,987	—	233,387
D. John Ogren	80,400	147,987	—	228,387
Joseph R. Perna	54,700	147,987	(100,000)	102,687
Jacobus Schouten*	26,350	147,987	—	174,337
Alexander Vriesendorp**	56,700	147,987	—	204,687
Jan-Willem Sodderland*	28,500	146,489		174,989

(1) The amounts included in the "Stock Awards" column include the aggregate grant date fair value of the equity-based awards granted during 2011 and have been computed in accordance with FASB ASC Topic 718, formerly FAS 123(R). Each of our non-employee Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2011: Mr. Joyce, 5,313; Mr. Kearney, 5,313; Mr. Ogren, 5,313; Mr. Perna, 5,313; Mr. Schouten, 5,313; Mr. Vriesendorp, 5,313 and Mr. Sodderland, 1,469. None of our non-employee Supervisory Directors had any option awards outstanding as of December 31, 2011.

(2) The change in pension value for 2011 was the result of changes in the underlying actuarial assumptions. Specifically, the interest rate is based on a federal rate that changes annually and the mortality tables

are pursuant to Section 417 of the Internal Revenue Code which is required for valuing payouts from qualified plans. This increase was not the result of additional contributions or benefits accruing to the named director.

* Mr. Schouten was replaced by Mr. Sodderland as per the date of the annual General Meeting held on May 19, 2011.

** Mr. Vriesendorp will retire as a member of the Supervisory Board as per the date of the annual General Meeting to be held on the Listing Date. As per such date Ms. Margaret Ann van Kempen is expected to be appointed as a member of the Supervisory Board.

The compensation fees to the members of the Supervisory Board who are not Executive Officers consist of the following elements:

- a base annual retainer, payable semi-annually in arrears, in amount of $45,000: and an additional amount for the following positions:
  - for our Lead Director, an additional $15,000;
  - for our Audit Committee chairman, an additional $25,000;
  - for our Compensation Committee chairman, an additional $20,000;
  - for our Nominating and Governance Committee chairman, an additional $9,000;
- $2,000 per meeting of the Supervisory Board at which the individual is present in person;
- $1,850 per meeting for each committee meeting at which the individual is present in person; and
- reimbursement for all out-of-pocket expenses incurred in attending any Supervisory Board or committee meeting.

In addition, effective April 1, 2012, the Company has awarded each of its non-executive supervisory directors an amount of restricted shares equal to $150,000 based on the closing price of the Company's common stock on March 31, 2012, rounded upwards to the nearest whole share. The restricted shares will vest, without performance criteria, at the end of a three-year vesting period that begins on April 1, 2012.

Executive Officers

Name and Principal Position	Salary ($)	Stock Awards ($) (1)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($) (2)	All Other Compensation ($) (3)	Total ($)
David M. Demshur *President and Chief Executive Officer*	800,000	3,093,829	1,600,000	190,000	15,827	5,699,656
Richard L. Bergmark *Executive Vice President and Chief Financial Officer*	450,000	1,408,811	675,000	187,000	15,888	2,736,699
Monty L. Davis *Senior Vice President and Chief Operating Officer*	450,000	1,375,686	675,000	115,000	15,876	2,631,562

(1) The amounts included in the "Stock Awards" column include the aggregate grant date fair value of the equity-based awards granted during 2011, and have been computed in accordance with FASB ASC Topic 718, formerly FAS 123(R). Assumptions used in the calculation of these amounts are included in Note 13 to our audited financial statements for the fiscal years ended December 31, 2011 and are included in our annual report on Form 10-K.

(2) No amounts are attributable to nonqualified deferred compensation earnings. The changes in pension values for 2011 were primarily the result of changes in the underlying actuarial assumptions. Specifically, the interest rate is based on a federal rate that changes annually and the mortality tables are pursuant to Section 417 of the Internal Revenue Code which is required for valuing payouts from qualified plans. These changes were not the result of additional contributions or benefits accruing to the named executive officers.

(3) All executive officers received perquisites in excess of $10,000 in fiscal year 2011 due to Company 401(k) discretionary contributions and an increase in premium with the Company-Owned Life Insurance.

Shareholdings

The table below sets forth certain information, as of the Publication Date with respect to the Shares beneficially owned by:

- each member of the management board of Core Laboratories International B.V.;
- each member of the Supervisory Board;
- each nominee for appointment as member of the Supervisory Board; and
- each of our Executive Officers.

Core Laboratories International B.V, the sole member of the Management Board, does not hold any Shares.

Name of Beneficial Owner	Total Number of Shares Beneficially Owned, including not vested Shares (1)	Vested shares as a Percentage of Shares Outstanding (2)	Not vested Shares (3)
David M. Demshur	338,562	*%	88,070
Richard L. Bergmark	163,909	*%	42,737
Monty L. Davis	193,200	*%	42,409
Joseph R. Perna	50,441	*%	6,454
D. John Ogren	40,454	*%	6,454
Rene R. Joyce	22,450	*%	6,454
Alexander Vriesendorp	12,180	*%	6,454
Michael C. Kearney	18,476	*%	6,454
Jacobus Schouten	9,153	*%	5,313
Jan Willem Sodderland	2,610	0%	2,610
Margaret Ann van Kempen	0	0%	0
Peter Boks	8,373	*%	6,650
Mark Elvig	29,165 (4)	* %	17,300

* Represents less than 1%.

(1) Unless otherwise indicated, each person has sole voting power and investment power with respect to the Shares listed and it includes the unvested Shares for purposes of this chart.

(2) Based on 47,547,595 Shares outstanding as of March 31, 2012.

(3) The amount of shares that are either restricted shares or performance restricted shares that have not yet vested, but upon vesting, if at all, will result in increased share ownership by individual.

(4) In addition to these 29,165 shares, Mr. Elvig also has an interest in 3,954 "phantom" shares held in a deferred compensation account. The 3,954 phantom shares represent a cash account tracked as if in share units of the Company; however, these phantom shares will only entitle Mr. Elvig to receive an amount in cash upon distribution and Mr. Elvig will not have the right to take ownership of additional actual shares of the Company.

Executive Compensation Policies

Stock Ownership Requirements

In 2010, the Compensation Committee approved stock ownership requirements for the Chief Executive Officer to own Shares equal in value to at least five times his annual base salary and for the Chief Financial Officer and Chief Operating Officer to own Shares equal in value to at least three times their annual base salary. Alignment with shareholder interests is reflected in current stock ownership among the named Executive Officers. They reflect a significant personal investment in the Company by the same executives responsible for determining the future success of the organisation and the return to shareholders. Each member of the Supervisory Board who is not an Executive Officer must maintain equity ownership of Company stock in the minimum amount of five (5) times the annual base retainer for the previous year, and will be allowed five years to achieve that minimum equity ownership. Based on current ownership, all current directors currently meet this requirement other than Mr. Sodderland who only recently, in May 2011, became a member of the Supervisory Board and Ms. van Kempen who is expected to be appointed on the Listing Date.

Insider Trading Policy

We prohibit officers and certain other managers from trading our securities on the basis of material, non-public information or "tipping" others who may so trade on such information and from trading in the Company's securities without obtaining prior approval from the general counsel. If the officer or manager does not have inside information that is material to the business, the officer or manager may trade immediately following quarterly earnings press releases during an allowed trading window. Any exceptions must be requested in writing and signed by one of the following persons: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or General Counsel. Any derivative transaction which effectively shifts the economic risk of ownership to a third party is not allowed at any time by these officers and certain other managers unless approved by the Compensation Committee.

Employment agreements and severance compensation

The Company maintains employment agreements with our three Executive Officers, Messrs. Demshur, Bergmark and Davis, to ensure they will perform their roles for an extended period of time. These agreements provide for severance compensation to be paid if the employment of the executives is terminated under certain conditions, such as following a change in control, termination by Messrs. Demshur and Bergmark for any reason or termination by us for any reason other than upon their death or disability, for "cause" or upon a material breach of a material provision of his employment agreement, each as defined in the agreements.

Employment Agreements

Messrs. Demshur, Bergmark and Davis have employment agreements first entered into in 1998 which have included provisions governing the payment of severance benefits if employment is terminated by the executive for any reason or by the Company for any reason other than (i) death or disability, (ii) for cause, or (iii) our executive's material breach of a material provision of the employment agreement. In such event, the executive severance benefits will be comprised of: a) the payment of a lump-sum amount equal to the sum of 200% of his base salary as in effect immediately prior to the termination; and two times 45% of the maximum annual incentive bonus he could have earned pursuant to his employment agreement, b) provision of a benefits package for the executive and his spouse and dependent children consisting of medical, hospital, dental, disability and life insurance benefits at least as favourable as those benefits provided to the executive and his spouse and dependent children immediately prior to termination, for as long as the executive and his spouse or dependent children are living; c) the provision of outplacement services at a cost not to exceed 100% of the executive's annual base salary as in effect immediately prior to the termination and d) the full and immediate vesting and exercisability of all of his outstanding stock options, which options shall remain exercisable for the greater of (i) three months following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted.

If the executive's employment is terminated as a result of death or disability, the executive (if living), his spouse, and/or his dependent children, as applicable, will be entitled to the benefits described under clause (b) and (d) above.

If the executive's employment is terminated for any reason within three years following a change in control, the executive will be entitled to the same benefits described above except that certain outstanding stock options shall remain exercisable for the greater of (i) one year following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted, and the lump-sum payment described in clause (a) above shall be equal to three times the sum of x) his base salary as in effect immediately prior to his termination of employment and y) the greater of (A) 45% of the maximum annual incentive bonus he could have earned pursuant to his employment contract for the year in which his employment terminates or (B) the highest annual bonus he received in the three fiscal years ending prior to the fiscal year in which occurred the change in control.

Change of Control

As part of our normal course of business, we engage in discussions with other companies about possible collaborations and/or other ways in which the companies may work together to further our respective long-term objectives. In addition, many larger, established companies consider companies at similar stages of development to ours as potential acquisition targets. In certain scenarios, the potential for merger or being acquired may be in the best interests of the Company's shareholders. We provide severance compensation if an executive's employment is terminated following a change in control transaction to promote the ability of our senior executives to act in the best interests of the Company's shareholders even though their employment could be terminated as a result of the transaction.

Other information relating to the Company's management

In respect of each of Core Laboratories International B.V., as sole member of the Management Board, the members of the management board of Core Laboratories International B.V., the members of the Supervisory Board and the Executive Officers, we are not aware of (i) any convictions in relation to fraudulent offences in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or Executive Officers positions in the last five years, or (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Consideration of potential conflicts of interest

Mr. Sodderland is member of the Supervisory Board and was previously connected with NautaDutilh as partner and indirect shareholder. Currently, Mr. Sodderland is still connected with NautaDutilh as an adviser. NautaDutilh acts as Dutch counsel for the Company in respect of this Listing as well as in respect of general Dutch corporate law matters. In our view, Mr. Sodderland is not conflicted in this respect because he does not have an employment contract with nor does he receive salary or any form of compensation from NautaDutilh, other than minor out-of-pocket expenses on an irregular basis. Moreover, Mr. Sodderland is not and has not been advising the Company in any other capacity than in his position as a member of the Supervisory Board. In view of the Company, Mr. Sodderland is independent under the standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code. See "Management and Employees - Supervisory Board - Powers, Composition and Functioning."

Mr. Perna, a member of our Compensation Committee until March 1, 2011, was an officer of the Company until his retirement on March 1, 1998, more than fourteen years ago.

As per the date of the annual General Meeting on May 19, 2011, Mr. Sodderland resigned from the management board of Core Laboratories International B.V. and was appointed as a member of the Supervisory Board as per the same date.

As per the date of the annual General Meeting on May 19, 2011, Mr. Schouten resigned from the Supervisory Board and was appointed as a member of the management board of Core Laboratories International B.V. as per the same date.

Except as disclosed above, as far as we are aware, none of Core Laboratories International B.V., as sole member of the Management Board, the members of the management board of Core Laboratories International B.V., the members of the Supervisory Board and the Executive Officers have a conflict of interest (actual or potential) between its/his private interests and its/his duties to the Company.

Directors' indemnification and insurance

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to us for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to us and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code (the "**DCC**"). In certain circumstances, they may also incur additional specific civil and criminal liabilities. Core Laboratories International B.V. as sole member of the Management Board, the members of the management board of Core Laboratories International B.V., the members of the Supervisory Board and the Executive Officers are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers.

The Articles of Association provide for an indemnity for any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in his current or former capacity as member of the Supervisory Board or the Management Board, provided that such person acted in good faith and in a manner which he reasonably believed to be in or not opposed to our best interests. However, this indemnification shall not apply in the case of (i) the Supervisory Board's or the Management Board's members' gross negligence or wilful misconduct as determined by a nonappealable judgement, unless a court determines that, in view of all circumstances, an indemnification against such liabilities and expenses is fair and reasonable or (ii) reimbursement of the costs and losses by our insurance company under any insurance.

Employees and pensions obligations

For each of the years ended December 31, 2011, 2010 and 2009 we had approximately 5,000 employees. We do not have any material collective bargaining agreements and consider relations with our employees to be good.

We operate various pension schemes and have both a defined benefit plan and defined contribution plans. One scheme is a defined benefit plan which is funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which we pay fixed contributions into a separate entity. We have no legal or constructive obligations to pay further contributions. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plan

We maintain a non-contributory defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007.

Defined Contribution Plans

We maintain four defined contribution plans (the "**Defined Contribution Plans**") for the benefit of eligible employees in Canada, The Netherlands, the United Kingdom, and the United States. In accordance with the terms of each plan, we and our participating employees contribute up to specified limits and under certain plans, we may make discretionary contributions in accordance with the Defined Contribution Plans. For the years ended December 31, 2011, 2010 and 2009, we expensed approximately $5.7 million, $4.6 million and $4.9 million, respectively, for our contributions and our additional discretionary contributions to the Defined Contribution Plans. Furthermore, we sponsor several defined contribution plans for the benefit of our employees. We expense these contributions in the period the contribution is made.

The employees are able to invest the money set aside in the Defined Contribution Plans into approximately 20 investment choices, including money market accounts, bond funds, equity funds and Core Laboratories stock. The election choices are voluntary and are made by each employee individually.

Supplemental Executive Retirement Plans

In 1998, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan, referred to as the "**Group SERP**", for the benefit of certain key employees and outside directors. The Group SERP was established to provide additional retirement income for certain of our then-Executive Officers and death benefits to the officers' designated beneficiaries as a reward for the executive officer's prior contributions and future efforts to our success and growth. Richard Bergmark, David Demshur and Joseph Perna, a former officer and current director, participate in the Group SERP.

In 1999, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan for Monty L. Davis, which is referred to as the "**Individual SERP**". The terms of the Individual SERP are similar to that of the Group SERP except that the amount of the retirement benefit is determined using a formula that takes into consideration the participant's compensation, years of employment, and a five-year vesting schedule.

Tier II Supplemental Retirement Plans

In 2007 (six employees) and 2009 (one employee), a total of seven senior employees were granted a Tier II Supplemental Retirement Plan ("**Tier II SERP**"). The Tier II SERP was established to provide additional retirement income for these seven senior employees as a reward for their prior contributions and future efforts to our success and growth. The Tier II SERPs require the employees to maintain full-time employment with the Company at least until age 62.

Deferred Compensation Plan

The Company has established a Deferred Compensation Plan whereby certain qualified employees are eligible to defer a portion of their Company income, pre-tax, and have that money grow tax-deferred until a distribution is made to them upon termination from the Company. The employee is allowed to choose among several alternatives to have the money distributed in a lump sum upon termination or in annual instalments for as long as fifteen years. Similar to the investment choices offered under the Defined Contribution Plans, the employees are able to invest the money set aside in the Deferred Compensation Plan into approximately 20 investment choices, including money market accounts, bond funds, equity funds and Core Laboratories stock. The election choices are voluntary and are made by each employee individually.

Health and Welfare Benefits

We offer a standard range of health and welfare benefits to all employees, including our executive officers. These benefits include medical, prescription drug and dental coverages, life insurance, accidental death and dismemberment, long-term disability insurance and flexible spending accounts. Our plans do not discriminate in favour of our executive officers.

Works council

The Company itself does not have a works council. One of the direct subsidiaries of the Company, Saybolt Nederland B.V., does have a works council.

Long Term Incentive Programs

We currently administer long-term incentive compensation awards through our Long Term Incentive Programs ("**LTIP**"): the 2007 Long-Term Incentive Plan (the "**Plan**") and the 2006 Nonemployee Director Stock Incentive Plan (the "**Director Plan**"). We believe that widespread Share ownership by key employees is an important means of encouraging superior performance and employee retention. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success over a longer time horizon by personally benefitting through the ownership of the Shares and/or rights.

2007 Long-Term Incentive Plan

Since the inception of the Plan in 1995 until 2001, the Company awarded stock options as the primary form of equity compensation. In 2001, the Company reassessed the form of award and elected to begin the use of restricted Share grants which it believes are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas stock options may have limited perceived value and may not be as effective in retaining and motivating employees when the current value of the Company's stock is less than the option price. The Plan was lastly restated in 2007. On April 2, 2007, the 1995 Long-Term Incentive Plan was amended, restated and renamed as the 2007 Long-Term Incentive Plan. The primary changes were to (a) extend the period during which awards may be granted under the Plan to February 13, 2017, (b) require all stock options awarded under the Plan to have an exercise price per Share that is at least equal to the fair market value of a Share as of the date of grant of the option (subject to adjustment under certain circumstances, such as upon a reorganisation, stock split, recapitalisation, or other change in the Company's capital structure), (c) provide that stock appreciation rights may be granted under the Plan, (d) prohibit the repricing of stock options awarded under the Plan, (e) provide that no amendment to the Plan that would require shareholder approval pursuant to the requirements of the NYSE or any exchange on which the Company is listed will be effective prior to approval of the Company's shareholders, and (f) expand the performance goals enumerated under the Plan upon which restricted Share awards may be based.

The Company uses restricted Share grants as our primary form of equity compensation, which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas other forms of equity compensation, such as stock options, may have limited perceived value and may do little to retain and motivate employees when the current value of the company's stock is less than the option price. We issue shares from either treasury stock or authorised shares upon the exercise of options or lapsing of vesting restrictions on restricted stock. In 2011, the Company has issued 42,400 shares and 177,271 shares out of treasury stock relating to the exercise of stock options and the vesting of restricted stock, respectively. The Company does not use cash to settle equity instruments issued under stock-based compensation awards. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the performance share award program (the "**PSAP**") and the restricted share award program (the "**RSAP**").

The Plan provides for a maximum of 10,800,000 Shares to be granted to eligible employees. At December 31, 2011, approximately 598,574 Shares were available for the grant of new awards under the Plan.

Performance Share Award Program

The restricted performance Shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance Shares have vested. Subject to certain exceptions described below, the restricted performance Shares will vest assuming a recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved. The restricted performance Shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the respective performance period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

In the event of an award recipient's death or disability prior to the last day of the performance periods, his or her restricted performance Shares will vest as described above. If an award recipient's service with us terminates (other than for death or disability) prior to the last day of the performance periods, his or her restricted performance Shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2007 Long-Term Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance Shares will vest as of the effective date of such change in control.

Under the PSAP, our Executive Officers are awarded rights to receive a pre-determined number of Shares if certain performance targets are met, as defined in the applicable agreements for the respective three-year period.

On April 1, 2010, the Company made grants of 90,000 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2010. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2010 (the "**2010 Performance Period**"). In 2010, the long-term incentive guideline used to make awards was 2.75 times the 2009 base salary for Mr. Demshur and 2.00 times the 2009 base salary for both Mr. Bergmark and Mr. Davis.

On April 1, 2011, the Company made grants of 86,207 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2011. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2011 (the "**2011 Performance Period**"). In 2011, the long-term incentive guideline used to make awards was 4.00 times the 2010 base salary for Mr. Demshur and 3.00 times the 2010 base salary for both Mr. Bergmark and Mr. Davis.

On February 17, 2012, the Company made grants of 79,009 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2012. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2012 (the "**2012 Performance Period**"). In 2012, the long-term incentive guideline used to make awards was 4.00 times 2011 base salary for Mr. Demshur and 3.00 times the 2011 base salary for both Mr. Bergmark and Mr. Davis. These new award guidelines reflect the market range for long-term incentive awards if the performance measure is met.

Restricted Share Award Program

In 2004, the Equity Awards Subcommittee of the Compensation Committee of the Supervisory Board approved the RSAPs to attract and retain the best employees, and to better align employee interests with those of the Company’s shareholders. Restricted Share awards are subject to continued employment, and one-sixth of the shares vest each year for six years on the anniversary of the date of grant. Full vesting will occur if an executive officer’s employment is terminated because of death or disability or upon the occurrence of a change in control if the executive officer has been continuously employed by us from the date of the grant until the change in control.

In 2009, the Equity Awards Subcommittee granted 247,100 restricted Shares to employees under the RSAP program, none of which were to named executive officers. In 2010, the Equity Awards Subcommittee granted 142,070 restricted Shares to employees under the RSAP program, none of which were to named executive officers. In 2011, the Equity Awards Subcommittee granted 95,760 restricted Shares to 306 employees under the RSAP, none of which were to named executive officers. Our Executive Officers declined RSAP based awards for 2009 through 2011 in order to allow for additional grants of equity based awards to other employees. Subject to continued employment with us, these shares vest in the amount of 1/6th of each grant on each of the six annual anniversaries of the date of grant. Full vesting will occur, however, if an employee's employment with us is terminated by reason of death or disability or if an employee continues in our employment until the date upon which a change in control occurs. For 2012, the Compensation Committee has authorised a maximum of 150,000 shares for in-cycle grants and an additional maximum of 10,000 shares for out-of-cycle grants for retention and recruitment purposes, and it is anticipated such in-cycle grants will be awarded with an effective date of no earlier than September 1, 2012 and are for employees other than the named Executive Officers.

As of December 31, 2011, there was $30.7 million of unrecognised total stock-based compensation relating to non-vested RSAP awards. The unrecognised compensation expense is expected to be recognised over an estimated weighted-average amortization period of 50 months. The grant-date fair value of shares granted was $10.6 million, $12.3 million and $10.8 million in 2011, 2010 and 2009, respectively and we have recognised compensation expense of $12.4 million, $6.1 million and $5.0 million in 2011, 2010 and 2009, respectively. The total grant-date fair value, which is the intrinsic value of the shares, vested was $8.4 million, $7.0 million and $5.7 million in 2011, 2010 and 2009, respectively. We have recognised a tax benefit from the vesting of the RSAP of $2.6 million, $1.0 million and $0.2 million in 2011, 2010 and 2009, respectively.

2006 Nonemployee Director Stock Incentive Plan

The Director Plan provides Shares for grant to the eligible members of the Supervisory Board. The maximum number of shares available for award under this plan is 1,400,000 Shares. As of December

31, 2011 approximately 576,134 shares were available for issuance under the Director Plan. On June 28, 2006, the 1995 Nonemployee Director Stock Option Plan was amended, restated and renamed as the 2006 Nonemployee Director Stock Incentive Plan. The primary change effected by the 2006 amendment was to eliminate the automatic, formula grant of stock options under the prior plan and to replace that formula approach with the discretionary right of the Supervisory Board to grant stock options, restricted Shares, or any combination thereof. Only non-employee Supervisory Board who are not an executive officer are eligible for these equity-based awards under the Director Plan.

On July 15, 2009, the Company awarded 2,314 restricted performance shares to each of its non-executive supervisory directors under our 2006 Non-Employee Director Stock Incentive Plan. A restricted performance share is an unvested right to receive a share of our common stock at such time or times described below. Each award is subject to the terms of our 2006 Non-Employee Director Stock Incentive Plan and an award agreement, the terms of which are materially identical for each award recipient.

The restricted performance Shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance Shares have vested. Subject to certain exceptions described below, the restricted performance Shares will vest based on the Company’s return on equity, which is defined in the award agreement as a percentage determined by dividing (1) one-third of our aggregate earnings before interest and income taxes for the performance period that began on July 15, 2009 and ends on July 15, 2012, by (2) total shareholders' equity as of the last day of the performance period. Specifically: (a) if the return on equity for the performance period equals or exceeds the second target, the award recipients will fully vest in their restricted performance Shares; (b) if the return on equity for the performance period is less than the second target but equal to or greater than the first target, the award recipients will vest in an incremental amount of their restricted performance Shares, and (c) if the return on equity for the performance period is less than the first target, the award recipients will not vest in the restricted performance Shares. The first and second targets were based upon our return on equity compared to the returns earned by the members of the S&P 500 Oil & Gas Equipment & Services Index with 50% of the shares vesting if the return is at or above the 50th percentile of the members' return and 100% of the shares vesting if the return is at or above the 75th percentile of the members' return, respectively. The 2009 grant will vest, if at all, on July 15, 2012.

On April 1, 2010, the Company made a grant to the non-executive supervisory directors in the amount of $100,000, divided by the closing price of Company stock on March 31, 2010, rounded upwards to the nearest whole share for a total of 1,530 shares each. Assuming that certain performance goals are achieved, the performance shares will vest at the end of the 2010 Performance Period. The restricted performance shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the 2010 Performance Period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

In 2011, the Equity Awards Subcommittee of our Compensation Committee of our Supervisory Board approved the RSAP to compensate the non-employee Supervisory Directors. Prior to 2011, the non-employee Supervisory Directors were awarded shares under the PSAP plan.

Effective April 1, 2011, the Company made a grant of restricted, non-performance based, shares to the non-executive supervisory directors that were approved by the Compensation Committee, acting through its Equity Awards Subcommittee, and the Supervisory Board in February 2011 in the amount of $150,000, divided by the closing price of Company stock on March 31, 2011, rounded upwards to the nearest whole share for a total of 1,469 shares each. The restricted shares will vest, without performance criteria, at the end of a three-year vesting period that began on April 1, 2011 (the "**2011 Vesting Period**").

As of December 31, 2011, there was $0.8 million of unrecognised total stock-based compensation relating to non-vested RSAP awards. The unrecognised compensation expense is expected to be recognised over an estimated weighted-average amortization period of 27 months. The grant-date fair value of shares granted was $1.0 million in 2011, and we have recognised compensation expense of $0.2 million in 2011.

Effective, April 1, 2012, the Company made a grant of restricted, non-performance based, shares to the non-executive supervisory directors that were approved by the Compensation Committee and the Supervisory Board in January and February 2012 in the amount of $150,000, divided by the closing price of Company stock on March 31, 2012, rounded upwards to the nearest whole share for a total of 1,141 shares each set forth below under "2012 Non-Executive Director Compensation." The restricted shares will vest, without performance criteria, at the end of a three-year vesting period that begins on April 1, 2012 (the "**2012 Vesting Period**").

For all of the pending awards as described for the years 2009 through 2012, at the time they were approved by the Compensation Committee and the Supervisory Board, they required the recipient's continued service as a Supervisory Director (other than for death or disability) to the time of vesting for the recipient to receive the shares that otherwise vested. In the event of an award recipient's death or disability prior to the last day of these performance or vesting periods, his or her restricted shares would vest as described above. As originally provided, if an award recipient's service with us terminated (other than for death or disability) prior to the last day of these performance or vesting periods, his or her restricted shares would be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2006 Non-Employee Director Stock Incentive Plan) prior to the last day of these performance or vesting periods and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted shares will vest as of the effective date of such change in control.

On March 2, 2011, the Supervisory Board approved a Board Succession Plan whereby one non-executive Supervisory Director would be replaced per year over a period of six years to allow new members to join the Supervisory Board. Consequently, the Compensation Committee and Supervisory Board have taken action to adjust the award agreements to equitably take into account the fact that (1) the Company is initiating the change in non-executive supervisory directors and (2) the members being rotated off will not have a choice about remaining in service as a director to achieve full vesting of all currently awarded grants.

In the event of an award recipient’s death prior to the last day of the performance period, his or her restricted performance Shares will vest as described above. If an award recipient’s service with us terminates (other than for death) prior to the last day of the performance period, his or her restricted performance period and while the award recipient is in our service (or in event of a termination of the award recipient's service upon such change in control) all of the award recipients restricted Performance Shares will vest as of the effective date of such change in control.

DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

General

Set out below is a summary of certain relevant information concerning the Company's share capital and certain significant provisions of Dutch corporate law and a brief summary of certain provisions of the Articles of Association.

This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association and with relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in Dutch and English, at the Company's registered offices at Herengracht 424, 1017 BZ Amsterdam, The Netherlands during regular business hours. The Articles of Association are incorporated by reference (see "Important Information - Documents Incorporated by Reference") and are available free of charge in Dutch and English, at the Company's website at http://www.corelab.com/corporate/governance.aspx.

Corporate Purpose

Pursuant to Article 3 of the Articles of Association, the Company's objects and purposes are:

1. the acquisition, possession, administration, sale, exchange, transfer and investment in and disposal of shares, bonds, funds, order documents, evidences of indebtedness and other securities, the borrowing of money and the issuance of documents evidencing indebtedness therefor, as well as the lending of money;
2. the granting of suretyships for the fulfilment of obligations of the company or of third parties;
3. The acquisition of:
    (a) income arising from the disposal or licensing of copyrights, patents, designs, secret processes or formulae, trademarks and similar interests;
    (b) royalties, including rentals, in respect of or relating to the use of industrial, commercial or scientific equipment as well as in respect of the exploitation of a mine or quarry or any other natural resource and other real properties;
    (c) consideration for the rendering of technical assistance and scientific analyses and related services;
4. the acquisition, possession, disposal, administration, development, lease, letting, mortgaging or in general the encumbrance of real property and any right to or interest in real property;
5. the trading in, including wholesale, distributive and future trade, the manufacturing, as well as the import and export of raw materials, minerals, metals, organic materials, semi-finished products and finished products of whatever nature and under whatever name;
6. the acting as a holding company;
7. the participation in and the management and joint management of other companies and enterprises; and
8. the performance of everything connected with the foregoing in the widest sense of the word..

Share Capital

Historic Overview of the Share Capital

At the Company's annual General Meeting on June 10, 2010, the General Meeting of Shareholders approved an amendment to increase the authorised capital of Shares from 100 million to 200 million Shares and to increase the authorised capital of the Preference Shares from 3 million to 6 million Preference Shares. In addition, the General Meeting of Shareholders approved the two-for-one stock split authorised by the Supervisory Board and thereby reduced the par value of each Share from EUR 0.04 to EUR 0.02. As a result of the stock split, shareholders of record on June 30, 2010 received an additional Share for each Share held. The stock split was effected on July 8, 2010. All references to common shares, share prices, per share amounts and stock plans in this Prospectus have been restated retroactively for the stock split, excluding any filings made prior to the date of the stock split, June 30, 2010.

Owners of the legal and beneficial rights in the Shares have the full benefit of share ownership, including, without limitation, the right to vote the shares, sell the shares and to receive dividends, if and when declared.

Set out below is an overview of the amount of authorised share capital for the years 2011, 2010 and 2009 and the number of Shares and preferred shares in the capital of the Company outstanding in these years.

	Shares	Repurchased Shares	Shares Outstanding
Balance as at January 1, 2009	51,039,912	4,999,846	46,040,066
Issue of Shares		(211,600)	211,600
Repurchased own Shares		278,258	(278,258)
Treasury shares cancelled			
Balance as at December 31, 2009	51,039,912	5,066,504	45,973,408
Issue of Shares		(232,428)	232,428
Repurchased own Shares		1,493,017	(1,493,017)
Issued for Exchange of Exchangeable Notes		(808,367)	808,367
Treasury shares cancelled	(1,300,000)	(1,300,000)	
Balance as at December 31, 2010	49,739,912	4,218,726	45,521,186
Issue of Shares		(219,671)	219,671
Repurchased own Shares		669,649	(669,649)
Issued for Exchange of Exchangeable Notes		(1,851,869)	1,851,869
Issued for settlement of Warrants		(706,395)	706,395
Treasury shares cancelled	(702,106)	(702,106)	
Balance as at December 31, 2011	49,037,806	1,408,334	47,629,472

The authorised share capital of the Company as at the Publication Date amounts to EUR 4,120,000 and consists of 200,000,000 common shares with a par value of EUR 0.02 each and 6,000,000 Preference Shares with a par value of EUR 0.02 each.

Shares

Issued and paid in share capital as of the Publication Date amounts to $7.0 million and consists of 49,037,808 issued common shares with a par value of EUR 0.02 each. As of April 24 2012, repurchased common shares amounts to $132.3 million and consists of 1,571,347 common shares with a par value of EUR 0.02 each. As such, as of April 24 2012, there are 47,466,461 common shares outstanding and that number will not materially change through the Publication Date.

The movements in the number of shares in 2012 are as follows, derived from U.S. GAAP financial statements:

	Issued Shares	Repurchased Shares	Shares Outstanding
Balance as at December 31, 2011	49,037,806	1,408,334	47,629,472
Issue of shares for award vestings	-	(58,670)	58,670
Repurchased own shares	-	221,683	(221,683)
Account reconciled with transfer agent(1)	2	-	2
Balance as at April 24, 2012	49,037,808	1,571,347	47,466,461

(1) The Company has reported 49,037,806 shares to the NYSE for several reporting periods and that was consistent with the records the Company was maintaining internally for that period. However, the Company's transfer agent had a discrepancy of one share prior to June 2010 that doubled to 2 shares after the stock split in June 2010. The Company continued to report the 49,037,806 shares because that is what its internal records showed. However, with a change in transfer agents in 2012 and an attempt to bring an end to the two share discrepancy (which probably resulted from a rounding of partial shares), the Company has now reported 49,037,808 shares to the NYSE as of March 31, 2012 and will use that number going forward. In this way, the Company removes the miniscule discrepancy of one (now two) shares and its internal records will reconcile to the transfer agent records.

The movement in shareholders' equity is as follows (in thousands), derived from U.S. GAAP financial statements:

	Shares	**Additional Paid In Capital**	**Accumulated Earnings**	**Other reserves - Restricted**	**Repurchased Shares**	**Non-Controlling Interest**	**Total Share-holders equity**
BALANCE as at December 31, 2011	$ 1,376	$ 2,012	$ 283,660	$ (1,739)	$ (107,406)	$ 3,752	$ 181,655
Stock based awards issued	—	3,077	—	—	1,311	—	4,388
Tax benefit of stock compensation	—	500	—	—	—	—	500
Repurchase of common shares	—	—	—	—	(12,889)	—	(12,889)
Dividends	—	—	(13,334)	—	—	—	(13,334)
Pension adjustment	—	—	—	14	—	—	14
Net income	—	—	53,951	—	—	(21)	53,930
BALANCE as at March 31, 2012	**$ 1,376**	**$ 5,589**	**$ 324,277**	**$ (1,725)**	**$ (118,984)**	**$ 3,731**	**$ 214,264**

Preference Shares

The Company has an authorised share capital of 6,000,000 Preference Shares with a par value of EUR 0.02. Pursuant to the Articles of Association each outstanding Preference Share may be converted into a Share on terms and conditions determined by the Supervisory Board at the time of issuance of the Preference Shares. Each Preference Share entitles the holder thereof to cast one vote. On the date of this Prospectus there were zero Preference Shares issued.

Treasury Shares

The Company is incorporated in The Netherlands and under the DCC, the Company and its subsidiaries can hold a maximum of 50% of the Company's issued shares in treasury, subject to shareholder approval. On October 29, 2002, the Company began to repurchase its Shares under a Share Repurchase Program approved by shareholders in connection with the Company's initial public offering in September 1995. The Company currently has shareholder approval to hold 10% of its issued share capital in treasury. At the annual shareholders' meeting on May 19, 2011, the Company's shareholders authorised an extension to repurchase 10% of the Company's issued share capital through November 19, 2012 and an additional 15.6% of the Company's issued share capital until March 12, 2012 to fulfil obligations relating to the Exchangeable Notes or Warrants. The repurchase of shares in the open market is at the discretion of management pursuant to this shareholder authorization. The cancellation of shares has also been approved by shareholders at prior shareholder meetings. Since the Exchangeable Notes matured and were finally settled in Q4 2011 and the Warrants were early settled in Q3 2011, there is no need to seek extension of the right to purchase an additional 15% past the deadline of March 10, 2012.

From the initiation of the Share Repurchase Program through December 31, 2011, the Company has repurchased 33,123,122 Shares for an aggregate purchase price of approximately $788.0 million, or an average price of $23.79 per Share and has cancelled 27,537,600 shares at a cost of $466.2 million. At April 24, 2012, the Company held 1,571,347 shares in treasury and has the authority to repurchase 3,332,434 additional shares under its stock repurchase program. These amounts will not materially change through the Publication Date.

Other financial instruments

In September 2011, a U.S. based subsidiary of the Company issued two series of senior notes with an aggregate principal amount of $150 million ("**Senior Notes**") in a private placement transaction that is guaranteed by the Company and certain other subsidiaries. The Senior Notes Series A consists of $75 million in aggregate principal amount of Senior Notes that bear interest at a fixed rate of 4.01% and are due in full on September 30, 2021. The Senior Notes Series B consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.11% and are due in full on

September 30, 2023. Interest on each series of the Senior Notes is payable semi-annually on March 30 and September 30.

Issue of Common Shares

Under the Articles of Association, the Company may only issue Shares up to the amount of the authorised capital, with due observance of the provisions of the DCC, by the virtue of a resolution of the Supervisory Board. The authority of the Supervisory Board, as referred to in the preceding sentence, shall terminate each five years unless the General Meeting of Shareholders has extended such authority. If not otherwise determined in the resolution, such authority is irrevocable. In case that the Supervisory Board no longer has the authority, any resolution to issue shares shall require the prior approval of the Management Board. The Proposed Articles of Association provide that no share certificates shall be issued.

Pre-Emption Rights

Dutch company law and the Articles of Association give shareholders in most cases pre-emption rights to subscribe on a pro rata basis to their existing holding for any issue of new Shares or upon a grant of rights to subscribe for Shares. Exceptions to these pre-emption rights include the issue of Shares and the grant of rights to subscribe for shares (i) to our employees (ii) in return for non-cash contribution or (iii) the issue of Shares to persons exercising a previously granted right to subscribe for Shares.

A shareholder may exercise pre-emption rights during a period of four weeks after the day the announcement relating to the issue has been sent out. Pre-emptive rights can be restricted or excluded by virtue of a resolution of the Supervisory Board with a due observance of the DCC. The authority of the Supervisory Board, as referred to in the preceding sentence, shall terminate each five years unless the General Meeting of Shareholders has extended such authority. If not otherwise determined in the resolution, such authority is irrevocable. In case that the Supervisory Board no longer has the authority, any resolution to issue shares shall require the prior approval of the Management Board.

The Company shall announce the issue of Shares to which pre-emptive rights are attached and the period in which that right is capable of being exercised in a written notification to all shareholders sent to the addresses set forth in the register of shareholders within fourteen days of such resolution being passed.

Reduction of Share Capital

Under the Articles of Association, upon a proposal from the Supervisory Board, the General Meeting of Shareholders may resolve to reduce the Company's issued share capital either by cancelling Shares, or by reducing the par value of the Shares by means of an amendment to the Articles of Association but only with due observance of the DCC.

A resolution to cancel Shares may only relate (i) to Shares which the Company holds in its own share capital or of which it holds the depositary receipts (ii) to Preference Shares which may be cancelled upon redemption or (iii) to the drawn Preference Shares that may be drawn for redemption by the Management Board. Partial repayment on shares or exemption from the obligation to pay up shall only be allowed in the event of implementing a resolution to reduce the amount of the Shares. Such repayments or exemption shall be allowed pro rata on all Shares. The pro rata requirement may be abandoned if all shareholders consent.

The decision to reduce the Company’s share capital requires a majority of at least two-thirds of the votes cast, if less than 50% of the Company's issued share capital is present or represented at the General Meeting of Shareholders.

Cancellation of Shares held by the Company in its own capital shall be effected only in pursuance of a resolution of the Supervisory Board. Upon taking the resolution to cancel such Shares, the terms and conditions of such cancellation shall also be determined by the Supervisory Board.

Dividends and Other Distributions

The Company may only make distributions to shareholders if the Company's equity exceeds the sum of the paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. Under the Articles of Association the Supervisory Board determines which part of any profit will be reserved. See "Dividends and Dividend Policy".

Claims to dividends not made within five years from the date that such dividends became payable will lapse and any such amounts will be considered to have been forfeited to us.

Acquisition of Shares in the Company's Capital

The Company may acquire fully-paid Shares in its own capital but only with (i) due observance of Dutch law and furthermore (ii) with the authorisation of the Management Board for such acquisition by the General Meeting of Shareholders. No authorisation shall be required for any acquisition by the Company of its own Shares for the purpose of transferring the same to employees of the Company or of a group company under a scheme applicable to such employees.

Authorisation from the General Meeting of Shareholders to acquire the Shares must specify the number of Shares that may be acquired, the manner in which Shares may be acquired and the price range within which Shares may be acquired. Such authorisation will be valid for no more than 18 months.

The Company does not have a right to any distribution from its shares acquired by its. Furthermore, no voting rights may be exercised for any of the Company's shares held by the Company or a subsidiary, unless such shares are subject to the right of usufruct or to a pledge in favour of a company other than the Company or a subsidiary, in which case, the other company may be entitled to the voting rights on the shares. The Company may not exercise voting rights for the Company's shares in respect of which the Company or a subsidiary has a right of usufruct or a pledge.

General Meeting of Shareholders and Voting Rights

The annual General Meeting must be held within six months after the end of each financial year. Shareholders representing alone or in aggregate at least one-tenth of the Company's issued and outstanding share capital may, pursuant to the Articles of Association, request that a General Meeting be convened.

Shareholders holding at least 1% of the Company's issued and outstanding share capital or shares representing a value of at least € 50.0 million may submit proposals for the agenda. Provided we receive such proposals no later than the 60th calendar day prior to the General Meeting, and provided that such proposal does not conflict with our general interest, we will have the proposals included in the convocation notice.

Following Listing, at least 42 calendar days prior to a General Meeting, we are required to publish the following information on the Company's website, and leave such information available on the Company's website for a period of at least one year: (i) the notice convening the General Meeting, including the place and time of the meeting, the agenda for the meeting and the right to attend the meeting, (ii) any documents to be submitted to the General Meeting of Shareholders, (iii) any proposals with respect to resolutions to be adopted by the General Meeting of Shareholders or, if no proposal will be submitted to the General Meeting of Shareholders, an explanation by the Management Board with respect to the items on the agenda, (iv) to the extent applicable, any draft resolutions with respect to items on the agenda proposed by a shareholder, (v) to the extent applicable, a format proxy statement and a form to exercise voting rights in writing and (vi) the total number of outstanding shares and voting rights in the Company's capital on the date of the notice convening the General Meeting.

Each holder of a Share is entitled to one vote. Shareholders may vote by proxy. The voting rights attached to any of the Shares held by us are suspended as long as they are held in treasury. For the 2012 annual General Meeting we have set a registration date of April 18, 2012, which date is twenty eight days before the date of the annual General Meeting scheduled for May 16, 2012.

Without prejudice to any Dutch statutory provisions, resolutions of the General Meeting of Shareholders are taken by a two-third majority of the valid votes cast representing more than half of the issued share capital except:

- for resolutions to be passed upon recommendation by the Supervisory Board which resolutions (except as required below) may be passed with an absolute majority of the votes cast, without regard to the number of shares represented at the meeting;
- for resolutions to amend the Articles of Association, which resolutions can only be passed with a two-thirds majority of the valid votes cast representing more than half of the issued share capital and further only on the proposal of the Management Board, which proposal must be approved by the Supervisory Board.

Following Listing we are required to publish the established voting results for each resolution on the Company's website ultimately 15 calendar days after the General Meeting.

Amendment of the Articles of Association

The General Meeting of Shareholders may resolve to amend the Articles of Association, subject to a proposal by the Management Board which requires the approval of the Supervisory Board.

Dissolution and Liquidation

The Company will be liquidated by proposal of the Management Board, unless the General Meeting of Shareholders decides otherwise.

In the event of dissolution and liquidation, the assets remaining after satisfaction of all the liquidation expenses and the Company's debts will be distributed in accordance with Dutch law and the Articles of Association. The General Meeting of Shareholders shall decide on the remuneration of the liquidators and of those who have been charged with the supervision of the winding up. During liquidation, the provisions of the Articles of Association shall, as far as possible, remain in full force and effect.

The balance of the assets of the Company after payment of all debts and the expenses of the liquidation shall be distributed as follows:

a) first, to the extent possible, to the holders of Preference Shares shall be distributed the amounts paid up on such Preference Shares;
b) then, to the extent possible, the balance remaining shall be distributed to the holders of Shares, pro rata to the amount of Shares each of such shareholders holds.

No distribution upon liquidation shall be made to the Company itself for Shares which the Company holds in its own share capital.

After completion of the winding up the books and documents of the liquidated company shall for ten years remain in the custody of a person who shall be capable of being appointed for that purpose by the General Meeting of Shareholders in their resolution to liquidate the Company. If an appointment as aforesaid has not been made by the General Meeting of Shareholders then the appointment shall be made by the liquidators.

Corporate Governance

The Company is subject to corporate governance requirements in the Netherlands. The Management Board and the Supervisory Board of the Company support the principles and best practice provisions of corporate governance set out in the Dutch Code as amended in December 2008 and effective as per January 1, 2009. In addition, as a listed company on the NYSE we are also required to certify to the NYSE whether or not the Company is or has been acting in violation of NYSE Corporate Governance listing standards.

The Dutch Code contains principles of good corporate governance and best practice provisions. The Dutch Code emphasises the principles of integrity, transparency and accountability as the primary means of achieving good corporate governance. The Dutch Code includes certain principles of good corporate governance, supported by best practice provisions. Listed Dutch N.V. companies are required to disclose in their annual report and accounts how they intend to incorporate the principles of the Dutch Code or, where relevant, to explain why they do not. The Management Board and the Supervisory Board regularly monitor the Dutch Code and generally agree with its fundamental principles.

In view of the Company's U.S. listing, the Company has to comply with all relevant requirements relating to corporate governance and disclosure under U.S. securities laws and NYSE rules. As a consequence, the Company's obligations under those rules and regulations may overlap from a substantive point of view with some of the best practices of the Dutch Code. To the extent such overlap exists, the Company's requirements under U.S. securities law or NYSE rules will prevail. For efficiency considerations, the Company wishes to prevent double compliance burdens with respect to the Dutch Code which may arise as a consequence of its dual listing where possible and as such, the Company deviates from certain best practices of the Dutch Code where the U.S. securities laws or the NYSE rules provide for or prescribe a different approach. The Company intends to continue to monitor the developments in corporate governance and shall take such steps as it considers appropriate to further implement the principles and best practice provisions of the Dutch Code. The Company intends to continue to monitor the developments in corporate governance and shall take such steps as it considers appropriate to further implement the principles and best practice provisions of the Dutch Code.

The Company applies the major part of the principles and provisions of the Dutch Code, in so far as they are applicable, with the exceptions listed hereafter.

Best practice provision I.1

The corporate governance structure of the Company is not explained in a separate chapter of the consolidated financial information under IFRS in the annual report for December 31, 2011 ("**Dutch annual report**"). However, the corporate governance structure of the Company is explained in the Corporate Governance Guidelines which the Company adopted pursuant to the Rule 303A.09 of the NYSE and which are described in the Company's publicly available Proxy Statement (see: "General Information" - "Availability of Documents"). In addition, a copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision II.1.1

The sole member of the Management Board of the Company is Core Laboratories International B.V. The composition of the management board of the latter company changes from time to time. Certain members of the management board of Core Laboratories International B.V. have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities.

Best practice provisions II.1.2, II.1.10, and II.1.11

The decisions mentioned in these best practice provisions will normally be submitted to the Supervisory Board by officers of the Company.

Principle II.2 and the relevant Best practice provisions

The sole member of the Management Board of the Company is Core Laboratories International B.V., an entity to which no remuneration is paid. As a consequence, Principle II.2 and the relevant Best practice provisions II.2.1 - II.2.15 do not apply to the Company.

With regards to remuneration paid to the members of the Supervisory Board of the Company, a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company's Proxy Statement as required by Item 402(g) of Regulation S-K of the U.S. securities laws. In addition, with regard to the Executive Officers of the Company, the Compensation Committee Report, which is contained in the Proxy Statement (see: "General Information" -

"Availability of Documents"), describes the objective of the Company’s remuneration program, as well as the principle components of the Company’s remuneration for those individuals. The Company also discloses in its Proxy Statement, as required by U.S. securities laws, the types and amount of cash and non-cash remuneration awarded to its executive officers.

Best practice provision II.3.1

The Company does comply with this provision except where gifts are concerned; the Company's policy requires disclosure to the Company's compliance officer and to the General Counsel of the receipt of any substantial gift. The gift is then reviewed to determine if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision II.3.4

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10). See: "General Information" - "Availability of Documents". In addition, a copy of the code of business conduct and ethics is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.1.1

The division of duties within the Supervisory Board and the rules of procedure of the Supervisory Board are not laid down in a separate set of Supervisory Board regulations, but instead are described in detail in the Company's Proxy Statement (see: "General Information" - "Availability of Documents").

Best practice provision III.1.2

Reference is made to the remarks in relation to best practice provision I.1.

Best practice provision III.1.3

The information mentioned in this provision is or will be provided in the Corporate Governance Guidelines (see: "General Information" - "Availability of Documents"). In addition, a copy of the Corporate Governance Guidelines is available on the Company’s website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.1.5

In respect of the administration concerning the attendance of the members of the Supervisory Board, under the Company's Corporate Governance Guidelines, Supervisory Board members are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. The Company does require its members of the Supervisory Board to attend annual meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the U.S. Exchange Act, the Company discloses its policy with regard to Supervisory Board members' attendance at annual meetings in its Proxy Statement (see: "General Information" - "Availability of Documents").

Best practice provision III.2.1, III.2.2 and III.2.3

At present, 6 out of 8 Supervisory Board members meet the criteria for independence as set forth in Best Practice III.2.2 of the Dutch Code. The two Supervisory Board members that are not considered independent under the standard set forth in Best Practice III.2.2 of the Dutch Code are David Demshur, CEO, and Richard Bergmark, CFO. Messrs. Demshur and Bergmark have served on the Company's Supervisory Board since the Company's initial public offering in 1995 and subsequent listing on the NYSE in 1998. Given their experience and their important contributions to the Company and its business, the Supervisory Board considers it important to retain messrs. Demshur and Bergmark as members of the Supervisory Board. Also, given the Company's size and its activities, the Supervisory Board considers that having messrs. Demshur and Bergmark serve as members of the Supervisory Board provides for the most efficient Supervisory Board leadership structure for the

Company at present time. It is furthermore noted that all Supervisory Board members meet the standard for independence as set forth by the NYSE. The Company publishes a statement on the independence (using the SEC's definition thereof) of its members of the Supervisory Board in the Proxy Statement mailed out annually to its shareholders (see: "General Information" - "Availability of Documents"). Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Best practice provision III.3.5 and III.3.6

The Company does have a retirement schedule for the Supervisory Board. The composition of the Supervisory Board changes from time to time. Further, the Company has announced a Board Succession Plan to bring new membership to the Supervisory Board. This plan has been furnished to the SEC.

Best practice provision III.4.1 and III.4.4

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the Supervisory Board to elect a vice-chairman. A copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.5.2

The Company publishes a report of each of the Supervisory Board committees in the Proxy Statement mailed out annually to its shareholders (see: "General Information" - "Availability of Documents"). Therefore, the Company does not include such a reference in its Dutch annual report.

Best practice provision III.5.10

The Company's compensation committee does review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company's Chief Executive Officer and non-employee members of the Supervisory Board. Also, the Company's compensation committee reviews and evaluates the policy on the remuneration of the Company's senior executives. The remuneration report of the compensation committee is subject to approval by the Supervisory Board. Additionally, the Company complies with New York Stock Exchange Rule 303A(5)(b)(i) which governs the composition of the Company's compensation committee and requires the committee have a charter that addresses certain topics. A full overview of the compensation committee's duties is laid down in the compensation committee's charter which is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.5.14

The nominating and governance committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Since Core Laboratories International B.V. is the sole member of the Management Board in the Company's governance structure, the nominating and governance committee does not focus on drawing up selection criteria and appointment procedures for management board members or proposals for appointment or reappointment of such management board members. However, the nominating and governance committee does focus on the Company's policy regarding selection criteria and appointment procedures for the CEO and, together with the CEO, the other senior executive officers. A full overview of the nomination and governance committee's duties is laid down in the compensation committee's charter which is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.6.1

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10). See: "General Information" - "Availability of Documents". In addition, a copy of the code of business conduct and ethics is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.6.5

The Company's Supervisory Board has drawn up policies concerning ownership of and transactions in Company securities by the Management Board, but does not have a policy regarding ownership and transactions in securities issued by third party companies. To the extent that investments do constitute a conflict of interest, both the New York Stock Exchange rules and Company policy provide that the director should disclose the conflict and should not take any actions that are inconsistent with their fiduciary duties.

Best practice provision III.7.1

As is customary in the industry in which we compete, the Company does grant annual equity compensation to the members of the Supervisory Board. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of the members of the Supervisory Board with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company’s Proxy Statement as required by Item 402 of Regulation S-K (see: "General Information" - "Availability of Documents").

Best practice provision III.7.2

U.S. securities laws do not require directors to retain shares for a particular length of time. Beginning in 2011, the Company granted time-based restricted stock that vest at the end of a three-year period. Directors are required to retain ownership of shares equal to no less than 5 times the annual base retainer.

Best practice provision IV.1.1

Pursuant to statutory obligations, current dismissals require a majority vote by the shareholders.

Best practice provision IV.1.4

The Company does not have a policy with regard to additions on reserves and dividends. It decides what reserves are appropriate on a case by case basis in accordance with IFRS. Evaluation of dividends is done by the senior executive management of the Company, in consultation with the audit committee of the Supervisory Board.

Best practice provision IV.3.4

The Company does convene meetings with analysts and investors periodically throughout the year and conducts these meetings in compliance with Regulation FD of the U.S. securities law, which prohibits the selective disclosure of any material non-public information.

Best practice provision IV.3.6

A proxy which contains all the facts and circumstances relevant for approvals to be granted by the General Meeting of Shareholders is annually mailed out to the Company's shareholders. If under U.S. law and/or Dutch law additional information should be provided, such information will be provided by additional mailing and/or on the Company's website as the case may be.

Best practice provision IV.3.10

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does file a form 8-K following the date of such meeting summarizing the actions taken at the shareholder meeting.

Best practice provision IV.3.11

The Company does not have specific existing or potential anti-takeover measures in place.

Best practice provision IV.3.12

Proxies for the annual General Meeting of Shareholders can be given to Mark Elvig, Jacobus Schouten, Jaap Stoop, Roderick Hanrath and any other lawyer with NautaDutilh N.V. with power of substitution, who may not be independent third parties but who will vote on these powers as directed by the shareholders.

Best practice provision IV.3.13

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to New York Stock Exchange Rule 17 CFR Part 243 Regulation FD (*Fair Disclosure*). The Company has posted on its website (see http://www.corelab.com/corporate/governance.aspx), the Company's *Code of Business Conduct and Ethics*, including policies on Insider Trading and Confidentiality as well as the Company's *Code of Ethical Conduct for Senior Financial Officers and Managers*. See: "General Information" - "Availability of Documents".

Best practice provision V.2.3

The audit committee is responsible for the supervision of the independence of the auditors and does conduct an assessment of the functioning of the external auditor. In addition, the Company complies with Section 10A(m)(6) of the U.S. Exchange Act which requires the audit committee, in its capacity as a committee of the members of the Supervisory Board, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which demands additional requirements regarding the composition and independence of the audit committee.

Best practice provision V.4.1

The external auditor of the Company has a separate meeting with the audit committee shortly after or before the Supervisory Board meeting to discuss the report of the U.S. auditor and to approve the financial statements. The Company does comply with Section 10A(m)(6) of the U.S. Exchange Act.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The table below sets forth certain information, as of March 31, 2012, with respect to the Shares beneficially owned by:

- each person known to us to own beneficially 5% or more of the Company's outstanding common shares;

Name of Beneficial Owner (1)	Number of Common Shares Beneficially Owned	Percentage of Common Shares Outstanding (2)
Capital World Investors (3)	4,877,345	10.3%
Baron Capital Group, Inc. (4)	2,826,431	5.9%
ClearBridge Advisors, LLC (5)	2,540,983	5.3%
Earnest Partners LLC (6)	2,606,597	5.5%

(1) Unless otherwise indicated, each person has sole voting power and investment power with respect to the Shares listed.
(2) Based on 47,547,595 Shares outstanding as of March 31, 2012.
(3) Based upon an Amendment No. 4 to Schedule 13G/A filed with the SEC on February 8, 2012 Capital World Investors is deemed to be the beneficial owner of 4,877,345 shares as a result of Capital Research and Management Company acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Capital World Investors' current address is 333 South Hope Street, Los Angeles, CA 90071.
(4) Based upon a Schedule 13G/A filed with the SEC on February 14, 2012 Baron Capital Group, Inc. is deemed to be the beneficial owner of 2,826,431 shares. Baron Capital Group's current address is 767 Fifth Avenue, 49th Floor, New York, NY 10153.
(5) Based upon an Amendment No. 5 to Schedule 13G/A filed with the SEC on February 14, 2012 ClearBridge Advisors, LLC is deemed to be the beneficial owner of 2,540,983 shares. ClearBridge Advisors' current address is 620 8th Avenue, New York, NY 10018.
(6) Based upon a Schedule 13G filed with the SEC on February 14, 2012 Earnest Partners LLC is deemed to be the beneficial owner of 2,606,597 shares.

None of the Company’s major shareholders hold different voting rights than other shareholders. To the best knowledge of the Company, the Company is not directly or indirectly owned or controlled by any of its shareholders. Furthermore, the Company is, to the best of its knowledge, not subject to any arrangements which may result in a change in control of the Company.

Related party transactions

We did not enter into any significant related party transactions, in the financial years ended December 31, 2011, 2010 and 2009 nor in the period up to the Publication Date, other than with the Company's non-executive supervisory directors as follows (in U.S. Dollars):

Name and Principal Position	Year	Stock Awards (1) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (2)	All Other Compensation (3) ($)	Total ($)
Alexander Vriesendorp (3)	2012	146,345	-	-	146,345
Supervisory Director	2011	147,987	-	56,700	204,687
	2010	137,176	-	47,500	184,676
	2009	148,084	-	50,500	198,584
Jacobus Schouten (3)	2012	-	-	-	-
Supervisory Director	2011	147,987	-	26,350	174,337
	2010	137,176	-	47,500	184,676
	2009	148,084	-	49,000	197,084
John Ogren (3)	2012	146,345	-	-	146,345
Supervisory Director	2011	147,987	-	80,400	228,387
	2010	137,176	-	59,000	196,176
	2009	148,084	-	57,500	205,584

Michael Kearney [3]	2012	146,345	-	-	146,345
Supervisory Director	2011	147,987	-	85,400	233,387
	2010	137,176	-	68,500	205,676
	2009	148,084	-	68,500	216,584
Joseph Perna [3]	2012	146,345	-	-	146,345
Supervisory Director	2011	147,987	(100,000)	54,700	102,687
	2010	137,176	297,000	56,500	490,676
	2009	148,084	(66,000)	55,000	137,084
Rene Joyce [3]	2012	146,345	-	-	146,345
Supervisory Director	2011	147,987	-	89,950	237,937
	2010	137,176	-	65,500	202,676
	2009	148,084	-	68,500	216,584
Jan Willem Sodderland [3]	2012	146,345	-	-	146,345
Supervisory Director	2011	146,489	-	28,500	174,989
	2010	-	-	-	-
	2009	-	-	-	-

(1) The amounts included in the "Stock Awards" column represent the U.S. dollar grant date fair value of the award as of the date of the grant. The awards consist of restricted shares granted in 2012 and 2011 and Performance Restricted Shares granted in 2010 and 2009. None of our non-executive Supervisory Directors had any option awards outstanding as of December 31, 2011.

(2) The change in pension value is the result of changes in the underlying actuarial assumptions. Specifically, the interest rate is based on a federal rate that changes annually and the mortality tables pursuant to Section 417 of the Internal Revenue Code which is required for valuing payouts from qualified plans. It is not the result of additional contributions or benefits accruing to the named director.

(3) Amounts consist of fees paid to outside directors for service on the Supervisory Board and related committees.

THE LISTING

Reasons for the Listing

Core is a Dutch company with operations, employees and clients in over 50 countries providing Core with one of the most geographically diversified operational platforms in the oilfield service sector. As the Company's market capitalisation has grown, so too has the interest from prospective international institutional investors to participate in the ownership of the Company through its publicly traded Shares. Given the Company's international business platform, the Company is interested in expanding investor ownership beyond the United States.

NYSE

NYSE is a global operator of financial markets and provider of trading technologies. NYSE used to be part of NYSE Group, Inc. In 2008, NYSE Group Inc. and Euronext N.V. merged and formed NYSE Euronext. NYSE’s exchanges located in Europe and the United States trade equities, futures, options, fixed-income, and exchange-traded products. Core's Shares are listed and traded on the NYSE under the symbol "CLB".

Listing and trading

Application has been made for the admission of the Shares to Listing on Euronext Amsterdam. The Shares will be traded under the symbol "CLB", barring unforeseen circumstances, and will be priced in Euro. The ISIN code will be NL0000200384. No new shares will be issued contemporaneously with this Listing.

The reference price for the Shares will be determined based upon the price for the Shares on the New York Stock Exchange at its closing on May 15, 2012, but such price will not be separately publicly announced by the Company prior to the Listing becoming effective. The Company expects trading of the Shares on Euronext Amsterdam to commence at 09:00 CET on May 16, 2012.

Euronext, the Listing Agent and the Euroclear Agent do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing or (the related) annulment of any transactions in Shares on Euronext Amsterdam.

Listing Agent

ING Bank N.V. will act as Listing Agent.

Euroclear Agent

ING Bank N.V. will act as Euroclear Agent.

Governing law

The Listing is governed by Dutch law.

Costs

The estimated total expenses related to the Listing are EUR 400,000.

DUTCH LAWS AND REGULATIONS

Disclosure of Holdings

Shareholders may be subject to notification obligations under the DFSA. The DFSA came into force on January 1, 2007 and implements several provisions of the Directive 2004/109/EC as amended by Directive 2010/73/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. It is also aimed at simplifying and modernising the notification and disclosure procedures. The following description summarises those obligations.

The most important notification requirements for the Company's investors with recourse to chapter 5.3 of the DFSA are that:

- any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Legislation is being considered that would add a 3% threshold as well;
- any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding capital, or in votes that can be cast on the Shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification. The Company is *inter alia* required to notify the AFM immediately if the Company's share capital or voting rights change by 1% or more since the Company's previous notification; and
- any person with a capital interest or voting rights in the Company reaching or exceeding 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from December 31 at 24:00 hours.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be, *inter alia*, taken into account:

- shares and/or voting rights directly held (or acquired or disposed of) by any person;
- shares and/or voting rights held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement;
- voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment;
- shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds), and;
- as of January 1, 2012 a law on notification obligations regarding cash settled instruments came into force as a result of which notification is also required with regard to these types of instruments.

Each person whose holding of capital interest or voting rights amounts to 5% or more of the Company's issued and outstanding share capital at the Listing Date must notify the AFM of such holding without delay.

Controlled entities (within the meaning of the DFSA) do not themselves have notification obligations under the DFSA as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a 5% (or in the future a 3%) or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the DFSA will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares or, the underlying Shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Under the DFSA, the Company is required to file a report with the AFM promptly after the Listing Date setting out its issued and outstanding share capital and voting rights. Thereafter the Company is required to notify the AFM promptly of any change of 1% or more in its issued and outstanding share capital or voting rights since the previous notification. Other changes in issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred. The AFM will publish all notifications of the Company's issued and outstanding share capital and voting rights in a public register. If a person's capital interest and/or voting rights reach, exceed or fall below the above-mentioned thresholds as a result of a change in the Company's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification as described above.

The Company, the Management Board, the members of the Supervisory Board and the members of the management board of Core Laboratories International B.V. must notify the AFM (a) immediately after the Listing Date of the number of shares they hold and the number of votes they are entitled to cast in respect of the Company's issued and outstanding share capital, and (b) subsequently of each change in the number of shares they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued and outstanding share capital, immediately after the relevant change. The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received.

Non-compliance with these disclosure obligations is an economic offence and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by the Company, and/or by one or more shareholders who alone or together with others represent at least 5% of the issued and outstanding share capital of the Company or are able to exercise at least 5% of the voting rights. The measures that the civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting of Shareholders, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the General Meeting of Shareholders until the court makes a decision about such voiding; and
- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring shares and/or voting rights in the Company.

Shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

Public Offer Rules

In accordance with the European Directive on Takeover Bids, each Member State should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Under Dutch law, the above percentage has been determined to be 30%. Pursuant to Article 5:70 of the DFSA, a party - whether acting alone or in concert with others - that acquires 30% or more of the voting rights of a company whose shares are admitted to trading on a regulated market has the obligation to launch a public offering for the remaining shares of that company. This obligation does not apply to shareholders with existing controlling interests of 30% or more of the voting rights of the Company at the Listing Date. The public offer rules also apply to persons acting in concert who jointly acquire at least 30% of the voting rights in the Company.

Dutch Squeeze-Out Proceedings

Pursuant to section 2:92a of the DCC, a shareholder who for his own account owns at least 95% of the Company's issued capital may institute proceedings against the Company's other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber (*Ondernemingskamer*) and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish the same in a newspaper with a national circulation.

An offeror under a public offer is also entitled to start a squeeze out procedure, within three months after the public offer, if following the public offer the offeror contributes at least 95% of the class of shares subject to the public offer and represents at least 95% of the total voting rights attached to these shares. Where the offer is made on a mandatory basis, the mandatory offer price is in principal deemed to be a reasonable price, which has to be accepted by minority shareholders. Where the offer is made on a voluntary basis, the point of departure is that the offered price is considered reasonable as long as 90% of the shares subject to the public offer have been acquired. Should the offeror’s offer of a squeeze out not be forthcoming, those minority shareholders that have not previously tendered their shares are entitled to the right of a squeeze out, if the offeror has acquired at least 95% of the class of shares subject to the public offer and represents at least 95% of the total voting rights attached to these shares.

Market Abuse Regime

The DFSA provides for specific rules intended to prevent market abuse, such as prohibitions on insider trading, divulging inside information and tipping, and market manipulation. The Company, the Management Board, the members of the Supervisory Board and the members of the management board of Core Laboratories International B.V. and other insiders and persons performing or conducting transactions in the Company’s securities, as applicable, will be subject to the Dutch insider trading prohibition, the Dutch prohibition on divulging insider information and tipping and the Dutch prohibition on market manipulation. In certain circumstances, the Company’s investors may also be subject to the Dutch market abuse rules.

Any dealings in or from The Netherlands in the Shares and other financial instruments the value of which is (co)determined by the value of the Shares (including dealings by the Company itself) are subject to the provisions of the DFSA with respect to insider trading, market manipulation and other market abuse rules. It is prohibited for any person to make use of inside information within or from The Netherlands by conducting or effecting a transaction in the Company’s securities. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for, or the price of the securities. Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to trading in the Shares, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the Shares or on the financial instruments the value of which is (co)determined by the value of the Shares.

Pursuant to the rules on market abuse, the Company has an internal insider trading policy, which will be available on the Company’s website. This policy provides for, among other things, rules on the possession of and transactions by the Management Board, the members of the Supervisory Board and other employees in the Shares or in financial instruments the value of which is (co)determined by the value of the Shares. In addition, the Company has prepared a list of those persons working for it who may have access to inside information on a regular or incidental basis and will inform the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

Non-compliance with the reporting obligations under the DFSA could lead to criminal fines, administrative fines, cease-and-desist orders (and the publication thereof), imprisonment or other sanctions, as applicable. Non-compliance with the reporting obligations under the DFSA may lead to civil sanctions, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

Reporting obligations of the Management Board, the members of the Supervisory Board and of the members of the management board of Core Laboratories International B.V.

Pursuant to the DFSA, the Management Board, the members of the Supervisory Board and the members of the management board of Core Laboratories International B.V. must notify without delay the AFM of all transactions: (i) conducted or carried out for his/her own account, relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares, and (ii) relating to changes in the voting rights in the Company. The AFM keeps a public register of all notifications made pursuant to the DFSA.

Other reporting obligations

In addition, persons designated by the Market Abuse Decree (*Besluit Marktmisbruik Wft*) who are closely associated with the Management Board, the members of the Supervisory Board, and the management board of Core Laboratories International B.V. or any other person who has managerial responsibilities within the Company and in that capacity is authorised to make decisions affecting the future developments and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company (each, an "**Insider**") must notify the AFM of any transactions conducted for their own account relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares. The Market Abuse Decree designates the following categories of persons as being closely associated: (i) the spouse or any partner considered by national law as equivalent to a spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, among other things, managed or controlled by the Management Board, the members of the Supervisory Board, the members of the management board of Core Laboratories International B.V. or any other insiders referred to above.

The AFM must be notified of transactions effected in either the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares, no later than the fifth business day following the transaction date by means of a standard form. The notification pursuant to Article 5:60 DFSA may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons closely associated with that person, reach or exceed an amount of EUR 5,000 in the calendar year in question.

Transparency Directive

The Company is a public limited liability company incorporated and existing under the laws of The Netherlands. The Netherlands is the home member state of the Company for the purposes of Directive 2004/109/EC (the "**Transparency Directive**") as amended by Directive 2010/73/EU as a consequence of which the Company will be subject to the DFSA in respect of certain ongoing transparency and disclosure obligations upon Listing of the Shares on Euronext Amsterdam.

The Company shall publish its annual accounts within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. Furthermore, the Company shall publish interim management statements (containing, among other things, an overview of important transactions and their financial consequences) in the period starting ten weeks after and six weeks before the first and second half of each financial year, or, alternatively, publish quarterly financial statements. Within five calendar days after adoption of its annual accounts, the Company shall submit its adopted annual accounts to the AFM.

Dutch Financial Reporting Supervision Act

The Dutch Financial Reporting Supervision Act ("**DFRSA**") entered into force on December 31, 2006. The DFRSA replaced the statutory provisions governing legal proceedings on annual accounts and financial reports. The DFRSA applies to financial years from January 1, 2006. Pursuant to the DFRSA, the AFM supervises the application of financial reporting standards by companies whose corporate seat is in The Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange. Pursuant to the DFRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt the Company's financial reporting meets such standards and (ii) recommend to the Company the making available of further explanations. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders the Company to (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

U.S. LAWS AND REGULATIONS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the U.S. Exchange Act requires the members of the Supervisory Board, Executive Officers and persons who own more than 10% of the Company's common shares, among others, to file initial reports of ownership and reports of changes in ownership (Forms 3, 4 and 5) of the Shares with the SEC and the NYSE. Such filers are required by SEC regulations to furnish us with copies of all such forms that they file. To our knowledge, based solely upon our review of the Section 16(a) filings that have been received by us, we believe that during the fiscal year ended December 31, 2011, our members of the Supervisory Board, Executive Officers and 10% shareholders complied with all applicable Section 16(a) filing requirements.

Based solely on its review of reports and written representations that the Company has received, the Company believes that all required Section 16 reports were timely filed during 2011, except that Mr. Elvig filed a late Form 4 in November 2011 to report nine (9) phantom shares added to his deferred compensation account resulting from the August 2011 dividend.

TAXATION IN THE NETHERLANDS

General

The following is a general summary of certain material Netherlands tax consequences of the holding and disposal of the Shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to all categories of investors, some of which may be subject to special treatment under applicable law (such as holders that are subject to taxation in Bonaire, Sint Eustatius and Saba or trusts or other similar arrangements), and in view of its general nature, it should be treated with corresponding caution. Holders should consult with their tax advisors with regard to the tax consequences of investing in the Shares in their particular circumstances. The discussion below is included for general information purposes only.

Please note that this summary does not describe the tax considerations for:

i. holders of Shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

ii. holders of Shares in us that qualify or qualified as a participation for purposes of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). Generally, a taxpayer's shareholding of 5% or more in a company's nominal paid-up share capital qualifies as a participation. A holder may also have a participation if such holder does not have a 5% shareholding but a related entity (statutorily defined term) has a participation or if the company in which the shares are held is a related entity (statutorily defined term);

iii. holders of Shares who are individuals for whom the Shares or any benefit derived from the Shares are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in the Netherlands Income Tax Act 2001); and

iv. pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) and other entities that are exempt from corporate income tax in The Netherlands, as well as entities that are exempt from corporate income tax in their country of residence, such country of residence being another state of the European Union, Norway, Liechtenstein, Iceland or any other state with which The Netherlands have agreed to exchange information in line with international standards.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Withholding Tax

Dividends distributed by us generally are subject to Netherlands dividend withholding tax at a rate of 15%. The expression "dividends distributed" includes, among other things:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognised for Netherlands dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of Shares, or proceeds of the repurchase of Shares by us or one of our subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those Shares as recognised for purposes of Netherlands dividend withholding tax;
- an amount equal to the par value of Shares issued or an increase of the par value of Shares, to the extent that it does not appear that a contribution, recognised for purposes of Netherlands dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognised for purposes of Netherlands dividend withholding tax, if and to the extent that we have net profits (*zuivere winst*), unless the holders of Shares have resolved in advance at a General Meeting to make such repayment and the par value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association.

If a holder of Shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such other country, such holder of Shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

Individuals and corporate legal entities who are resident or deemed to be resident in The Netherlands for Netherlands tax purposes ("**Netherlands Resident Individuals**" and "**Netherlands Resident Entities**" as the case may be), other than individuals who have made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands, can generally credit the Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of Shares that are neither resident nor deemed to be resident of the Netherlands and holders of Shares that are individuals who have made an election for the application of the rules of the Netherlands Income Tax Act 2011 as they apply to residents of The Netherlands if the Shares are attributable to a Netherlands permanent establishment of such non-resident holder.

In general, we will be required to remit all amounts withheld as Netherlands dividend withholding tax to the Netherlands tax authorities. However, under certain circumstances, we are allowed to reduce the amount to be remitted to the Netherlands tax authorities by the lesser of:

- 3% of the portion of the distribution paid by us that is subject to Netherlands dividend withholding tax; and
- 3% of the dividends and profit distributions, before deduction of foreign withholding taxes, received by us from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution by us) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned reduction.

Although this reduction reduces the amount of Netherlands dividend withholding tax that we are required to remit to the Netherlands tax authorities, it does not reduce the amount of tax that we are required to withhold on dividends distributed.

Pursuant to legislation to counteract "dividend stripping", a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner as described in the Netherlands Dividend Withholding Tax Act 1965. This legislation generally targets situations in which a shareholder retains its economic interest in shares but reduces the withholding tax costs on dividends by a transaction with another party. It is not required for these rules to apply that the recipient of the dividends is aware that a dividend stripping transaction took place. The Netherlands State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

Taxes on Income and Capital Gains

Netherlands Resident Individuals

If a holder of Shares is a Netherlands Resident Individual (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands), any benefit derived or deemed to be derived from the Shares is taxable at the progressive income tax rates (with a maximum of 52%), if:

a. the Shares are attributable to an enterprise from which The Netherlands Resident Individual derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being an entrepreneur or a shareholder, as defined in the Netherlands Income Tax Act 2001; or

b. the holder of the Shares is considered to perform activities with respect to the Shares that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Shares that are (otherwise) taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of Shares, the Shares are recognised as investment assets and included as such in such holder's net investment asset base (*rendementsgrondslag*). Such holder will be taxed annually on a deemed income of 4% of the aggregate amount of his or her net investment assets for the year at an income tax rate of 30%. The aggregate amount of the net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. A tax free allowance may be available. Actual benefits derived from the Shares are as such not subject to Netherlands income tax.

Netherlands Resident Entities

Any benefit derived or deemed to be derived from the Shares held by Netherlands Resident Entities, including any capital gains realised on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25% (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000, the bracket for 2012).

Non-residents of The Netherlands

A holder of Shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under the Shares or any gain realised on the disposal or deemed disposal of the Shares, provided that:

i. such holder is neither a resident nor deemed to be resident in The Netherlands for Netherlands tax purposes and, if such holder is an individual, such holder has not made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands;

ii. such holder does not have an interest in an enterprise or a deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in The Netherlands or is carried out through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Shares are attributable; and

iii. in the event such holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the Shares that go beyond ordinary asset management and does not derive benefits from the Shares that are (otherwise) taxable as benefits from other activities in The Netherlands.

Gift and Inheritance Taxes

Residents of The Netherlands

Gift and inheritance taxes will arise in The Netherlands with respect to a transfer of the Shares by way of a gift by, or on the death of, a holder of Shares who is resident or deemed to be resident in The Netherlands at the time of the gift or his/her death.

Non-residents of The Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of the Shares by way of gift by, or on the death of, a holder of Shares who is neither resident nor deemed to be resident in The Netherlands, unless:

i. in the case of a gift of Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands; or

ii. the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Other Taxes and Duties

No Netherlands VAT and no Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of Shares on any payment in consideration for the holding or disposal of the Shares.

CLEARING AND SETTLEMENT

The principal settlement systems we will use are the book-entry systems operated by The Depository Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., ("**Euroclear Bank**") and Euroclear Nederland. These systems have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the settlement systems without the physical transfer of certificates.

DTC is located at 55 Water Street, 22nd Fl., New York, NY 10041-0099, United States of America. Euroclear Bank is located at 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

The description of the settlement systems in this section reflects our understanding of the rules and procedures of DTC, Euroclear Bank and Euroclear Nederland as they are currently in effect. Those systems could change their rules and procedures at any time.

We have and take no responsibility for any aspect of the actions of DTC, Euroclear Bank or Euroclear Nederland or any of their direct or indirect participants or accountholders. We have no responsibility for any aspect of the records kept by DTC, Euroclear Bank or Euroclear Nederland or any of their direct or indirect participants or accountholders. We also do not supervise these systems in any way.

Trades on the NYSE

DTC acts as the principal securities depository for the Shares. Except as described in the next sentence, the Shares are fully registered Shares in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorised representative of DTC. The laws of some jurisdictions require that certain purchasers of Shares take physical delivery of Shares in definitive form. These laws may impair the ability to transfer or pledge beneficial interests in global certificates of the Shares.

Purchases of the Shares under the DTC system must be made by or through direct participants, which will receive a credit for the Shares on DTC's records. The ownership interest of each actual purchaser of each Share, referred to as a beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owners entered into the transaction. Transfers of ownership interests in the Shares are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Shares, except in the event that use of the book-entry system for the shares is discontinued. To facilitate subsequent transfers, all Shares deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorised representative of DTC. The deposit of Shares with DTC and its registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual beneficial owners of the Shares. DTC's records reflect only the identity of the direct participants to whose accounts such Shares are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Shares unless authorised by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Shares are credited on the record date (identified in a listing attached to the omnibus proxy).

Trades on Euronext Amsterdam

All trades in the Shares on Euronext Amsterdam will be cleared by LCH.Clearnet. Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. The Shares are already accepted for delivery through the book-entry facilities or Euroclear Bank. Application has been made for a remote common code in Euroclear Bank to reflect the Shares admitted to listing and trading on Euronext Amsterdam in their system.

Trades in the Shares on Euronext Amsterdam will be settled in Euros through either Euroclear Nederland, the primary settlement platform for trades on Euronext Amsterdam, or through Euroclear Bank, depending on the default settlement system selected by the relevant broker through which a trade is executed. If the investor's broker has selected Euroclear Nederland as its default settlement system, a trade will be settled via the Euroclear Settlement of Euronext-zone Shares (ESES) settlement platform.

As described above, the Shares have been deposited with DTC. Euroclear Bank maintains a link with DTC, through JP Morgan (New York branch), the U.S. custodian of Euroclear Bank in order for cross border settlement to take place. If you own Shares that are not deposited with DTC, deposit arrangements need to be made before trading on Euronext Amsterdam.

Settlement of trades on Euronext Amsterdam through Euroclear Nederland or Euroclear Bank is possible only if you or your bank or broker maintains a securities account with an institution which has been admitted by Euroclear Nederland or Euroclear Bank respectively. You can sell the Shares on Euronext Amsterdam only if and to the extent a sufficient number of the Shares has been credited to such securities account. We advise you to consult with your bank and broker on the arrangements which must be made in this respect.

Neither Euroclear Nederland nor Euroclear Bank has knowledge of the actual beneficial owners of the Shares. The records of both Euroclear Nederland and Euroclear Bank only reflect the identity of the direct participants to whose accounts such Shares are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by Euroclear Nederland or Euroclear Bank to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

EURONEXT AMSTERDAM MARKET INFORMATION

Euronext Amsterdam

Application has been made to list all of the Shares on Euronext Amsterdam under the symbol CLB. The ISIN is NL0000200384.

Subject to acceleration or extension of the timetable for the Listing, trading in the Shares on Euronext Amsterdam is expected to commence on May 16, 2012. Upon Listing of the Shares on Euronext Amsterdam and to a certain extent already upon applying for admission to Listing of the Shares on Euronext Amsterdam, we will be subject to Dutch securities regulations and supervision by the relevant Dutch authorities.

Market Regulation

The market regulator in The Netherlands is the AFM, insofar as the supervision of market conduct is concerned. The AFM has supervisory powers with respect to the application of takeover regulations and compliance with financial reporting requirements. It also supervises financial intermediaries (such as credit institutions and investment firms) and investment advisers. Pursuant to the implementation of the European Union (EU) Directive 2003/71/EC in The Netherlands on July 1, 2005, as amended by Directive 2010/73/EU, the AFM is the competent authority for approving all prospectuses published for admission of securities to trading on Euronext Amsterdam (except for prospectuses approved in other Member States that are used in The Netherlands in accordance with applicable passporting rules). In addition, pursuant to the implementation of the Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC on October 1, 2005, the AFM has taken over from Euronext its supervisory powers with respect to the publication of inside information by listed companies.

The surveillance unit of Euronext will continue to monitor and supervise all trading operations.

<u>TRANSFER RESTRICTIONS</u>

Benefit Plans

Each purchaser of Shares will be deemed to have represented, agreed and acknowledged that (i) either (a) that it is not, and is not acting on behalf of, an employee benefit plan or other plan subject to Section 406 of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"); Section 4975 of the U.S. Tax Code, or the provisions of any federal, state, local, non-U.S. or other law or regulations that are substantially similar to the prohibited transaction provisions of ERISA or the U.S. Tax Code; or any entity which may be deemed to hold assets of any such employee benefit plan or other plan; and that no part of the assets to be used by it to purchase or hold the Shares or any interest therein constitutes or will at any time constitute the assets of any such employee benefit plan or other plan, or (b) that its purchase, holding and disposition of the Shares does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Tax Code, or result in a violation of any substantially similar provisions of any federal, state, local, non-U.S. or other law.

GENERAL INFORMATION

The Company

Core was founded in 1936 and Core Laboratories N.V. was incorporated in its current form on July 8, 1994. The Company is registered in the commercial register of the Chamber of Commerce, Amsterdam, under number 33261158. The Company's registered address is Herengracht 424, 1017 BZ, Amsterdam, The Netherlands. The telephone number of its registered office is +31 (0)20-4203191 and its fax number is +31 (0)20-6279886 (see: "Business and Industry Overview").

Corporate Resolutions

On February 15, 2012, the Management Board resolved to, among other things, apply for admission to listing and trading of the Shares on Euronext Amsterdam.

Independent Auditors

Our audited consolidated financial statements as of and for each of the years ended December 31, 2011, 2010 and 2009, prepared in accordance with U.S. GAAP appearing or incorporated by reference in this Prospectus have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report thereon. The registered office of PricewaterhouseCoopers LLP is 1201 Louisiana, Suite 2900, Houston, TX 77002, United States of America. The independent auditors of PricewaterhouseCoopers LLP are registered with the Public Company Accounting Oversight Board-United States (PCAOB) as an Independent Registered Public Accounting Firm.

Our audited consolidated financial statements as of and for each of the years ended December 31, 2011, 2010 and 2009, prepared in accordance with IFRS appearing in this Prospectus have been audited by PricewaterhouseCoopers Accountants N.V., independent auditors, as stated in their report thereon. The page numbers included in the independent audit reports of PricewaterhouseCoopers Accountants N.V. for the years ended 31 December 2011, 2010 and 2009 refer to the page numbers of our 2011, 2010 and 2009 annual report respectively. The registered office of PricewaterhouseCoopers Accountants N.V. is Thomas R. Malthusstraat 5, 1066 JR Amsterdam, The Netherlands. The independent auditors of PricewaterhouseCoopers Accountants N.V. are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

Availability of Documents

All documents incorporated by reference herein (see "Documents incorporated by reference") and each of the documents listed below will, for the life of the Prospectus, be available free of charge to shareholders at the Company's head office in Amsterdam during regular business hours or by sending a request in writing to us at its business address: Herengracht 424, 1017 BZ, Amsterdam, The Netherlands. Alternatively, Dutch residents may obtain this Prospectus through Euronext at the website *www.euronext.com* and through the AFM at the website *www.afm.nl*.

- our audited consolidated financial statements for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) as derived from the Form 10-K for the financial year 2011, prepared in accordance with U.S. GAAP;
- our audited consolidated Balance Sheet for the financial year ended December 31, 2009 as derived from the Form 10-K for the financial year 2009, prepared in accordance with U.S. GAAP;
- our audited consolidated financial statements for the financial years ended December 31, 2011, 2010 and 2009 prepared in accordance with IFRS;
- our unaudited interim consolidated financial statements for the three-month periods ended March 31, 2012 and 2011, as derived from the Form 10-Q for the three-month period ended March 31, 2012, prepared in accordance with U.S. GAAP;
- the Articles of Association, including any amendments thereto; and
- this Prospectus.

Furthermore, and in addition to the information which the Company is required to publish and file with the SEC as a result of the Shares being admitted to listing and trading on the NYSE such as the Proxy Statement and the Form 10-K in respect of the annual General Meeting to be held on the Listing Date, the following documents, where applicable, may be inspected by electronic means on http://www.corelab.com/corporate/governance.aspx:

- the Corporate Governance Guidelines;
- the Code of Business Conduct and Ethics;
- the Audit Committee charter
- the Compensation Committee charter;
- the Nominating and Governance Committee charter;
- the Insider Trading Policy; and
- the Proxy Statement.

FINANCIAL INFORMATION

SUMMARY OF DIFFERENCES BETWEEN U.S. GAAP AND IFRS

Senior Exchangeable Notes

- Under IFRS, the exchangeable feature of these Notes was separated from the underlying debt instrument and carried on the balance sheet as a derivative liability at fair value. Subsequent changes in fair value are recorded through the income statement. Upon exchange of the Notes, the derivative liability account was relieved with the offset going to Treasury Stock and APIC.
- For U.S. GAAP, the exchangeable feature of these Notes was not carried on the balance sheet as a liability. Upon exchange of the Notes, the settlement of the exchangeable feature was treated solely as an equity transaction.

Warrants

- Under IFRS, the Warrants were recorded on the balance sheet as a derivative liability at fair value with subsequent changes in fair value recorded through the income statement. Upon settlement of the Warrants, the derivative liability account was relieved with the offset to equity and cash when settled for shares of CLB stock or cash, respectively.
- For U.S. GAAP, the Warrants were not carried on the balance sheet as a liability. The settlement of the Warrants for cash or shares was recorded as a reduction to cash and an increase to equity or as offsetting equity entries, respectively.

Stock-based compensation

- IFRS follows the same principles as U.S. GAAP in which all share-based payments are fair valued on the grant date and then this cost is amortised over the unvested life of the award. For IFRS, the expense is calculated using a graded vesting method which results in a higher expense being recognised in the first year that reduces in subsequent years.
- For U.S. GAAP, the expense recognised each year at each vesting must be at least as much as was incurred, measured by the number of shares in proportion to the grant date fair value.

Business combinations

- Under IFRS, all acquisitions made prior to the Publication Date that were accounted for using the pooling of interests method were then recalculated as if they had been accounted for under the purchase method. These adjustments were made to bring the opening IFRS balance sheet to be in compliance with existing IFRS guidelines.
- Under U.S. GAAP, the pooling of interests method was an acceptable way to account for acquisitions prior to June 30, 2001, when FAS 141 was adopted by Core.

Deferred taxes

- Treatment of deferred taxes under IFRS differs from U.S. GAAP in a number of ways, many of which are associated with the different items that flow through to the income statement under each method, but some are independent of how the underlying item is treated. Some of those instances arise from the following situations; changes in deferred tax balances related to items credited or charged directly to equity in prior years, deferred taxes on intercompany profits in inventory, expenses related to stock-based compensation, and certain instances regarding undistributed profits.

Employee Benefits (Pension)

- The pension plan is a defined benefit plan that is insured with an insurance company. Under IFRS, IAS 19, the value of the plan assets (the insurance contract) is determined by discounting the benefit payments of the insurance company to the retirees on the same basis as the valuation of the liabilities.
- Under U.S. GAAP, the value of the insurance contract is based on the surrender value: the value that the insurance company would pay out if the contract was terminated.
- Under IFRS, the full funded status is recognized in the balance sheet.
- U.S. GAAP allowed the deferral of actual gains and losses associated with the defined benefit liability, to the extent the actuarial gains or losses did not exceed the “corridor” (10% of the greater of the projected benefit obligation or the market-related value of plan assets). Gains or losses in excess of the corridor were amortised over the remaining service period of active employees expected to receive benefits under the plan. These deferred actuarial gains or losses were not reflected on the balance sheet and were only recognised through profit or loss as they were being amortised.
- IFRS allowed first-time adopters to elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRS to be recorded as an adjustment to retained earnings in the opening balance sheet. Core Lab elected this option, and as a result, recorded an adjustment in the opening IFRS balance sheet to retained earnings to recognise certain actuarial gains/losses (inside the

corridor), associated translation gains and losses and the transition pension asset in the defined benefit obligation. In order to adjust U.S. GAAP pension entries to conform to IFRS, the amortization of the deferred actuarial gains or losses are reversed and the prior year reserve balances are trued-up.

There are no material differences between U.S. GAAP and IFRS in respect of reporting on i) principal investments, ii) principal operations and activities, iii) principal markets, iv) research and development policies or v) related party transactions. For an overview of our financial position in respect of each of these items, we refer to the chapter "Business and Industry Overview" in the body of the Prospectus, particularly the paragraphs "Investments and Acquisitions", "Our Business Units", "segment Reporting, "Geographic Segments" and "Research and Development" respectively as well as to "Major Shareholders and Related Party Transactions - Related Party Transactions".

The summary differences data below should be read in conjunction with "Operating and Financial Review", "Selected Consolidated Financial Information", the consolidated financial statements of the Company for the financial years ended December 31, 2011, 2010 and 2009 (except for the 2009 Balance Sheet) derived from the Form 10-K for the financial year 2011, the notes thereto and the auditor's report incorporated by reference into this Prospectus, and the consolidated Balance Sheet of the Company for the financial year ended December 31, 2009 derived from the Form 10-K for the financial year 2009, the notes thereto and the auditor's report incorporated by reference into this Prospectus. The Company has prepared these audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 in accordance with U.S. GAAP.

The significant differences data below should also be read in conjunction with the F-pages section of the Prospectus under "Selected Consolidated Financial Information under IFRS", "Capitalisation and indebtedness under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2011 under IFRS", "Consolidated Financial Information for the financial year ended December 31, 2010 under IFRS" and "Consolidated Financial information for the financial year ended December 31, 2009 under IFRS". The Company has prepared these audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 in accordance with IFRS.

The table below is prepared for illustrative purposes only and, because of its nature, may not give a true picture of our financial condition following the Listing.

Summary of Significant Differences
IFRS compared to U.S. GAAP
(amounts in thousands of USD)*

INCOME STATEMENT ACCOUNT	2011	2010	2009	Description
Operating Expenses:				
Cost of services	$ 1,053	$ 1,573	$ 1,080	Stock-based Compensation calculation difference
Cost of sales	523	537	324	Stock-based Compensation calculation difference
General and administrative expenses	710	948	631	Stock-based Compensation calculation difference
Other Expenses:				
Variance in fair value of derivative instruments (gain) loss, net	141,191	286,808	(26,172)	Change in fair value of warrants and Notes exchange option
Impairment (recovery) / loss on financial instrument	0	0	(17,060)	Recovery on the impairment of the call option

BALANCE SHEET ACCOUNT	2011	2010	2009	Description
Non-Current Assets:				
Intangible assets	$ 45,567	$ 45,405	$ 45,343	increase for Goodwill for prior acquisitions
Deferred income tax asset	0	497	29,485	increase for deferred taxes - Notes
Deferred income tax asset	14,899	15,990	6,035	Stock-based compensation related
Deferred income tax asset	19,825	29,722	26,835	increase due to reclassification of deferred taxes
Shareholders' equity :				
Additional paid-in capital	472,041	9,042	(64,660)	Change due to fair value of warrants & exchange option
Retained Earnings	(472,041)	(324,104)	(20,797)	Change due to fair value of warrants & exchange option
Additional paid-in capital	7,811	12,141	8,441	Stock-based compensation related
Retained Earnings	6,446	2,871	(2,923)	Stock-based compensation related
Additional paid-in capital	37,414	37,414	37,414	Change to Goodwill for prior business combinations
Retained Earnings	8,528	7,914	7,875	Change to Goodwill for prior business combinations
Non-Current Liabilities:				
Deferred tax liabilities	0	(16,978)	0	Write-off US GAAP DTL balance associated with the sale of the call option
Exchange option	0	0	78,446	increase for equity option value - Notes
Warrant	0	0	37,545	increase for warrant obligation
Deferred tax liabilities	14,018	24,102	21,890	increase due to reclassification of deferred taxes
Current Liabilities:				
Exchange option	0	148,873	0	increase for equity option value - Notes
Warrant	0	184,039	0	increase for warrant obligation

*Amounts in IFRS are higher (lower) when compared to U.S. GAAP.

SELECTED CONSOLIDATED FINANCIAL INFORMATION UNDER IFRS

Certain reclassifications were made to prior year amounts in order to conform to the current year's presentation. These reclassifications had no impact on reported net income, total equity and total cash flows for the years ended December 31, 2010 and 2009.

Revision adjustments were made between Services Revenue and Product Sales Revenue and between Cost of Services and Cost of Product Sales in the Consolidated Statement of Operations for 2011 which did not affect total revenues, operating income or net income for the period.

Selected consolidated income statements (as reported in IFRS)

(in thousands of USD, except share and per share data)	2011	2010	2009
REVENUE:			
Services	$ 621,752	$ 568,220	$ 529,523
Product sales	285,896	226,433	166,016
Total Revenue	907,648	794,653	695,539
OPERATING EXPENSES:			
Cost of services	407,254	373,122	350,499
Cost of product sales	204,257	163,180	130,540
GROSS PROFIT	296,137	258,351	214,500
General and administrative expenses	43,444	36,163	32,589
Other (income) expense, net	(504)	(1,580)	(473)
OPERATING PROFIT	253,197	223,768	182,384
Variance in fair value of derivative instruments (gain) loss, net	141,191	286,808	(26,172)
Impairment (recovery)/loss on financial instrument	—	—	(17,060)
Loss on exchange of Senior Exchangeable Notes	3,327	5,753	—
Finance income	(138)	(249)	(138)
Finance costs	11,281	16,723	16,210
Finance costs, net	155,661	309,035	(27,160)
Share of profit (loss) of associates	274	376	92
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE	97,810	(84,891)	209,636
Income tax expense	63,044	60,406	60,494
PROFIT (LOSS) FOR THE YEAR	$ 34,766	$ (145,297)	$ 149,142
Attributable to:			
Equity holders of the parent	$ 34,806	$ (145,781)	$ 148,651
Non-controlling interest	(40)	484	491
	$ 34,766	$ (145,297)	$ 149,142
EARNINGS PER SHARE INFORMATION:			
Basic earnings per share attributable to Core Laboratories N.V.	$ 0.75	$ (3.25)	$ 3.24
Diluted earnings per share attributable to Core Laboratories N.V.	$ 0.72	$ (3.02)	$ 3.19
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	46,286	44,830	45,939
Diluted	48,393	48,241	46,657

Selected consolidated balance sheet (as reported in IFRS)

(in thousands of USD, except share and per share data)	12/31/2011	12/31/2010	12/31/2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	$ 115,295	$ 104,223	$ 98,784
Intangible assets	216,576	208,282	200,462
Investment in associates	969	695	319
Deferred income tax asset	50,137	46,131	62,302

Other financial assets	17,663	15,827	11,717
Other assets	2,844	2,091	1,545
TOTAL NON-CURRENT ASSETS	403,484	377,249	375,129
CURRENT ASSETS			
Inventories	53,214	33,979	32,184
Prepaid expenses and other current assets	15,566	15,691	13,715
Income tax receivable	1,414	1,457	24,889
Accounts receivable	170,805	154,726	133,758
Cash and cash equivalents	29,332	133,880	181,045
TOTAL CURRENT ASSETS	270,331	339,733	385,591
TOTAL ASSETS	$ 673,815	$ 716,982	$ 760,720
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2011, 2010 and in 2009; 200,000,000 shares authorised, 49,037,806 issued and 47,629,472 outstanding at 2011, 49,739,912 issued and 45,521,186 outstanding at 2010 and 51,039,912 issued and 45,973,408 outstanding at 2009	$ 1,376	$ 1,397	$ 1,430
Additional paid-in capital	87,290	27,460	40,503
Retained earnings	257,941	269,162	454,734
Other reserves	(5,512)	(5,265)	(5,251)
Treasury shares (at cost), 1,408,334 at 2011, 4,218,726 at 2010 and 5,066,504 at 2009	(107,406)	(242,690)	(246,699)
TOTAL SHAREHOLDERS' EQUITY	233,689	50,064	244,717
Non-controlling interest	3,752	2,849	2,390
TOTAL EQUITY	237,441	52,913	247,107
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	220,478	—	207,710
Exchange option	—	—	78,446
Warrant	—	—	37,545
Income tax payable	20,316	5,536	16,731
Deferred income tax liabilities	19,549	9,323	29,792
Unearned revenue	100	553	2,739
Provisions	42,504	36,799	33,725
TOTAL NON-CURRENT LIABILITIES	302,947	52,211	406,688
CURRENT LIABILITIES			
Accounts Payable	57,639	44,710	33,009
Borrowings	2,344	146,160	—
Exchange option	—	148,873	—
Warrant	—	184,039	—
Income tax payable	793	21,167	15,433
Other taxes payable	8,566	8,610	8,700
Payroll and social security contributions	34,670	28,621	24,368
Unearned revenue	19,154	20,180	16,528
Other accrued expenses	10,261	9,498	8,887
TOTAL CURRENT LIABILITIES	133,427	611,858	106,925
TOTAL LIABILITIES	436,374	664,069	513,613
TOTAL EQUITY AND LIABILITIES	$ 673,815	$ 716,982	$ 760,720

Selected consolidated cash flow statement (as reported in IFRS)

(in thousands of USD)	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense	$ 97,810	$ (84,891)	$ 209,636
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	22,126	21,820	23,106
Amortization	1,015	1,230	662
Equity in (earnings) loss of associates	(274)	(376)	(92)
Stock-based compensation	15,048	11,274	7,712
Finance costs	11,143	16,474	16,072
(Gain) loss on sale of assets	(487)	(176)	90
Gain on insurance recovery	(1,014)	—	—
Loss on exchange of senior exchangeable notes	3,327	5,753	—
Fair value (gains)/losses on other financial assets	(1,551)	(6,060)	(6,100)
Fair value (gains)/losses on derivative instruments	141,191	286,808	(26,172)
Changes in assets and liabilities:			
Accounts receivable	(11,827)	(20,968)	10,535
Inventories	(15,479)	(1,795)	2,654
Other assets	(370)	22,861	(19,355)
Accounts payable	11,969	11,701	(8,579)
Accrued expenses	1,134	2,676	4,589
Other long-term liabilities	6,747	(4,560)	24,912
Cash provided by operating activities	280,508	261,771	239,670
Interest paid	(2,308)	(566)	(597)
Income tax paid	(74,724)	(57,259)	(41,703)
Net cash provided by operating activities	203,476	203,946	197,370
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(29,927)	(27,569)	(17,290)
Patents and other intangibles	(220)	(233)	(239)
Acquisitions, net of cash acquired	(18,821)	(9,000)	—
Cash in escrow	(2,179)	—	—
Proceeds from sale of assets	900	669	584
Proceeds from insurance recovery	1,300	—	—
Interest received	138	249	138
Net cash used in investing activities	(48,809)	(35,884)	(16,807)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	(348,564)	(82,251)	—
Proceeds from debt borrowings	417,426	—	—
Stock options exercised	297	346	408
Settlement of warrants	(219,451)	—	—
Repurchase of common shares	(61,825)	(92,487)	(9,389)
Dividends paid	(46,027)	(39,791)	(26,416)
Non-controlling interest - (dividends)/capital contributions	943	(25)	(259)
Debt financing costs	(2,014)	(1,019)	—
Net cash used in financing activities	(259,215)	(215,227)	(35,656)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(104,548)	(47,165)	144,907
CASH AND CASH EQUIVALENTS, beginning of year	133,880	181,045	36,138
CASH AND CASH EQUIVALENTS, end of year	$ 29,332	$ 133,880	$ 181,045

CAPITALISATION AND INDEBTEDNESS UNDER IFRS

The table below sets out the Company's unaudited consolidated capitalisation and indebtedness schedule as of December 31, 2011 on an actual basis as reported in IFRS.

This table should be read in conjunction with "Consolidated Financial Information for the Financial Year ended December 31, 2011 under IFRS" included in this F-pages section of the Prospectus.

(amounts in thousands)	**December 31, 2011**
Total Current debt:	
Guaranteed	-
Secured	57
Unguaranteed/Unsecured	2,287
Total Non-current debt:	
Guaranteed	220,403
Secured	75
Unguaranteed/Unsecured	-
Equity	
Share capital	1,376
Legal Reserve	-
Other Reserves	236,065
Total capitalization and indebtedness	460,263
Cash	29,332
Cash equivalent	-
Trading securities	-
Liquidity	29,332
Current Financial Receivable	-
Current Bank debt	-
Current portion of non current debt	-
Other current financial debt	2,344
Current Financial Debt	2,344
Net Current Financial Indebtedness	(26,988)
Non current Bank loans	73,000
Bonds Issued	147,403
Other non current loans	75
Non current Financial Indebtedness	220,478
Net Financial Indebtedness	193,490

While there have been changes to the components of the Company's capitalisation and indebtedness arising in the ordinary course of business, there has been no material change in the Company's financial or trading position since December 31, 2011 (the date to which the last financial statements under IFRS has been presented). For a summary of our principal contractual obligations and commercial commitments over the next five years, see "Operating and Financial Review - Credit Facilities and Available Future Liquidity".

CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011 UNDER IFRS

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Report for December 31, 2011

Herengracht 424
1017 BZ Amsterdam
The Netherlands

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

Annual Report of the Directors
(including the Corporate Governance Statement)

Currency - United States Dollars ("$")

General

Core Laboratories N.V. ("Core Laboratories", "Company", "we", "our" or "us") is a Netherlands limited liability company publicly traded in the United States on the New York Stock Exchange. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services and products to the oil and gas industry. These services and products are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 5,000 employees.

Business Strategy

Our business strategy is to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the services and products offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

Development of New Technologies, Services and Products

We conduct research and development to meet the needs of our clients who are continually seeking new services and technologies to lower their costs of finding, developing and producing oil and gas. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, oil and gas producers have, on a proportional basis, increased expenditures on technology services to improve their understanding of the reservoir and increase production of oil and gas from their producing fields. We intend to continue concentrating our efforts on services and technologies that improve reservoir performance and increase oil and gas recovery.

International Expansion of Services and Products

Another component of our business strategy is to broaden the spectrum of services and products offered to our clients on a global basis. We intend to continue using our worldwide network of offices to offer many of our services and products that have been developed internally or obtained through acquisitions. This allows us to enhance our revenues through efficient utilization of our worldwide network.

Acquisitions

We continually review potential acquisitions to add key services and technologies, enhance market presence or complement existing businesses.

Marketing and Sales

We market and sell our services and products through a combination of sales representatives, technical seminars, trade shows and print advertising. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices. Our Business Development group manages a Large Account Management Program to better serve our largest and most active clients by meeting with key personnel within their organizations to ensure the quality of our products and services are meeting their expectations and we are addressing any issues or needs in a timely manner.

Research and Development

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Patents and Trademarks

We believe our patents, trademarks and other intellectual property rights are an important factor in maintaining our technological advantage, although no one patent is considered essential to our success. Typically, we will seek to protect our intellectual technology in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. In addition to patents, in many instances we protect our trade secrets through confidentiality agreements with our employees and our clients.

International Operations

We operate facilities in more than 50 countries. Our non-U.S. operations accounted for approximately 49% and 50% of our revenues from operations during the years ended December 31, 2011 and 2010, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects on foreign oilfields.

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our contracts are denominated in a currency other than the U.S. dollar to an amount generally equal to the expenses expected to be incurred in such foreign currency. However, the ultimate decision as to the proportion of the foreign currency component within a contract usually resides with our clients. Consequently, we are not always able to eliminate our foreign currency exposure. We have not historically engaged in and are not currently engaged in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations.

Environmental Regulation

We are subject to stringent governmental laws and regulations, both in the United States and other countries, pertaining to protection of the environment and the manner in which chemicals and gases used in our analytical and manufacturing processes are handled and generated wastes are disposed. Consistent with our quality assurance and control principles, we have established proactive environmental policies for the management of these chemicals and gases as well as the handling and recycling or disposal of wastes resulting from our operations. Compliance with these laws and regulations, whether at the federal, provincial, regional, state or local levels, may require the acquisition of permits for regulated activities, capital expenditures to limit or prevent emissions and discharges, and stringent restrictions for the handling and disposal of certain wastes. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and even the issuance of injunctive relief. The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or cleanup requirements could have a material adverse effect on our operations and financial position. For instance, the adoption of laws or implementation of regulations to address concerns about global climate change or threats to drinking water from hydraulic fracturing activities that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business. Moreover, we depend on the demand for our products and services from oil and natural gas exploration and production companies. Thus, any changes in environmental laws and regulations that result in more stringent and costly well drilling, construction, completion, development or production activities could impose additional and significant costs on, or delay or decrease the operational activity of those operators who are our customers, which also could have a material adverse effect on our business.

Our analytical and manufacturing processes involve the handling and use of numerous chemicals and gases as well as the generation of wastes. Spills or releases of these chemicals, gases, and wastes at our facilities or at offsite locations where they are transported for recycling or disposal could subject us to environmental liability, which may be strict, joint and several, for the costs of cleaning up chemicals and wastes released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims against industry participants for personal injury and property damage allegedly caused by such spills or releases. As a result of such actions, we could be required to remove previously disposed wastes, remediate environmental contamination, and undertake measures to prevent future contamination. We may not be able to recover some or any of these remedial or corrective costs from insurance. While we believe that we are in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on us, we cannot give any assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate.

Our operations are also subject to stringent governmental laws and regulation, including the federal Occupation Safety and Health Act, as amended ("OSHA"), and comparable state laws in the United States, whose purpose is to protect the health and safety of workers. In the United States, the OSHA hazard communication standard and applicable community right-to-know regulations require that information is maintained concerning hazardous materials used or produced in our operations and that this information is provided to employees, state and local government authorities, and citizens. We believe that we are in substantial compliance with all applicable laws and regulations relating to worker health and safety.

Competition

The businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our product and service lines, we face competition in these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, client service, pricing, industry trends and general economic trends.

Reliance on the Oil and Gas Industry

Our business and operations are substantially dependent upon the condition of the global oil and gas industry. Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial position, results of operations or cash flows.

The oil and gas industry is highly cyclical and has been subject to significant economic downturns at various times as a result of numerous factors affecting the supply of and demand for oil and natural gas, including the level of capital expenditures of the oil and gas industry; the level of drilling activity; the level of production activity; market prices of oil and gas; economic conditions existing in the world; interest rates and the cost of capital; environmental regulations; tax policies; political requirements of national governments; coordination by the Organization of Petroleum Exporting Countries ("OPEC"); cost of producing oil and natural gas; and technological advances.

Personnel

We have approximately 5,000 employees. We have maintained similar workforce levels from 2010 and expect to generally maintain the same workforce levels in the future, subject to market conditions and the impact on our business.

Results of Operations

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields:

• *Reservoir Description*: Encompasses the characterization of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

• *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

• *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

General Overview and Future Outlook

We provide services and design and produce products which enable our clients to evaluate reservoir performance and increase oil and gas recovery from new and existing fields. These services and products are generally in higher demand when our clients are investing capital in exploration and development efforts to explore new fields or to increase productivity in existing fields. Our clients' investment in capital expenditure programs tends to correlate to oil and natural gas commodity prices. During periods of higher prices, our clients generally invest more in capital expenditures and, during periods of lower commodity prices, they tend to invest less. Accordingly, the level of capital expenditures by our clients impacts the demand for our products and services.

The financial market crisis and the start of a global economic recession that began in late 2008 led to a decrease in demand for oil and gas; consequently oilfield activity in 2009 declined as oil and gas companies reduced their spending levels for that year. However, in late 2009, a global economic recovery began that continued steadily through 2010 and into 2011 that increased consumption of oil and natural gas products leading to higher oil related prices, increased capital budgets for our clients, and more demand for our services and products.

The general crude oil market conditions in the United States began improving in 2010 along with increases in global demand which led to higher crude oil prices that approached pre-recession levels by the end of the year and continued into 2011.

Crude oil prices generally increased during 2011, with spot prices for West Texas Intermediate crude beginning the year at $91.59 per barrel and ending at $98.83 per barrel, an 8% increase. These increased prices led to the rise in the U.S. oil rig count, which increased by over 50%, and the number of horizontal wells which increased by over 20% during the same time period.

Natural gas prices in 2010 and 2011 had the opposite reaction to the overall increase in global demand for oil and gas products as prices decreased throughout each of these years. These decreasing prices for natural gas were the result of increases in the global supply instead of decreases in the global demand; consequently, activity levels of our clients in this sector did not decrease until late in 2011.

Operators determined that the economics of certain projects would be viable at the higher commodity prices in 2010 which led to an increase in rig count in 2010, particularly rigs drilling for oil, both in North America and worldwide. Higher oil prices in 2011 had the same impact on drilling activity as it continued a general increase throughout the year. This resulted in rig counts at the end of 2011 exceeding rig counts at the beginning of the year across most of the globe, with the average U.S. rig count increasing by 22% and average international rig count increasing by over 10%.

Increases in activity levels in 2011 by our clients combined with greater market share, led to revenue that was 14.2% higher in 2011 than the prior year. Despite charges in the second quarter for restructuring and other personnel costs, operating income increased 13.2% in 2011 over 2010 and was driven primarily by our Production Enhancement and Reservoir Management segments with operating income increases of 12.6% and 14.0%, respectively.

We continue our efforts to expand our market presence by opening or expanding facilities in strategic areas and realizing synergies within our business lines. We believe our market presence provides us a unique opportunity to service clients who have global operations in addition to the national oil companies.

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. Based on recent developments, we believe that the current level of activities, workflows, and operating margins both outside North America and within North America, particularly that relate to oil development projects, will grow moderately into 2012.

We expect to meet ongoing working capital needs, capital expenditure requirements and funding of our dividend and share repurchase programs from a combination of cash on hand, cash flow from operating activities and available borrowings under our revolving credit facility.

Net revenues for the years ended 2011 and 2010 were $907.6 million and $794.7 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 69% and 72% of our revenues from operations for the years ended December 31, 2011 and 2010, respectively. We manufacture products primarily in four facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 31% and 28% of our revenues from operations for the years ended December 31, 2011 and 2010, respectively.

We recorded operating income of $253.2 million and $223.8 million for the years ended December 31, 2011 and 2010, respectively.

Investments

Fixed assets are comprised of tangible fixed assets and intangible fixed assets. During 2011 and 2010, fixed assets increased $43.3 million and $37.0 million respectively. We expect to add an additional $33 million in 2012.

Results of Operations

Segment Revenues

	For the Years Ended December 31,		
(USD in thousands)	**2011**	**% Change**	**2010**
Reservoir Description	$ 469,775	10.3%	$ 425,829
Production Enhancement	371,449	18.3%	313,956
Reservoir Management	66,424	21.1%	54,868
Total Revenues	$ 907,648	14.2%	$ 794,653

Segment Operating Income

	For the Years Ended December 31,		
(USD in thousands)	**2011**	**% Change**	**2010**
Reservoir Description	$ 117,220	11.4%	$ 105,225
Production Enhancement	113,203	12.6%	100,557
Reservoir Management	22,139	14.0%	19,423
Corporate and other[1]	635	144.2%	(1,437)
Operating income	$ 253,197	13.2%	$ 223,768

(1) "Corporate and other" represents those items that are not directly related to a particular segment.

Reservoir Description

Revenue for our Reservoir Description segment increased by 10.3% in 2011 compared to 2010. During 2011, this segment's operations, which focus on international crude-oil related products, continued to benefit from large-scale core analyses and reservoir fluids characterization studies in the Asia-Pacific areas, offshore West and East Africa, the Eastern Mediterranean region and the Middle East, including Iraq, Kuwait and the United Arab Emirates.

Operating income increased to $117.2 million in 2011 from $105.2 million in 2010 while operating income margin increased slightly as a result of increased revenue driven by increased activity, offset by higher costs in certain operating areas due to charges in the second quarter for restructuring and other personnel costs. This segment emphasizes technologically demanding services on internationally-based development and production-related crude oil projects over the more cyclical exploration- related projects.

Production Enhancement

Revenue for our Production Enhancement segment increased by $57.5 million, or 18.3% in 2011 compared to 2010, primarily due to an increased market share of our perforating charges and gun systems particularly in the North American markets relating to horizontal well developments of oil- and gas-shale reservoirs and for high margin completion and recompletion technologies used in the reworking of major, giant, and super-giant fields.

Operating income for this segment increased to $113.2 million in 2011 from $100.6 million in 2010, an increase of 12.6%. The increase in operating income in 2011 was primarily driven by our increased revenue from services related to our proprietary and patented diagnostic technologies, such as SpectraChem® Plus, SpectraScan®, ZERO WASH®, and our HERO® line of perforating charges and gun systems and our Horizontal Time-Delayed Ballistics Actuated Sequential Transfer (HTD Blast™) perforating system which is used for the perforation of extended-reach horizontal wells in non-conventional reservoirs.

Reservoir Management

Revenue for our Reservoir Management segment increased to $66.4 million in 2011 from $54.9 million in 2010. The increase in revenue in 2011 was due to studies initiated in 2011 including the *Avalon Shale Study* and the *Midland Basin Project*.

Operating income for this segment increased to $22.1 million in 2011 compared to $19.4 million in 2010. The increase in operating income in 2011 as compared to 2010 was primarily related to increased interest in our consortium projects such as the *Global Gas Shale Project* and the *Eagle Ford Shale* study along with the continued participation in our North American Gas Shale Study and our new Worldwide Oil and Natural Gas Shale Reservoir Study.

Corporate and Other

Operating expenses for Corporate and Other are expenses not directly related to a particular segment but pertain to the operation of all of the segments as a combined group. In 2011 and 2010, the overall expense was minimal.

Liquidity and Capital Resources

We have historically financed our activities through cash on hand, cash flows from operations, bank credit facilities, equity financing and the issuance of debt. Cash flow from operating activities provides the primary source of funds to finance operating needs, capital expenditures and our share repurchase and dividend programs. If necessary, we supplement this cash flow with borrowings under bank credit facilities to finance some capital expenditures and business acquisitions. As we are a Netherlands holding company, we conduct substantially all of our operations through subsidiaries. Our cash availability is largely dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us.

The following table summarizes cash flows from continuing operations for the years ended December 31, 2011 and 2010:

(USD in thousands)	**Years Ended December 31,**	
	2011	**2010**
Cash provided by/(used in):		
Operating activities	$ 203,476	$ 203,946
Investing activities	(48,809)	(35,884)
Financing activities	(259,215)	(215,227)
Net change in cash and cash equivalents	$ (104,548)	$ (47,165)

Excluding the loss on the fair value of the derivatives, the decrease in cash flow from operating activities in 2011 compared to 2010 was primarily the result of an increase in inventory in preparation for an anticipated shortage of steel required for our products at the end of 2011 and to stock three new warehouses opened in 2011, partially offset by an increase in net income.

Cash flow used in investing activities increased $12.9 million in 2011 over 2010 due primarily to an increase in acquisition activity, $18.8 million in 2011 up from $9.0 million in 2010.

Cash flow used in financing activities in 2011 increased $44.0 million compared to 2010 and was caused by two transactions: the settlement of our Exchangeable Notes and the early settlement of our outstanding warrants. During 2011, we received 142 requests to exchange 156,301 Exchangeable Notes which were settled during the year for $156.3 million in cash and 1,851,869 treasury shares. The remaining 106 Exchangeable Notes matured and were settled for $0.1 million in cash. During 2011, we accelerated the settlement of our outstanding warrants resulting in cash payments of $219.5 million, offset by the cash flow provided by financing activities from the issuance of our Senior Notes for $150 million in 2011 (See "Significant Events" below) and net borrowings from a revolving credit facility (the "Credit Facility").

We expect our investment in capital expenditures to be approximately $33 million in 2012 which will be used to fund our growth through the purchase of instrumentation, tools and equipment along with expenditures to replace obsolete or worn-out instrumentation, tools and equipment, to consolidate certain facilities to gain operational efficiencies and to increase our presence where requested by our clients. In addition, we plan to continue to (i) repurchase our common shares on the open market through our stock repurchase program, (ii) pay a dividend or (iii) acquire complimentary technologies. Our ability to continue these programs depends on, among other things, market conditions and our ability to generate free cash flow.

Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. We are a Netherlands holding company and substantially all of our operations are conducted through subsidiaries.

Consequently, our cash flow depends upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

Due to the low inflationary rates in 2011 and 2010, the impact of inflation on our results of operations was insignificant.

Significant Events

In 2006, a wholly owned subsidiary issued $300 million aggregate principal amount of Senior Exchangeable Notes (the "Exchangeable Notes") which matured on October 31, 2011. Each Exchangeable Note carried a $1,000 principal amount and was exchangeable into shares of Core Laboratories N.V. common stock under certain circumstances whereby holders received cash for the principal amount plus any amount related to fractional shares, and any excess exchange value was delivered in whole shares of Core Laboratories N.V. common stock at the completion of the valuation period as defined under our Exchangeable Note Indenture agreement. Under the terms of the Exchangeable Notes, defined criteria were met which allowed the Exchangeable Notes to be early exchanged during each quarter of 2011. We received 142 requests to exchange 156,301 Exchangeable Notes which were settled during the year for $156.3 million in cash and 1,851,869 shares of our common stock, all of which were treasury shares, resulting in a loss of $3.3 million. The remaining 106 Exchangeable Notes matured and were settled for $0.1 million in cash.

In September 2011, we issued two series of senior notes with an aggregate principal amount of $150 million ("Senior Notes") in a private placement transaction. Series A consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.01 % and are due in full on September 30, 2021. Series B consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.11% and are due in full on September 30, 2023. Interest on each series of the Senior Notes is payable semi-annually on March 30 and September 30.

Board Structure

We have a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which must consist of at least one member under the Company's articles of association. Under Dutch law, the Supervisory Board's duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board currently consists of eight Supervisory Directors. The Supervisory Directors are expected to exercise oversight of management with the Company's interests in mind. The Supervisory Board is divided into three classes, with each class subject to re-election every third year by the shareholders at the annual meeting.

The Management Board's sole member is Core Laboratories International B.V. As a Managing Director, Core Laboratories International B.V.'s duties include overseeing the management of the Company, consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval.

Board of Supervisory Directors

In 2011, we initiated steps to bring new membership to the Board of Supervisory Directors, with a plan of replacing one existing non-executive director each year over the next few years. At the 2011 annual meeting, the shareholders approved the election of Mr. Jan Willem Sodderland to replace Mr. Jacobus Schouten, coinciding with the resignation of Mr. Schouten from the Supervisory Board. Consistent with the plan, the Board of Supervisory Directors is proposing the election of an additional new member in 2012, replacing Mr. Lex Vriesendorp, whose three year term is expiring, effective at the time of the 2012 annual meeting.

Supervisory Director Independence

In connection with determining the independence of each Supervisory Director of the Company, the Supervisory Board inquired as to any transactions and relationships between each Supervisory Director and his or her immediate family and us and our subsidiaries, and reviewed and discussed the results of such inquiry. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that a Supervisory Director is independent, under the standards set forth by the Dutch Corporate Governance Code (the “Dutch Code”). Under the Dutch Code, the Supervisory Board is to be composed of members who are able to act critically and independently of each other and of the Management Board. As a result of this review, after finding no material transactions or relationships, the board affirmatively determined that each of Messrs. Joyce, Kearney, Ogren, Perna and Sodderland and Ms. van Kempen are independent under the applicable standards described above.

Supervisory Board Meetings

The Supervisory Board held four meetings in 2011. Six of the Supervisory Directors attended 100% of the 2011 Supervisory Board meetings in person, one director attended three meetings in person and one by telephone due to personal business and one director attended three meetings in person and missed one meeting for personal, non-recurring, medical reasons. Each Supervisory Director attended 100% of the meetings in 2011 of all committees on which he serves. Under our Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. In 2011, all Supervisory Directors, except one due to a prior commitment, attended the annual shareholder meeting and we expect each of our Supervisory Directors to attend our 2012 annual meeting as our current policy and articles of association requires Supervisory Director attendance at the annual meeting.

Our non-executive Supervisory Directors have met separately in executive session without any members of management present. The Chairman of the Nominating and Governance Committee is the presiding Supervisory Director at each such session. If any of our non-executive Supervisory Directors were to fail to meet the applicable criteria for independence, then our independent Supervisory Directors would meet separately at least once a year in accordance with the rules of the NYSE.

Committees of the Supervisory Board

The Supervisory Board has three standing committees, the identities, memberships and functions of which are described below:

Audit Committee

The current members of the Audit Committee are Messrs. Kearney (Chairman), Joyce and Ogren. The Audit Committee's principal functions, which are discussed in detail in its charter, include making recommendations concerning the engagement of the independent registered public accountants, reviewing with the independent registered public accountants the plan and results of the engagement, approving professional services provided by the independent registered public accountants and reviewing the adequacy of our internal accounting controls. Each member of the Audit Committee is independent, as defined by Section 10A of the Exchange Act and by the corporate governance standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code. Each member of the Audit Committee is financially literate and Mr. Kearney qualifies as an audit committee financial expert under the rules promulgated pursuant to the Exchange Act. The Audit Committee held four meetings in 2011.

The Audit Committee operates under a written charter. A copy of the Audit Committee charter may be found on the Company's website, at *www.corelab.com/corporate/governance.aspx*.

Compensation Committee

The current members of the Compensation Committee are Messrs. Ogren (Chairman) and Joyce. The Compensation Committee's principal functions, which are discussed in detail in its charter, include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer and our senior executive officers, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. The Compensation Committee also regularly discusses a succession plan for the Chief Executive Officer and other senior executive management. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the whole Supervisory Board for approval. Pursuant to its charter, the Compensation Committee has the authority to delegate its responsibilities to other persons. On February 28, 2003, our Supervisory Board established an Options Subcommittee consisting of Messrs. Ogren (Chairman) and Joyce, which was renamed the Equity Awards Subcommittee in 2006. The Equity Awards Subcommittee's principal function has been to review and approve awards made pursuant to our LTIP. The Compensation Committee held one meeting in 2011 and the Equity Awards Subcommittee held one meeting in 2011. The Subcommittee was dissolved by the Board of Supervisory Directors effective March 1, 2011 and its duties returned to the full Compensation Committee.

The Compensation Committee periodically retains a consultant to provide independent advice on executive compensation matters and to perform specific project-related work. The consultant reports directly to the committee, which pre-approves the scope of the work and the fees charged. The Committee indicates to the consultant the role that management has in the analysis of executive compensation, such as the verification of executive and Company information that the consultant requires. In 2011, the Compensation Committee retained Stone Partners, Inc. ("Stone Partners") to advise it on selecting a peer group of companies to be used for compensation purposes.

The Compensation Committee operates under a written charter. A copy of the Compensation Committee charter may be found on the Company's website, at *www.corelab.com/corporate/governance.aspx*.

Nominating and Governance Committee

The current Chairman of the Nominating and Governance Committee of our Supervisory Board is Mr. Joyce. Mr. Vriesendorp served on the Committee through the completion of the process of selecting the new nominee for the supervisory board to be elected at the 2012 meeting. We anticipate Ms. van Kempen, if elected, will replace Mr. Vriesendorp on the Committee, as Mr. Vriesendorp's term on the supervisory board is ending as of the 2012 annual meeting. The Nominating and Governance Committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Each member of the Nominating and Governance Committee is independent as defined by the corporate governance standards of the NYSE. The Nominating and Governance Committee held two meetings in 2011.

The Nominating and Governance Committee operates under a written charter. A copy of the Nominating and Governance Committee Charter may be found on the Company's website, at www.corelab.com/corporate/governance.aspx.

Qualifications of Supervisory Directors

The Nominating and Governance Committee has the responsibility to make recommendations to the Board of Supervisory Directors of candidates for the Board that will perform well in that role and maximize shareholder value. In considering suitable candidates for that position, the Nominating and Governance Committee considers, among other factors, the person's reputation, knowledge, experience, integrity, independence, skills, expertise, business and governmental acumen and time commitments. In addition to considering these factors on an individual basis, the Nominating and Governance Committee considers how these factors contribute to the overall variety and mix of attributes of our Board as a whole so that the members of our Board collectively possess the diverse knowledge and complementary attributes necessary to oversee our business. Supervisory Directors should be excellent representatives of the Company and be able to provide a wide range of management and strategic advice and be someone that the Company can count on to devote the required time and attention needed from members of the Supervisory Board. In the case of current Supervisory Directors being considered for re-nomination, the Nominating and Governance Committee will also take into account the Supervisory Director's tenure as a member of our Board of Supervisory Directors; the Supervisory Director's history of attendance at meetings of the Board of Supervisory Directors and committees thereof; the Supervisory Director's preparation for and participation in all meetings, and the Supervisory Director's contributions and performance as a member of the Board.

Newly adopted Dutch legislation is expected to take effect on July 1, 2012, which will require "large companies", such as Core Laboratories, to have a balanced gender distribution whereby at least 30% of the seats of the Supervisory Board are held by men and at least 30% of the seats of the Supervisory Board are held by women. We will be required to take the above allocation of seats into account upon the appointment, re-appointment, recommendation or nomination of Supervisory Board members. Pursuant to the new legislation, if we do not comply with the gender diversity rules, we will be required to explain in our annual report why we failed to meet them and the efforts we will make in the future to meet them. We will continue to look for ways to nominate the best candidates available and to have a diverse, experienced and highly qualified Supervisory Board.

Six of the eight members of the Board, including the new nominee in 2012, are considered independent under applicable SEC, NYSE and Dutch Code standards. For this year's annual meeting and election, the Nominating and Governance Committee believes they possess the characteristics outlined above and bring to the Board valuable skills that enhance the Board's ability to manage and guide the strategic affairs of the Company in the best interests of our shareholders.

Consistent with newly adopted Dutch legislation expected to take effect on July 1, 2012, and with the rules of the NYSE, all of our Supervisory Directors serve on three or fewer supervisory directorships in other "large" companies.

Supervisory Director Nomination Process

- The Nominating and Governance Committee, the Chairman of the Supervisory Board, the Chief Executive Officer, or a Supervisory Director identifies a need to add a new board member that meets specific criteria or to fill a vacancy on the Supervisory Board. The Nominating and Governance Committee also reviews the candidacy of existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board. The Nominating and Governance Committee also considers recommendations for nominees for directorships submitted by shareholders as provided below.

- If a new board member is to be considered, the Nominating and Governance Committee initiates a search by seeking input from other Supervisory Directors and senior management, and hiring a search firm, if necessary. An initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Supervisory Board are identified by and/or presented to the Nominating and Governance Committee, which ranks the candidates. Members of the Nominating and Governance Committee review the qualifications of prospective candidate(s), and the Chairman of the Supervisory Board, the Chief Executive Officer, and all other Supervisory Board members have the opportunity to review the qualifications of prospective candidate(s).

- Shareholders seeking to recommend Supervisory Director candidates for consideration by the Nominating and Governance Committee may do so by writing to the Company's Secretary at the address indicated on the cover page of our proxy, giving the recommended candidates' name, biographical data and qualifications. The Nominating and Governance Committee will consider all candidates submitted by shareholders within the time period set forth.

- The Nominating and Governance Committee recommends to the Supervisory Board the nominee(s) from among the candidate(s), including existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board, and new candidates, if any, identified as described above.

- The nominee(s) are nominated by the Supervisory Board.

Related Person Transactions

Related person transactions have the potential to create actual or perceived conflicts of interest between the Company and its supervisory directors and executive officers or their immediate family members. Under its charter, the Audit Committee is charged with the responsibility of reviewing with management and the independent registered public accountants (together and/ or separately, as appropriate) insider and affiliated party transactions and potential conflicts of interest. The Audit Committee has delegated authority to review transactions involving employees, other than our executive officers, to our general counsel. We identify such transactions by distributing questionnaires annually to each of our directors, officers and employees.

In deciding whether to approve a related person transaction the following factors may be considered:

- information about the goods or services proposed to be or being provided by or to the related party or the nature of the transactions;
- the nature of the transactions and the costs to be incurred by us or payments made to us;
- an analysis of the costs and benefits associated with the transaction and a comparison of comparable or alternative goods or services that are available to us from unrelated parties;
- the business advantage we would gain by engaging in the transaction; and
- an analysis of the significance of the transaction to us and to the related party.

To receive approval, the related person transaction must be on terms that are fair and reasonable to the Company, and which are as favorable to the Company as would be available from non-related entities in comparable transactions. The Audit Committee requires that there is a Company business interest supporting the transaction and the transaction meets the same Company standards that apply to comparable transactions with unaffiliated entities. The Audit Committee has adopted a written policy that governs the approval of related person transactions.

There were no transactions that occurred during fiscal year 2011 in which, to our knowledge, we were or are a party, in which the amount involved exceeded $120,000, and in which any director, director nominee, executive officer, holder of more than 5% of our common shares or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest. During the year, there have been no conflicts of interest between us and the executive management, the Supervisory Board or with any affiliated person or entity.

Compensation Committee Interlocks and Insider Participation

During 2011, no executive officer served as:

- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee;
- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our Supervisory Directors; or
- a director of another entity, one of whose executive officers served on our Compensation Committee or the board of directors of one of our subsidiaries.

Communications with Directors; Website Access to Our Corporate Documents

Shareholders or other interested parties can contact any Supervisory Director or committee of the Board of Supervisory Directors by directing correspondence to them in care of Mark F. Elvig, Secretary, in care of Core Laboratories LP, 6316 Windfern Road, Houston, Texas 77040. Comments or complaints relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee.

Our Internet address is *www.corelab.com*. Our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and the charters of our Supervisory Board committees are available on our website. We will also furnish printed copies of such information free of charge upon written request to our Investor Relations department.

Corporate Governance

General

The Company is subject to corporate governance requirements in the Netherlands. The Management Board and the Supervisory Board of the Company support the principles and best practice provisions of corporate governance set out in the Dutch Corporate Governance Code (the "**Dutch Code**") as amended in December 2008 and effective as per January 1, 2009. In addition, as a listed company on the New York Stock Exchange ("**NYSE**") we are also required to certify to the NYSE whether or not the Company is or has been acting in violation of NYSE Corporate Governance listing standards.

The Dutch Code contains principles of good corporate governance and best practice provisions. The Dutch Code emphasises the principles of integrity, transparency and accountability as the primary means of achieving good corporate governance. The Dutch Code includes certain principles of good corporate governance, supported by best practice provisions. Listed Dutch N.V. companies are required to disclose in their annual report and accounts how they intend to incorporate the principles of the Dutch Code or, where relevant, to explain why they do not. The Management Board and the Supervisory Board regularly monitor the Dutch Code and generally agree with its fundamental principles.

In view of the Company's U.S. listing, the Company has to comply with all relevant requirements relating to corporate governance and disclosure under U.S. securities laws and NYSE rules. As a consequence, the Company's obligations under those rules and regulations may overlap from a substantive point of view with some of the best practices of the Dutch Code. To the extent such overlap exists, the Company's requirements under U.S. securities law or NYSE rules will prevail. For efficiency considerations, the Company wishes to prevent double compliance burdens with respect to the Dutch Code which may arise as a consequence of its dual listing where possible and as such, the Company deviates from certain best practices of the Dutch Code where the U.S. securities laws or the NYSE rules provide for or prescribe a different approach. The Company intends to continue to monitor the developments in corporate governance and shall take such steps as it considers appropriate to further implement the principles and best practice provisions of the Dutch Code. The Company intends to continue to monitor the developments in corporate governance and shall take such steps as it considers appropriate to further implement the principles and best practice provisions of the Dutch Code.

Compliance with the Dutch Corporate Governance Code

The Company applies the major part of the principles and provisions of the Dutch Code, in so far as they are applicable, with the exceptions listed hereafter.

Where reference is made in the Dutch Code to reports, profiles or other documents, such documentation may not exist; however, the principles of the Dutch Code are being followed - subject to deviations as explained below - and the information to be contained in such reports, profiles and other documentation is set-out in the Company's Proxy Statement, which is inter alia published on the Company's website at *http://www.corelab.com/corporate/SEC.aspx.*

Best practice provision I.1

The corporate governance structure of the Company is not explained in a separate chapter of the consolidated financial information under International Financial Reporting Standards ("**IFRS**") in the annual report for December 31, 2011 ("**Dutch annual report**"). However, the corporate governance structure of the Company is explained in the Corporate Governance Guidelines which the Company adopted pursuant to the Rule 303A.09 of the NYSE and which are described in the Company's publicly available Proxy Statement. A copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision II.1.1

The sole member of the Management Board of the Company is Core Laboratories International B.V. The composition of the management board of the latter company changes from time to time. Certain members of the management board of Core Laboratories International B.V. have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities.

Best practice provisions II.1.2, II.1.10, and II.1.11

The decisions mentioned in these best practice provisions will normally be submitted to the Supervisory Board by officers of the Company.

Principle II.2 and the relevant Best practice provisions

The sole member of the Management Board of the Company is Core Laboratories International B.V., an entity to which no remuneration is paid. As a consequence, Principle II.2 and the relevant Best practice provisions II.2.1 - II.2.15 do not apply to the Company.

With regards to remuneration paid to the members of the Supervisory Board of the Company, a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company’s Proxy Statement as required by Item 402(g) of Regulation S-K of the U.S. securities laws. In addition, with regard to the Executive Officers of the Company, the Compensation Committee Report, which is contained in the Proxy Statement, describes the objective of the Company’s remuneration program, as well as the principle components of the Company’s remuneration for those individuals. The Company also discloses in its Proxy Statement, as required by U.S. securities laws, the types and amount of cash and non-cash remuneration awarded to its executive officers.

Best practice provision II.3.1

The Company does comply with this provision except where gifts are concerned; the Company's policy requires disclosure to the Company's compliance officer and to the General Counsel of the receipt of any substantial gift. The gift is then reviewed to determine if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision II.3.4

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10). A copy of the code of business conduct and ethics is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.1.1

The division of duties within the Supervisory Board and the rules of procedure of the Supervisory Board are not laid down in a separate set of Supervisory Board regulations, but instead are described in detail in the Company's Proxy Statement.

Best practice provision III.1.2

Reference is made to the remarks in relation to best practice provision I.1.

Best practice provision III.1.3

The information mentioned in this provision is or will be provided in the Corporate Governance Guidelines. A copy of the Corporate Governance Guidelines is available on the Company’s website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.1.5

In respect of the administration concerning the attendance of the members of the Supervisory Board, under the Company's Corporate Governance Guidelines, Supervisory Board members are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. The Company does require its members of the Supervisory Board to attend annual meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the U.S. Exchange Act, the Company discloses its policy with regard to Supervisory Board members' attendance at annual meetings in its Proxy Statement.

Best practice provision III.2.1, III.2.2 and III.2.3

At present, 6 out of 8 Supervisory Board members meet the criteria for independence as set forth in Best Practice III.2.2 of the Dutch Code. The two Supervisory Board members that are not considered independent under the standard set forth in Best Practice III.2.2 of the Dutch Code are David Demshur, CEO, and Richard Bergmark, CFO. Messrs. Demshur and Bergmark have served on the Company's Supervisory Board since the Company's initial public offering in 1995 and subsequent listing on the NYSE in 1998. Given their experience and their important contributions to the Company and its business, the Supervisory Board considers it important to retain messrs. Demshur and Bergmark as members of the Supervisory Board. Also, given the Company's size and its activities, the Supervisory Board considers that having messrs. Demshur and Bergmark serve as members of the Supervisory Board provides for the most efficient Supervisory Board leadership structure for the Company at present time. It is furthermore noted that all Supervisory Board members meet the standard for independence as set forth by the NYSE. The Company publishes a statement on the independence (using the SEC's definition thereof) of its members of the Supervisory Board in the Proxy Statement mailed out annually to its shareholders. Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Best practice provision III.3.5 and III.3.6

The Company does have a retirement schedule for the Supervisory Board. The composition of the Supervisory Board changes from time to time. Further, the Company has announced a Board Succession Plan to bring new membership to the Supervisory Board. This plan has been furnished to the SEC.

Best practice provision III.4.1 and III.4.4

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the Supervisory Board to elect a vice-chairman. A copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.5.2

The Company publishes a report of each of the Supervisory Board committees in the Proxy Statement mailed out annually to its shareholders. Therefore, the Company does not include such a reference in its Dutch annual report.

Best practice provision III.5.10

The Company's compensation committee does review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company's Chief Executive Officer and non-employee members of the Supervisory Board. Also, the Company's compensation committee reviews and evaluates the policy on the remuneration of the Company's senior executives. The remuneration report of the compensation committee is subject to approval by the Supervisory Board. Additionally, the Company complies with New York Stock Exchange Rule 303A(5)(b)(i) which governs the composition of the Company's compensation committee and requires the committee have a charter that addresses certain topics. A full overview of the compensation committee's duties is laid down in the compensation committee's charter which is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.5.14

The nominating and governance committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Since Core Laboratories International B.V. is the sole member of the Management Board in the Company's governance structure, the nominating and governance committee does not focus on drawing up selection criteria and appointment procedures for management board members or proposals for appointment or reappointment of such management board members. However, the nominating and governance committee does focus on the Company's policy regarding selection criteria and appointment procedures for the CEO and, together with the CEO, the other senior executive officers. A full overview of the nomination and governance committee's duties is laid down in the compensation committee's charter which is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.6.1

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10). A copy of the code of business conduct and ethics is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.6.5

The Company's Supervisory Board has drawn up policies concerning ownership of and transactions in Company securities by the Management Board, but does not have a policy regarding ownership and transactions in securities issued by third party companies. To the extent that investments do constitute a conflict of interest, both the New York Stock Exchange rules and Company policy provide that the director should disclose the conflict and should not take any actions that are inconsistent with their fiduciary duties.

Best practice provision III.7.1

As is customary in the industry in which we compete, the Company does grant annual equity compensation to the members of the Supervisory Board. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of the members of the Supervisory Board with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company's Proxy Statement as required by Item 402 of Regulation S-K.

Best practice provision III.7.2

U.S. securities laws do not require directors to retain shares for a particular length of time. Beginning in 2011, the Company granted time-based restricted stock that vest at the end of a three-year period. Directors are required to retain ownership of shares equal to no less than 5 times the annual base retainer.

Best practice provision IV.1.1

Pursuant to statutory obligations, current dismissals require a majority vote by the shareholders.

Best practice provision IV.1.4

The Company does not have a policy with regard to additions on reserves and dividends. It decides what reserves are appropriate on a case by case basis in accordance with IFRS. Evaluation of dividends is done by the senior executive management of the Company, in consultation with the audit committee of the Supervisory Board.

Best practice provision IV.3.4

The Company does convene meetings with analysts and investors periodically throughout the year and conducts these meetings in compliance with Regulation FD of the U.S. securities law, which prohibits the selective disclosure of any material non-public information.

Best practice provision IV.3.6

A proxy which contains all the facts and circumstances relevant for approvals to be granted by the General Meeting of Shareholders is annually mailed out to the Company's shareholders. If under U.S. law and/or Dutch law additional information should be provided, such information will be provided by additional mailing and/or on the Company's website as the case may be.

Best practice provision IV.3.10

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does file a form 8-K following the date of such meeting summarizing the actions taken at the shareholder meeting.

Best practice provision IV.3.11

The Company does not have specific existing or potential anti-takeover measures in place.

Best practice provision IV.3.12

Proxies for the annual General Meeting of Shareholders can be given to Mark Elvig, Jacobus Schouten, Jaap Stoop, Roderick Hanrath and any other lawyer with NautaDutilh N.V. with power of substitution, who may not be independent third parties but who will vote on these powers as directed by the shareholders.

Best practice provision IV.3.13

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to New York Stock Exchange Rule 17 CFR Part 243 Regulation FD (*Fair Disclosure*). The Company has posted on its website (see http://www.corelab.com/corporate/governance.aspx), the Company's *Code of Business Conduct and Ethics*, including policies on Insider Trading and Confidentiality as well as the Company's *Code of Ethical Conduct for Senior Financial Officers and Managers*.

Best practice provision V.2.3

The audit committee is responsible for the supervision of the independence of the auditors and does conduct an assessment of the functioning of the external auditor. In addition, the Company complies with Section 10A(m)(6) of the U.S. Exchange Act which requires the audit committee, in its capacity as a committee of the members of the Supervisory Board, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which demands additional requirements regarding the composition and independence of the audit committee.

Best practice provision V.4.1

The external auditor of the Company has a separate meeting with the audit committee shortly after or before the Supervisory Board meeting to discuss the report of the U.S. auditor and to approve the financial statements. The Company does comply with Section 10A(m)(6) of the U.S. Exchange Act.

Risk Management Approach & Financial Reporting Risks - Best practice provisions II.1.4 and II.1.5

Our Management Board is responsible for ensuring that the Company complies with all relevant legislation and regulations. It is responsible for proper financing of the Company and the management of the risks that the Company is facing. It reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. Within the Company, risk management forms an integral part of business management. The Company's risk and control policy is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal requirements and by safeguarding the reliability of the financial reporting and its disclosures. The Company's risk management approach is embedded in the periodic business planning and review cycle. With respect to financial reporting a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting. On the basis of risk assessments, operating division and business management determines the risks related to the achievement of business objectives and appropriate risk responses in relation to business processes and objectives.

Our Management Board is responsible for internal control in the Company and has implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore the system is designed to ensure compliance with relevant laws and regulations. The Company has designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which recommendations are aimed at providing a reasonable level of assurance.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses.

In view of the above the Management Board believes that it is in compliance with the requirements of recommendations II.1.4 and II.1.5 of the Dutch Code, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof.

We file Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K with the SEC. These reports are available free of charge through the Company's website as soon as reasonably practicable after they are filed electronically with the SEC. We may from time to time provide important disclosures to investors by posting them in the investor relations section of the Company's website, as allowed by SEC rules. Materials we file with the SEC may also be read and copied at the SEC's Public Reference Room at 100 F Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by called the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at *www.sec.gov* that contains reports, proxy and information statements, an other information regarding the Company that we file electronically with the SEC. Our 2011 Annual Report on Form 10-K included the required Section 302 certifications.

General Meeting of Shareholders

The functioning and the powers of the General Meeting of Shareholders is also governed by the SEC rules since the Company's shares are listed on the New York Stock Exchange.

Disclosure Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2011 at the reasonable assurance level.

Our management does not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent all errors and all fraud. Further, the design of disclosure controls and internal control over financial reporting must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment using these criteria, our management determined that our internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011, has been audited by PricewaterhouseCoopers LLP.

Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our fiscal period ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. All known, material risks and uncertainties are discussed below.

Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations.

The oil and gas industry is highly cyclical and demand for the majority of our oilfield products and services is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. There are numerous factors affecting the supply of and demand for our products and services, which include, but are not limited to:

- general and economic business conditions;
- market prices of oil and gas and expectations about future prices;
- cost of producing and the ability to deliver oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by OPEC;
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- the physical effects adverse weather;
- the adoption of legal requirements or taxation that lower the demand for petroleum-based fuels;
- civil unrest or political uncertainty in oil producing or consuming countries;
- level of consumption of oil, gas and petrochemicals by consumers;

- changes in existing laws, regulations, or other governmental actions;
- the business opportunities (or lack thereof) that may be presented to and pursued by us;
- availability of services and materials for our clients to grow their capital expenditures; and
- availability of materials and equipment from key suppliers.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could adversely affect our operating results.

We depend on the results of our international operations, which expose us to risks inherent in doing business abroad.

We conduct our business in over 50 countries; business outside of the United States accounted for approximately 49% and 50% of our revenues during the years ended December 31, 2011 and 2010, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects on foreign oilfields. Our operations are subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes, seizure, detention, nationalization and expropriations of assets;
- interpretation of tax statutes and requirements of taxing authorities worldwide, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates (see section below);
- the impact of inflation;
- difficulty in repatriating foreign currency received in excess of the local currency requirements; and
- current conditions in oil producing countries such as Venezuela, Nigeria, Libya, Iran and Iraq considering their potential impact on the world markets.

Historically, economic downturn and political events have resulted in lower demand for our products and services in certain markets. The continuing instability in the Middle East and the potential for activity from terrorist groups that the U.S. government has cautioned against have further heightened our exposure to international risks. The global economy is highly influenced by public confidence in the geopolitical environment and the situation in the Middle East continues to be highly fluid; therefore, we expect to experience heightened international risks.

Our results of operations may be significantly affected by foreign currency exchange rate risk.

We are exposed to risks due to fluctuations in currency exchange rates. By the nature of our business, we derive a substantial amount of our revenue from our international operations, subjecting us to risks relating to fluctuations in currency exchange rates.

Our results of operations may be adversely affected because our efforts to comply with U.S. laws such as the Foreign Corrupt Practices Act (the "FCPA") could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law.

We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that U.S. law and regulations prohibit us from using.

Because we are registered with the U.S. Securities and Exchange Commission, we are subject to the regulations imposed by the FCPA, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our business, results of operations or financial condition. In addition, our ability to continue to work in these parts of the world discussed above could be adversely affected if we were found to have violated certain U.S. laws, including the FCPA.

If we are not able to develop or acquire new products or our products become technologically obsolete, our results of operations may be adversely affected.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. While we intend to continue committing substantial financial resources and effort to the development of new products and services, we may not be able to successfully differentiate our products and services from those of our competitors. Our clients may not consider our proposed products and services to be of value to them; or if the proposed products and services are of a competitive nature, our clients may not view them as superior to our competitors' products and services. In addition, we may not be able to adapt to evolving markets and technologies, develop new products, or achieve and maintain technological advantages.

If we are unable to continue developing competitive products in a timely manner in response to changes in technology, our businesses and operating results may be materially and adversely affected. In addition, continuing development of new products inherently carries the risk of inventory obsolescence with respect to our older products.

If we are unable to obtain patents, licenses and other intellectual property rights covering our products and services, our operating results may be adversely affected.

Our success depends, in part, on our ability to obtain patents, licenses and other intellectual property rights covering our products and services. To that end, we have obtained certain patents and intend to continue to seek patents on some of our inventions and services. While we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. In addition, effective copyright and trade secret protection may be unavailable or limited in certain countries. Litigation, which could demand significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights. Also, there can be no assurance that we can obtain licenses or other rights to necessary intellectual property on acceptable terms.

There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected.

One of our key business strategies is to acquire technologies, operations and assets that are complementary to our existing businesses. There are financial, operational and legal risks inherent in any acquisition strategy, including:

- increased financial leverage;
- ability to obtain additional financing;

- increased interest expense; and

- difficulties involved in combining disparate company cultures and facilities.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to continue to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operation.

We are subject to a variety of environmental laws and regulations, which may result in increased costs and significant liability to our business.

We are subject to a variety of stringent governmental laws and regulations both in the United States and abroad relating to protection of the environment and the use and storage of chemicals and gases used in our analytical and manufacturing processes and the discharge and disposal of wastes generated by those processes. Certain of these laws and regulations may impose joint and several, strict liability for environmental liabilities, such as the remediation of historical contamination or recent spills, and failure to comply with such laws and regulations could result in the assessment of damages, fines and penalties, the imposition of remedial or corrective action obligations or the suspension or cessation of some or all of our operations. These stringent laws and regulations could require us to acquire permits or other authorizations to conduct regulated activities, install and maintain costly equipment and pollution control technologies, or to incur costs or liabilities to mitigate or remediate pollution conditions caused by our operations or attributable to former operators. If we fail to control the use, or adequately restrict the discharge of, hazardous substances or wastes, we could be subject to future material liabilities including remedial obligations. In addition, public interest in the protection of the environment has increased dramatically in recent years with governmental authorities imposing more stringent and restrictive requirements. We anticipate that the trend of more expansive and stricter environmental laws and regulations will continue, the occurrence of which may require us to increase our capital expenditures or could result in increased operating expenses.

For example, in the United States, the federal Congress has, from time to time, considered legislation that could be introduced and adopted in the current session of Congress, in which even such adopted laws or any implementing regulations could adversely affect our business, financial condition and results of operations. This legislation could include or arise from the following:

- *Climate Change*. Congress has from time to time considered legislation to reduce emissions of greenhouse gases ("GHGs") primarily through the establishment of a "cap-and-trade" plan for GHGs, but no such legislation has been adopted by Congress. It is not possible at this time to predict whether or when Congress may introduce and adopt climate change legislation. In addition, based on determinations made by the U.S. Environmental Protection Agency ("EPA") in December 2009 that emissions of GHGs present a danger to public health and the environment, the EPA adopted regulations that restrict emissions of GHGs under existing provisions of the federal Clean Air Act, including one that requires a reduction in emissions of GHGs from motor vehicles and another that requires certain construction and operating permit reviews for GHG emissions from certain large stationary sources. Also, the EPA adopted rules requiring the monitoring and reporting of GHGs from certain sources, including, among others, onshore and offshore oil and natural gas production facilities, and almost one-half of the states already have taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Adoption and implementation of laws and regulations limiting emissions of GHGs from our equipment or operations could require us to incur costs to comply with such requirements and also could adversely affect demand for the production of oil and natural gas by our customers and thus reduce demand for the services we provide to the oil and natural gas industry.

- *Hydraulic Fracturing*. From time to time, legislation has been introduce before Congress to provide for federal regulation of hydraulic fracturing under the Safe Drinking Water Act, as amended ("SDWA") and to require the disclosure of chemicals used in the hydraulic fracturing process, which disclosed information could be proprietary in nature. At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure, and well construction requirements on hydraulic fracturing activities. Moreover, the EPA has asserted federal regulatory authority under the SDWA over hydraulic fracturing involving diesel. While it is not possible at this time to predict whether or when Congress may introduce and adopt legislation restricting hydraulic fracturing activities under the SDWA or other regulatory mechanisms, if new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where our oil and natural gas exploration and production customers operate, those customers could incur significant added costs to comply with such requirements and experience delays or curtailment in the pursuit of exploration, development or production activities, which could reduce demand for our products and services. . Although Core Laboratories is not a hydraulic fracturing company, it does supply and utilize chemicals during such processes for reservoir diagnostic purposes. In addition, certain governmental reviews are either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014 and, more recently, the EPA announced plans to develop effluent limitations for the treatment and discharge of wastewater resulting from hydraulic fracturing activities by 2014. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices. Other governmental agencies, including the U.S. Department of Energy and the U.S. Department of the Interior, are evaluating various other aspects of hydraulic fracturing. These ongoing or proposed studies, depending on their degree of pursuit and meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the federal SDWA or other regulatory mechanisms, which events could delay or curtail production of oil and natural gas by our exploration and production customers and thus reduce demand for our business.

We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, geologists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. We may confront significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for oil and gas. Additionally, at times there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. As a result, our business, results of operations and financial condition may be materially adversely affected.

We require a significant amount of cash to service our indebtedness, and our ability to generate cash may depend on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures depends, in part, on our ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

No assurance can be given that we will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure that any refinancing or debt restructuring would be possible or, if possible, would be completed on favorable or acceptable terms, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Disruptions in the capital and credit markets could adversely affect our ability to refinance our indebtedness, including our ability to borrow under our existing Credit Facility. Banks that are party to our existing Credit Facility may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Because we are a Netherlands company, it may be difficult for you to sue our supervisory directors or us and it may not be possible to obtain or enforce judgments against us.

Although we are a Netherlands company, our assets are located in a variety of countries. In addition, not all members of our supervisory board of directors are residents of the same countries as other supervisory directors. As a result, it may not be possible for you to effect service of process within certain countries upon our supervisory directors, or to enforce against our supervisory directors or us judgments of courts of certain countries predicated upon civil liabilities under a country's federal securities laws. Because there is no treaty between certain countries and The Netherlands providing for the reciprocal recognition and enforcement of judgments, some countries' judgments are not automatically enforceable in The Netherlands or in the United States, where the principal market for our shares is located. In addition, there is doubt as to whether a court in one country would impose civil liability on us or on the members of our supervisory board of directors in an original action brought against us or our supervisory directors in a court of competent jurisdiction in another country and predicated solely upon the federal securities laws of that other country.

Amsterdam, The Netherlands,
May 3, 2012

/s/ David M. Demshur	/s/ Jacobus Schouten
David M. Demshur President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)	Jacobus Schouten, on behalf of Core Laboratories International B.V. sole managing director of Core Laboratories N.V.
/s/ Richard L. Bergmark	/s/ Joseph R. Perna
Richard L. Bergmark Executive Vice President, Chief Financial Officer, and Supervisory Director	Joseph R. Perna Supervisory Director
/s/ Jan Willem Sodderland	/s/ Rene R. Joyce
Jan Willem Sodderland Supervisory Director	Rene R. Joyce Supervisory Director
/s/ Michael C. Kearney	/s/ D. John Ogren
Michael C. Kearney Supervisory Director	D. John Ogren Supervisory Director
/s/ Alexander Vriesendorp	
Alexander Vriesendorp Supervisory Director	

CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
December 31, 2011 and 2010
(In thousands of USD, except share data)

ASSETS	Ref.	2011	2010
NON-CURRENT ASSETS			
Property, plant and equipment	6	$ 115,295	$ 104,223
Intangible assets	7	216,576	208,282
Investment in associates	8	969	695
Deferred income tax asset	9	50,137	46,131
Other financial assets	10	17,663	15,827
Other assets		2,844	2,091
TOTAL NON-CURRENT ASSETS		403,484	377,249
CURRENT ASSETS			
Inventories	11	53,214	33,979
Prepaid expenses and other current assets	12	15,566	15,691
Income tax receivable	12	1,414	1,457
Accounts receivable	10, 13	170,805	154,726
Cash and cash equivalents	10	29,332	133,880
TOTAL CURRENT ASSETS		270,331	339,733
TOTAL ASSETS		$ 673,815	$ 716,982
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2011 and in 2010; 200,000,000 shares authorized, 49,037,806 issued and 47,629,472 outstanding at 2011 and 49,739,912 issued and 45,521,186 outstanding at 2010		$ 1,376	$ 1,397
Additional paid-in capital		87,290	27,460
Retained earnings		257,941	269,162
Other reserves		(5,512)	(5,265)
Treasury shares (at cost), 1,408,334 at 2011 and 4,218,726 at 2010		(107,406)	(242,690)
TOTAL SHAREHOLDERS' EQUITY		233,689	50,064
Non-controlling interest		3,752	2,849
TOTAL EQUITY	14	$ 237,441	$ 52,913
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	10, 17	$ 220,478	$ —
Income tax payable	18	20,316	5,536
Deferred income tax liabilities	9	19,549	9,323
Unearned revenues	19	100	553
Provisions	20, 21	42,504	36,799
TOTAL NON-CURRENT LIABILITIES		$ 302,947	$ 52,211
CURRENT LIABILITIES:			
Accounts payable	10, 22	$ 57,639	$ 44,710
Borrowings	10, 17	2,344	146,160
Exchange option	10	—	148,873
Warrant	10	—	184,039
Income tax payable	18	793	21,167
Other taxes payable	18	8,566	8,610
Payroll and social security contributions	21	34,670	28,621
Unearned revenues	19	19,154	20,180
Other accrued expenses	10, 22	10,261	9,498
TOTAL CURRENT LIABILITIES		$ 133,427	$ 611,858
TOTAL LIABILITIES		436,374	664,069
TOTAL EQUITY AND LIABILITIES		$ 673,815	$ 716,982

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED INCOME STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2011 and 2010
(In thousands of USD, except share and per share data)

	Ref.	2011	2010
REVENUES:			
Services		$ 621,752	$ 568,220
Sales		285,896	226,433
TOTAL REVENUES:		907,648	794,653
OPERATING EXPENSES:			
Cost of services	6,13,15,21,23	407,254	373,122
Cost of sales	6,11,13,15,23	204,257	163,180
		611,511	536,302
GROSS PROFIT		296,137	258,351
General and administrative expenses	6,7,15,23	43,444	36,163
Other (income) expense, net	24	(504)	(1,580)
OPERATING PROFIT		253,197	223,768
Variance in fair value of derivative instruments (gain) loss, net	10,25	141,191	286,808
Loss on exchange of senior exchangeable notes	17,25	3,327	5,753
Finance income	25	(138)	(249)
Finance costs	25	11,281	16,723
Finance costs, net	25	155,661	309,035
Share of profit (loss) of associates	8	274	376
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		97,810	(84,891)
Income tax expense	26	63,044	60,406
PROFIT (LOSS) FOR THE YEAR		$ 34,766	$ (145,297)
Attributable to:			
Equity holders of the parent		$ 34,806	$ (145,781)
Non-controlling interest		(40)	484
		$ 34,766	$ (145,297)
EARNINGS PER SHARE INFORMATION:			
Basic earnings (loss) per share	27	$ 0.75	$ (3.25)
Diluted earnings (loss) per share	27	$ 0.72	$ (3.02)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	27	46,286	44,830
Diluted	27	48,393	48,241

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2011 and 2010
(In thousands of USD)

	Ref.	2011	2010
Profit (loss) for the year		$ 34,766	$ (145,297)
Pension actuarial gain and (loss), net of $60 and $134 tax for 2011 and 2010, respectively	14, 21	(175)	392
Currency translation adjustment, net of $25 and $139 tax for 2011 and 2010, respectively	14, 21	(72)	(406)
Net income (loss) recognized directly in equity		(247)	(14)
Total comprehensive income (loss) for the year		$ 34,519	(145,311)
Attributable to:			
Equity holders of the parent		$ 34,559	$ (145,795)
Non-controlling interest		(40)	484
		$ 34,519	$ (145,311)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2011 and 2010
(In thousands of USD, except share data)

	Ref.	Number of Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-controlling Interest	Total Equity
BALANCE, January 1, 2010		45,973,408	$ 1,430	$ 40,503	$ 454,734	$ (5,251)	$ (246,699)	$ 2,390	$ 247,107
Comprehensive income:									
Profit (loss) for the year		—	—	—	(145,781)	—	—	484	(145,297)
Other comprehensive income:									
Pension actuarial gain	14, 21					392			392
Currency translation adjustment	14, 21					(406)			(406)
Total other comprehensive income									(14)
Total comprehensive (loss)									(145,311)
Transactions with owners:									
Stock options exercised, net of capital taxes	15	46,230	—	(1,537)	—	—	1,883	—	346
Stock-based compensation	15	—	—	11,279	—	—	—	—	11,279
Stock-based awards issued	15	186,198	—	(7,668)	—	—	7,668	—	—
Tax benefit related to stock-based awards	15	—	—	1,908	—	—	—	—	1,908
Exchange of senior exchangeable notes	17	808,367	—	34,452	—	—	35,435	—	69,887
Repurchases of common shares	14	(1,493,017)	—	—	—	—	(92,487)	—	(92,487)
Cancellation of treasury shares	14	—	(33)	(51,477)	—	—	51,510	—	—
Non-controlling interest - dividend		—	—	—	—	—	—	(181)	(181)
Non-controlling interest - capital contribution		—	—	—	—	—	—	156	156
Dividends paid	14	—	—	—	(39,791)	—	—	—	(39,791)
BALANCE, December 31, 2010		45,521,186	$ 1,397	$ 27,460	$ 269,162	$ (5,265)	$ (242,690)	$ 2,849	$ 52,913

	Ref.	Number of Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-controlling Interest	Total Equity
BALANCE, December 31, 2010		45,521,186	$ 1,397	$ 27,460	$ 269,162	$ (5,265)	$ (242,690)	$ 2,849	$ 52,913
Comprehensive income:									
Profit (loss) for the year		—	—	—	34,806	—	—	(40)	34,766
Other comprehensive income:									
Pension actuarial gain	14, 21					(175)			(175)
Currency translation adjustment	14, 21					(72)			(72)
Total other comprehensive income									(247)
Total comprehensive (loss)									34,519
Transactions with owners:									
Stock options exercised, net of capital taxes	15	42,400	—	(1,672)	—	—	1,969	—	297
Stock-based compensation	15	—	—	15,048	—	—	—	—	15,048
Stock-based awards issued	15	177,271	—	(9,569)	—	—	9,569	—	—
Tax benefit related to stock-based awards	15	—	—	347	—	—	—	—	347
Exchange of senior exchangeable notes	17	1,851,869	—	83,632	—	—	101,473	—	185,105
Tax on senior exchangeable notes		—	—	(13,427)	—	—	—	—	(13,427)
Settlement of Warrants	14	706,395	—	26,365	—	—	43,183	—	69,548
Repurchases of common shares	14	(669,649)	—	—	—	—	(61,825)	—	(61,825)
Cancellation of treasury shares		—	(21)	(40,894)	—	—	40,915	—	—
Non-controlling interest - dividend		—	—	—	—	—	—	(251)	(251)
Non-controlling interest - capital contribution		—	—	—	—	—	—	1,194	1,194
Dividends paid	14	—	—	—	(46,027)	—	—	—	(46,027)
BALANCE, December 31, 2011		47,629,472	$ 1,376	$ 87,290	$ 257,941	$ (5,512)	$ (107,406)	$ 3,752	$ 237,441

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2011 and 2010 (In thousands of USD)

	Ref.	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense		$ 97,810	$ (84,891)
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	6	22,126	21,820
Amortization	7	1,015	1,230
Equity in (earnings) loss of associates	8	(274)	(376)
Stock-based compensation	15	15,048	11,274
Finance costs	25	11,143	16,474
(Gain) loss on sale of assets	6	(487)	(176)
Gain on insurance recovery		(1,014)	—
Loss on exchange of senior exchangeable notes	17	3,327	5,753
Fair value (gains)/losses on other financial assets	10	(1,551)	(6,060)
Fair value (gains)/losses on derivative instruments	25	141,191	286,808
Changes in assets and liabilities:			
Accounts receivable	10,13	(11,827)	(20,968)
Inventories	11	(15,479)	(1,795)
Other assets		(370)	22,861
Accounts payable	10,22	11,969	11,701
Accrued expenses	10,2	1,134	2,676
Other long-term liabilities		6,747	(4,560)
Cash provided by operating activities		280,508	261,771
Interest paid		(2,308)	(566)
Income tax		(74,724)	(57,259)
Net cash provided by operating activities		203,476	203,946
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	6	(29,927)	(27,569)
Patents and other intangibles	7	(220)	(233)
Acquisitions, net of cash acquired	29	(18,821)	(9,000)
Cash in escrow	29	(2,179)	—
Proceeds from sale of assets	6	900	669
Proceeds from insurance recovery	24	1,300	—
Interest received	25	138	249
Net cash used in investing activities		(48,809)	(35,884)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	17	(348,564)	(82,251)
Proceeds from debt borrowings	17	417,426	—
Stock options exercised	14	297	346
Settlement of warrants	10	(219,451)	—
Repurchase of common shares	14	(61,825)	(92,487)
Dividends paid	14	(46,027)	(39,791)
Non-controlling interest - (dividends)/capital contributions		943	(25)
Debt financing costs	17	(2,014)	(1,019)
Net cash used in financing activities		(259,215)	(215,227)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(104,548)	(47,165)
CASH AND CASH EQUIVALENTS, beginning of year		133,880	181,045
CASH AND CASH EQUIVALENTS, end of year		$ 29,332	133,880

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a Netherlands limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and had approximately 5,000 and 5,000 employees in 2011 and 2010, respectively. We are listed on the New York Stock Exchange. These consolidated financial statements were authorized for issuance by the board of directors on May 3, 2012, and are scheduled to be adopted at the Annual Meeting of Shareholders to be held on May 16, 2012.

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description*: Encompasses the characterization of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management:* Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with Part 9 Book 2 of The Netherlands Civil Code. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. In accordance with article 402 Book 2 of The Netherlands Civil Code the income statement in the Company Financial Statements is presented in abbreviated form.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendments and interpretations to existing standards effective in 2011

The following standards, amendments, and interpretations to existing standards have been published which are mandatory for our accounting periods beginning on or after January 1, 2011 or later periods and have been applied to our financial statements:

- There are no IFRS standards or amendments or IFRIC interpretations that are effective for the first time for the financial year beginning on January 1, 2011 that have a material impact on our financial statements.
- IFRS 10, Consolidated Financial Statements (effect for annual periods beginning on or after January 1, 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. We are evaluating the potential impact of this standard to our financial statements.
- IFRS 11, Joint Arrangements (effective for annual periods beginning on or after January 1, 2013). This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. We are evaluating the potential impact of this standard to our financial statements.
- IFRS 12, Disclosures of Interests in Other Entities (effective for annual periods beginning on or after January 1, 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. We are evaluating the potential impact of this standard to our financial statements.
- IFRS 13, Fair Value Measurement (effective for annual periods beginning on or after January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS standards. We are evaluating the potential impact of this standard to our financial statements.
- IAS 27, Separate Financial Statements (effective for annual periods beginning on or after January 1, 2013). This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. We are evaluating the potential impact of this standard to our financial statements.
- IAS 28, Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2013). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. We are evaluating the potential impact of this standard to our financial statements.

Reclassifications and Revisions

Certain reclassifications were made to prior year amounts in order to conform to the current year's presentation. These reclassifications had no impact on reported net income for the year ended December 31, 2010.

Additionally, revision adjustments were made between Services Revenue and Product Sales Revenue and between Cost of Services and Cost of Product Sales in the Consolidated Income Statement for 2010 which did not affect total revenues, operating income, or net income for either period.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Core Laboratories N.V. and its subsidiaries. Subsidiaries are all entities (including special purpose entities) over which we have the power to govern the financial and operating policies generally accompanying a shareholder of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether we control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to us. They are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between consolidated companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by us. The equity method of accounting is used to record our interest in investments in which we have less than a majority interest and do not exercise control but have significant influence.

We record non-controlling interest associated with consolidated subsidiaries that are less than 100% owned.

We use the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by us. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, we recognize any non-controlling interest in the acquiree either at fair value or at the non- controlling interest's proportionate share of the acquiree's net assets.

Transactions and Non-controlling Interests

We treat transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non- controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When we cease to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an association, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if we had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which we have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Our share of the associates' post-acquisition profits or losses is recognized in the consolidated income statement. When our share of losses in an associate equals or exceeds our interest in the associate, including any other unsecured receivables, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the associate. Accounting policies of associates have been changed where necessary to ensure consistency with our policies.

Cash Flow Statement

We have prepared the cash flow statement using the indirect method. Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits and money market investment accounts. Certain non-cash transactions have been adjusted from the cash flow statement.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision- maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Foreign Currencies

Our functional and presentation currency is the U.S. Dollar ("USD") which is the currency of the primary economic environment in which we operate. All inter-company financing, transactions and cash flows of our subsidiaries are transacted in USD. Additionally, certain significant operations transact contractual business denominated in USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment, except for land which is shown at historical cost less impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on all assets, excluding land, using the straight-line method based on the estimated useful lives of the related assets as follows:

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 10 years

Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized and depreciated over their useful life. Historical cost and accumulated depreciation applicable to assets retired or sold are removed from the accounts, and any resulting gain or loss is included in operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. We review our assets for impairment when events or changes in circumstances indicate that the net book value of property, plant and equipment may not be recovered over its remaining service life. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash- generating units). The determination of fair value requires the estimation of future cash flows, and such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Assets that previously may have suffered an impairment are reviewed for possible reversal of the impairment.

Intangible Assets

Intangible assets include goodwill, patents, trademarks, and trade names and are measured at cost. Intangibles with finite lives are amortized using the straight-line method based on the estimated useful life of the intangible. Intangibles with indefinite lives, which consist primarily of corporate trade names, are evaluated for impairment annually. The useful lives of intangible assets range from three to thirty years.

We record goodwill as the excess of the purchase price over the fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting and is carried at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall investment balance. We test goodwill for impairment annually or more frequently if circumstances indicate that a potential impairment has occurred. Impairment losses on goodwill are not reversed. Goodwill is recorded in the cash-generating units expected to benefit from the business combination in which the goodwill arose. Groups of cash-generating units equivalent to the segment level reporting are used for the purpose of goodwill impairment testing. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Research expenditures are recognized in the profit and loss account as incurred. Expenses incurred for development projects are capitalized as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (i.e. it is likely that economic benefits will be realized and the expenses can be reliably estimated). Capitalized development expenses are amortized as soon as the commercial production process has commenced, with amortization being based on the estimated useful life of the asset.

Financial Instruments at Fair Value Through Profit and Loss

Derivatives are classified as financial assets or liabilities designated at fair value through profit or loss. Our derivative instruments do not qualify for hedge accounting. Changes in the fair value of the derivative instruments are recognized immediately in the income statement. Derivative liabilities consisted of an exchange option related to our exchangeable notes and a warrant on our common stock. We hold one non-derivative financial asset, certain life insurance policies, which are held at fair value. The fair value is determined by the plan administrator's actuary calculation.

Inventories

Inventories consist of manufactured goods, materials and supplies used for sales or services to clients. Inventories are stated at the lower of cost or net realizable value, and are reflected net of valuation reserves. The cost of manufactured goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs are recorded at standard cost which approximates the first-in, first-out method.

Accounts Receivable

Trade accounts receivable are recorded initially at fair value and subsequently at amortized cost, which generally equals their invoiced amounts. The terms of invoices allow 30 days for payment to be received. Invoices outstanding greater than 30 days are past due. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables or the balance becomes greater than 180 days past due (or 365 days for major oil companies, government entities or Fortune 500 size companies). Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. A provision for impairment of trade receivables is established based on our review of this information along with our current aging of client receivables outstanding. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement in Cost of Sales or Services. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the consolidated income statement in Cost of Sales or Services. Impairment testing of trade receivables is described in Note 13, Trade and Other Receivables.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits accounts. These items are carried at cost, which approximates market value.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. When we repurchase our own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to our equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to our equity holders. We revalue our common stock at the historical rate for changes in the exchange rate from the Euro par value to the reportable currency.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

The initial fair value of the liability portion of the exchangeable notes was determined using a market interest rate for an equivalent non-exchangeable note. This amount is recorded as a liability on an amortized cost basis until extinguished on exchange or maturity of the notes. The remainder of the proceeds is allocated to the exchange option.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and Deferred Income Taxes

The current income tax payable is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where we operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns.

Deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted or substantively enacted tax rates and laws in effect for the year in which the asset is recovered or the liability is settled. We include interest and penalties from tax judgments in income tax expense.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

Pensions and Other Postretirement Benefits

We operate various pension schemes and have both a defined benefit plan and defined contribution plans. One scheme is a defined benefit plan which is funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which we pay fixed contributions into a separate entity. We have no legal or constructive obligations to pay further contributions. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

We maintain a non-contributory defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. We recognize net periodic pension costs associated with this plan in income from current operations and the liability recognized in the consolidated balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. We recognize actuarial gains and losses directly in other comprehensive income in the period in which they occur. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period. The projected benefit obligation and fair value of plan assets requires the use of actuarial assumptions and estimates which are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the Currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actual results could differ from those estimates.

Furthermore, we sponsor several defined contribution plans for the benefit of our employees. For defined contribution plans, we pay contributions to trusts that invest the employer's and participants' contributions as directed by the participants in the plan. We have no further payment obligations during the period in which the contribution was made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Accruals are recognized for termination benefits which represent future payouts guaranteed to employees upon departure from the Company. These benefits are accrued as they are earned from continuous employment with the Company. The benefits for the executive officers are accrued based on the present value of the earned benefit calculated from the terms in the employment agreement with each executive officer.

Stock-Based Compensation

We issue stock-based compensation as a form of compensation for certain employees. This is accounted for under IFRS 2, "Share-Based Payment". This statement requires compensation costs related to share-based payments, including stock options, to be recognized in the consolidated income statement based on their fair values. The expense is recognized over the requisite service period of the award.

We operate a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, we revise our estimates of the number of options that are expected to vest. We recognize the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to paid- in capital when the options are exercised.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation, if the amount or time is reasonably determinable.

Trade Payables

Trade payables are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

Revenue Recognition

We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectibility is reasonably assured.

Services Revenue: We provide a variety of services to clients in the oil and gas industry. Where services are provided related to the testing and analysis of rock and fluids, we recognize revenue upon the provision of the test results or analysis to the client. For our design, field engineering and completion diagnostic services, we recognize revenue upon the delivery of those services at the well site. In the case of our consortium studies, revenue is recognized when the reservoir model solution is presented to our clients. We conduct testing and provide analysis services in support of our consortium studies recognizing revenue as the testing and analysis results are made available to our consortium members.

Product Sales Revenue: We manufacture equipment that we sell to our clients in the oil and gas well industry. Revenue is recognized when title to that equipment passes to the client, which is typically when the product is shipped to the client or picked up by the client at our facilities, as set out in the contract.

All advance payments are classified as unearned revenue until services are performed or product title is transferred. All known or anticipated losses on contracts are provided for currently.

Interest Expense / Income

Interest expense and interest income are recognized when the expense is incurred or the income is earned. The exchange feature of our Exchangeable Notes resulted in a discount which was amortized to interest expense using the effective interest method over the life of the notes.

Operational and Financial Leases

Lease contracts for which substantially all of the risks and rewards incidental to ownership of the assets does not lie with the Company are recognized as operational leases. Obligations under operational leases are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursements received from the lessor.

Earnings Per Share

We compute basic earnings per common share by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common and potential common share include additional shares in the weighted average share calculations associated with the incremental effect of dilutive employee stock options, restricted stock awards and contingently issuable shares.

3. FINANCIAL RISKS AND RISK MANAGEMENT

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates.

Price Risks

We were exposed to price risk during 2011 due to changes in value related to our Exchangeable Notes and our derivative financial instruments. The fair value of these instruments was impacted directly through a change in our stock price and indirectly through the volatility of our stock price. The exchange feature associated with the Exchangeable Notes and the warrant on our common stock were accounted for as derivative instruments and were carried in the balance sheet at fair value with changes in fair value being recorded directly to profit or loss. The changes in fair value result in volatility in our annual profit or loss that is indirectly associated with the changes in the market price of our own common stock. We monitored our position and mitigated some of our price risk through a combination of: 1) repurchasing a portion of our Exchangeable Notes when it was economically beneficial to do so, and 2) repurchasing and holding our common stock in anticipation of settlement of the Exchangeable Notes. We are currently holding 1.4 million common shares in treasury as of December 31, 2011 (we held 4.2 million at December 31, 2010). The Exchangeable Notes and the warrants were settled during 2011 eliminating the price risk going forward.

Currency Risks

We operate in a number of international areas which expose us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. Foreign exchange gains and losses are the result of fluctuations in the U.S. dollar against other currencies and are included in other (income) expense in the consolidated income statement. We recognized foreign exchange losses in countries where the USD weakened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD strengthened against the local currency and we had net monetary assets denominated in the local currency. We recognized foreign exchange gains in countries where the USD strengthened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD weakened against the local currency and we had net monetary assets denominated in the local currency. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD.

The following table summarizes the impact on our other comprehensive income and post-tax profit for the year if the US Dollar exchange rate changed by 20% against the listed currencies with all other variables held constant (in thousands):

	2011		2010	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Euro	$ 1,100	$ (1,100)	$ 200	$ (200)
Pound	210	(210)	363	(363)
Canadian dollar	1,962	(1,962)	994	(994)
Mexican peso	252	(252)	(41)	41
Venezuelan Bolivar	50	(50)	69	(69)
Ruble	227	(227)	540	(540)
Total	$ 3,801	$ (3,801)	$ 2,125	$ (2,125)

The above listed currencies represent 26% and 8% of our net monetary assets on December 31, 2011 and 2010, respectively while our position in US Dollars represents 55% and 74% of our net monetary assets on December 31, 2011 and 2010, respectively. The overall increase in our exposure to an increase or decrease in foreign exchange rates at December 31, 2011 is due to an increase in our net monetary asset position in Canadian dollars and Euros, combined with a decrease in our net monetary asset position in USD.

Interest Rate Risks

Our policy on interest rate risks is aimed to manage the net financing charges due to fluctuations in market rates of interest. We analyze our interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Our Credit Facility debt carries a variable interest rate (from LIBOR + 1.5% to LIBOR + 2.25%), and at December 31, 2011, we had $73.0 million in debt outstanding under this facility.

If LIBOR had changed by 20% with all other variables held constant, our interest expense for the year would have increased/decreased by $43 thousand.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All cash and cash equivalents are on deposit at commercial banks or investment firms with significant financial resources. Our trade receivables are with a variety of independent, international and national oil and gas companies. We consider our credit risk to be limited due to the creditworthiness and financial resources of these financial institutions and companies. We limit this risk by evaluating the credit history and credit worthiness using various credit agencies, such as Dun and Bradstreet, to determine if we should conclude transactions with the company. All new customers are required to be reviewed by our credit department who obtains independent credit reports and trade reports on the customer. If there is no independent rating, our credit department assesses the credit quality of the customer taking into account its financial position, past experience and other factors. In certain situations we will require a letter of credit before completing the sale. In addition, ongoing customers are periodically reviewed to ensure their financial position continues to warrant the extension of credit. The aim is to maintain a customer base where no one customer will account for a significant portion of our business. We evaluate our estimate of the allowance for doubtful accounts on an on-going basis throughout the year. In addition, we have re-evaluated our credit policy in respect to the current conditions of the credit market and have concluded no change is necessary. We had no clients who provided more than 10% of our revenues for the years ended December 31, 2011 and 2010. Our exposure to credit risk is the total balance of financial instruments that is not impaired which is $214.6 million and $301.6 million at December 31, 2011 and 2010, respectively.

Liquidity Risks

We maintain a credit facility that is used as needed for operational purposes with a group of commercial banks with significant financial resources that share in the amount outstanding on a pre-determined ratio. The balance that may be drawn under the credit facility was $211.7 million at December 31, 2011 and we had issued letters of credit on the credit facility for $15.3 million at December 31, 2011. No credit limits were exceeded during the reporting period.

The management of liquidity risk entails maintaining sufficient cash and marketable securities along with the availability of funding through our credit facility. Our financing policy is directed at establishing and maintaining an optimal financing structure that takes into account our current asset base and our investment program. From time to time, we seek access to the capital markets when external funding is required to the extent we need outside funding beyond our internally generated free cash flow in order to finance investments, potential acquisitions and repayment of debt. We have a revolving credit facility that matures in September 2016. In addition, we have outstanding $150.0 million of Senior Notes due 2021 and 2023 ("Senior Notes"). In addition to our repayment commitments under our credit facilities and the Senior Notes, we have non-cancelable lease arrangements under which we lease property including buildings, equipment and vehicles.

The following table summarizes our future contractual obligations under these arrangements into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2011	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations (in thousands):					
Debt	$ 292,352	$ 8,377	$ 12,180	$ 85,180	$ 186,615
Capital leases	132	57	75	—	—
Operating leases	51,223	15,674	19,910	9,341	6,298
Trade payables	57,639	57,639	—	—	—
Total contractual obligations	$ 401,346	$ 81,747	$ 32,165	$ 94,521	$ 192,913

At December 31, 2010	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations (in thousands):					
Debt	$ 156,798	$ 156,798	$ —	$ —	$ —
Operating leases	53,278	13,965	19,200	10,861	9,252
Trade payables	44,710	44,710	—	—	—
Total contractual obligations	$ 254,786	$ 215,473	$ 19,200	$ 10,861	$ 9,252

We plan on funding these obligations through existing cash balances, operating cash flows and the unused portion of our credit facility. We have no significant purchase commitments or similar obligations outstanding at December 31, 2011. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2011. Also not included in the table above are amounts for the Exchangeable Notes and warrants we sold which gave the holders the right to acquire approximately 6.6 million of our common shares once the share price exceeded a strike price of $62.16 per share. The Exchangeable Notes were exchangeable into shares of Core Laboratories N.V. under certain circumstances whereby holders received cash for the principal amount plus any amount related to fractional shares, and the excess exchange value was delivered in whole shares of Core Laboratories N.V. common stock at the completion of the valuation period as defined under our Exchangeable Note Indenture agreement. All of the Exchangeable Notes were early exchanged or reached maturity during 2011. Upon exercise of the warrants, we delivered our common shares or cash equal in value to the difference between the then market price and the strike price. All of the warrants were settled during 2011.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our share repurchase and dividend programs, issue new shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the debt to capital ratio. This ratio is calculated as debt divided by the sum of cash, debt and equity.

The debt to capital ratio at December 31, 2011 and 2010 were as follows (in thousands):

	2011	2010
Total borrowings	$ 225,419	$ 156,407
Cash and cash equivalents	29,332	133,880
Total equity	237,441	52,913
Total cash, debt and equity	$ 492,192	$ 343,200
Debt to capital ratio	46%	46%

The change in the debt to capital ratio during 2011 was due primarily to the increase in debt due to the issuance of two series of Senior Notes with an aggregate principal amount of $150 million in a private placement transaction and the increase in the balance on our Revolver by $73 million. In addition, we settled all outstanding Exchangeable Notes during 2011 by early exchange or maturity for $156.4 million in cash and 1,851,869 treasury shares of our common stock and early settled all outstanding warrants for $219.5 million in cash and 706,395 treasury shares of our common stock.

Financial Assets and Liabilities - Fair Value Estimation

The financial instruments have been summarized below (in thousands):

		2011		2010	
	Ref.	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Loan and Receivables					
Cash and cash equivalents		$ 29,332	$ —	$ 133,880	—
Trade receivables	13	167,641	—	151,926	—
Financial Instruments at Fair Value Through Profit and Loss					
Derivative financial instruments	17	—	—	—	184,039
Exchange option		—	—	—	148,873
Other financial assets		17,663	—	15,827	—
Other Financial Liabilities at Amortized Cost					
Trade payables		—	57,639	—	44,710
Other accrued expenses		—	10,261	—	9,498
Borrowings	17	—	2,344	—	146,160
Total		$ 214,636	$ 70,244	$ 301,633	$ 533,280

The Company's financial assets and liabilities which involve fair value measures relate to certain aspects of the Company's benefit plans and funding. On a recurring basis, we use the market approach to value certain assets and liabilities using significant other observable inputs (Level 2). We do not have any assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Gains and losses related to the fair value changes in the deferred compensation assets and liabilities are recorded in General and Administrative Expenses in the Consolidated Statement of Operations. The following table summarizes the fair value balances (in thousands):

	Fair Value Measurement at December 31, 2011			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Other financial assets	$ 17,663	$ —	$ 17,663	$ —
Liabilities:				
Derivative financial instruments	$ —	$ —	$ —	$ —
Exchange option	—	—	—	—

	Fair Value Measurement at December 31, 2010			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Other financial assets	$ 15,827	$ —	$ 15,827	$ —
Liabilities:				
Derivative financial instruments	$ 184,039	$ —	$ 184,039	$ —
Exchange option	148,873	—	148,873	—

Other financial assets are comprised of life insurance policies with cash surrender value which have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger.

All of our derivative instruments were carried on the balance sheet at fair value and changes in fair value were recorded directly through the income statement. All of our derivative instruments were settled during 2011. See Note 17, Borrowings for further discussions. The fair value of these instruments was calculated using a Black-Scholes model for derivative instruments. Any net gain or loss recognized was the difference in the fair value calculated using the valuation model and the value recorded in our general ledger. The significant assumptions used in determining the fair value at December 31, 2010 for the warrants and exchangeable notes equity option are as follows:

2010	**Warrant**	**Exchangeable Notes Equity Option**
Expiration date	January 25, 2012	October 31, 2011
Stock price at valuation date	$ 89.05	$ 89.05
Instrument's strike price	$ 61.59	$ 45.75
Stock volatility	19.4%	22.07%
Interest rate	0.79%	0.79%

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We evaluate our estimates on an ongoing basis and utilize our historical experience, as well as various other assumptions that we believe are reasonable in a given circumstance, in order to make these estimates. Actual results could differ from our estimates as assumptions and conditions change.

The following accounts, among others, require us to use critical estimates and assumptions:

- allowance for doubtful accounts;
- inventory reserves;
- depreciation and amortization;
- determining the fair value of financial instruments, see Note 10;
- assumptions used in determining obligations for pensions and other post-retirement benefits, see Note 21;
- determining the fair value of stock-based compensation, see Note 15;
- income taxes and non-income related taxes; and
- impairment testing of long-lived assets, intangibles and goodwill.

Accounting policies relating to these accounts and the nature of these estimates are further discussed under the applicable caption. For each of these critical estimates it is at least reasonably possible that changes in these estimates will occur in the short term which may impact our financial position or results of operations.

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use a variety of methods, including using the same Black-Scholes model that was utilized to initially value our derivative financial instruments, and make assumptions that are based on market conditions existing at each balance sheet date. Our derivative instruments are fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of our stock used in the fair value estimation, as well as the use of judgment inherent in the calculation methods used to estimate the appropriate adjustments to fair value for our derivatives. Information and input from dealers are used for long-term debt and the exchange feature and related derivative instruments. Other techniques, such as estimated discounted cash flows, were used to determine fair value for any remaining financial instruments. The Exchangeable Notes and the warrants were settled during 2011.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to us for similar financial instruments.

Pension

We maintain a non-contributory defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. As required by current accounting standards, we recognize net periodic pension costs associated with this plan in income from current operations and recognize the unfunded status of the plan, if any, as a long-term liability. In addition, we recognize as a component of other comprehensive income, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic pension cost. The projection of benefit obligation and fair value of plan assets requires the use of assumptions and estimates. Actual results could differ from those estimates. See Note 21, Pension and Other Post-retirement Benefit Plans. Furthermore, we sponsor several defined contribution plans for the benefit of our employees. We expense these contributions in the period the contribution is made.

Income Taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimated Impairment of Goodwill

We annually determine whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. We calculated the recoverable amounts at December 31, 2011 and determined that no impairment was necessary. The calculations require the use of estimates, see Note 7, Intangible Assets.

If the estimated operating margin at December 31, 2011 had been 10% lower (for example, 25.1% instead of 27.9%) than management's estimates, we would not have recognized any impairment of goodwill.

If the estimated pre-tax discount rate applied to the discounted cash flows had been 10% higher (for example, 10.1% instead of 9.2%) than management's estimates, we would have not recognized any impairment against goodwill.

If the estimated short term and long term growth rates applied to the discounted cash flows had been 50% lower (for example, 3% instead of 6% for short term and 2% instead of 4% for long term) than management's estimates, we would have not recognized any impairment against goodwill.

5. SEGMENT REPORTING

We operate our business in three reportable segments: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description*: Encompasses the characterization of petroleum reservoir rock, fluid and gas samples.
  We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

Results for these business segments are presented below. We use the same accounting policies to prepare our business segment results as are used to prepare our Consolidated Financial Statements. We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning our segments is shown in the following table (in thousands):

	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
December 31, 2011					
Revenues from unaffiliated customers	$ 469,775	$ 371,449	$ 66,424	$ —	$ 907,648
Inter-segment revenues	1,515	1,947	1,686	(5,148)	—
Segment income (loss)	117,220	113,203	22,139	635	253,197
Finance costs	—	—	—	11,143	11,143
Loss on exchange of senior exchangeable notes	—	—	—	3,327	3,327
Variance in fair value of derivative instruments (gain) loss, net	—	—	—	141,191	141,191
Share of profit (loss) of associates	274	—	—	—	274
Total assets	295,213	262,116	41,447	75,039	673,815
Capital expenditures	15,320	8,700	1,318	4,589	29,927
Intangible asset expenditures	26	678	33	4	741
Depreciation and amortization	14,007	6,372	666	2,096	23,141
December 31, 2010					
Revenues from unaffiliated customers	$ 425,829	$ 313,956	$ 54,868	$ —	$ 794,653
Inter-segment revenues	1,817	1,681	1,625	(5,123)	—
Segment income (loss)	105,225	100,557	19,423	(1,437)	223,768
Finance costs	—	—	—	16,474	16,474
Variance in fair value of derivative instruments (gain) loss, net	—	—	—	5,753	5,753
Impairment (recovery) / loss on financial instrument	—	—	—	286,808	286,808
Share of profit (loss) of associates	376	—	—	—	376
Total assets	294,594	217,764	42,355	162,269	716,982
Capital expenditures	20,495	5,066	591	1,417	27,569
Intangible asset expenditures	3	3,386	44	—	3,433
Depreciation and amortization	13,988	6,392	713	1,957	23,050

(1)"Corporate and other" represents those items that are not directly related to a particular segment and eliminations.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and intangible assets. Unallocated assets in Corporate and Other is comprised of deferred taxation and miscellaneous assets related to the corporate function.

Capital expenditures comprise additions to property, plant and equipment.

Our general and administrative costs are allocated to the segments on a proportional basis relative to each segment's costs of sales.

Geographical Segments

We are a Netherlands company and we derive our revenues from services and product sales to clients primarily in the oil and gas industry. No single client accounted for 10% or more of revenues in any of the periods presented. The following is a summary of our operations by major location for December 31, 2011 and 2010 (in thousands):

GEOGRAPHIC INFORMATION	United States	Canada	Europe	Other Countries	Consolidated
December 31, 2011					
Revenues	$ 470,600	$ 85,287	$ 160,291	$ 191,470	$ 907,648
Operating income	157,688	28,162	44,440	22,907	253,197
Non-current assets	163,452	51,456	66,760	71,679	353,347
Total assets	367,403	92,803	117,143	96,466	673,815
Capital expenditures	10,111	3,498	5,443	10,875	29,927
December 31, 2010					
Revenues	$ 406,823	$ 72,296	$ 141,278	$ 174,256	$ 794,653
Operating income	110,648	13,657	32,342	67,121	223,768
Non-current assets	145,863	47,383	82,319	55,553	331,118
Total assets	384,592	87,933	133,440	111,017	716,982
Capital expenditures	11,454	1,612	5,401	9,102	27,569

We are domiciled in The Netherlands. The revenues from external customers in The Netherlands were $44.1 million and $41.3 million for 2011 and 2010, respectively, and the total revenue from external customers from other countries are included in the table above. Operating income and total assets associated with our corporate operations have been included in the results for the United States.

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were as follows at December 31, 2011 and 2010 (in thousands):

	Land	Buildings	Machinery and Equipment	Construction In Progress	Total
At January 1, 2010					
Historical cost	$ 5,829	$ 65,364	$ 163,339	$ 6,359	$ 240,891
Accumulated depreciation	—	(26,108)	(115,999)	—	(142,107)
Net book amount	5,829	39,256	47,340	6,359	98,784
Year ended December 31, 2010					
Opening net book amount	5,829	39,256	47,340	6,359	98,784
Additions	3	997	3,557	23,012	27,569
Acquisitions	—	—	183	—	183
Disposals	—	(130)	(363)	—	(493)
Transfers	—	9,293	12,546	(21,839)	—
Depreciation expense	—	(1,825)	(19,995)	—	(21,820)
Closing net book amount	5,832	47,591	43,268	7,532	104,223
At December 31, 2010					
Historical cost	5,832	75,524	172,227	7,532	261,115
Accumulated depreciation	—	(27,933)	(128,959)	—	(156,892)
Net book amount	5,832	47,591	43,268	7,532	104,223
Year ended December 31, 2011					
Opening net book amount	5,832	47,591	43,268	7,532	104,223
Additions	797	96	5,945	23,089	29,927
Acquisitions	171	1,230	2,684	—	4,085
Disposals	—	(111)	(307)	5	(413)
Transfers	—	1,389	16,019	(17,408)	—
Other	—	—	(401)	—	(401)
Depreciation expense	—	(3,550)	(18,576)	—	(22,126)
Closing net book amount	6,800	46,645	48,632	13,218	115,295
At December 31, 2011					
Historical cost	6,800	78,079	186,585	13,218	284,682
Accumulated depreciation	—	(31,434)	(137,953)	—	(169,387)
Net book amount	$ 6,800	$ 46,645	$ 48,632	$ 13,218	$ 115,295

Machinery and equipment included in construction in progress was $9.7 million and $6.2 million for the years ended December 31, 2011 and 2010, respectively and buildings and improvements included in construction in progress was $3.5 million and $1.3 million for the years ended December 31, 2011 and 2010, respectively. The fair value of our property, plant and equipment approximates the book value. We recorded no material impairment charges related to property, plant and equipment held for use in continuing operations during the years ended December 31, 2011 and 2010.

For the years ended December 31, 2011 and 2010, depreciation expense recognized in the income statement is as follows (in thousands):

	2011	2010
Cost of sales and services	$ 20,128	$ 20,864
General and administrative	1,998	956
Total depreciation expense	$ 22,126	$ 21,820

7. INTANGIBLE ASSETS

The components of intangibles as of December 31, 2011 and 2010 are as follows (in thousands):

	Goodwill	Other Intangibles	Indefinite Life Trade Names	Total
At January 1, 2010				
Cost	$ 195,181	$ 6,708	$ 3,892	$ 205,781
Accumulated amortization	—	(5,319)	—	(5,319)
Net book amount	195,181	1,389	3,892	200,462
Year ended December 31, 2010				
Opening net book amount	195,181	1,389	3,892	200,462
Additions	—	233	—	233
Acquisitions	5,617	3,200	—	8,817
Amortization charge	—	(1,230)	—	(1,230)
Closing net book amount	200,798	3,592	3,892	208,282
At December 31, 2010				
Cost	200,798	10,141	3,892	214,831
Accumulated amortization	—	(6,549)	—	(6,549)
Net book amount	200,798	3,592	3,892	208,282
Year ended December 31, 2011				
Opening net book amount	200,798	3,592	3,892	208,282
Additions	—	220	—	220
Acquisitions	8,568	521	—	9,089
Amortization charge	—	(1,015)	—	(1,015)
Closing net book amount	209,366	3,318	3,892	216,576
At December 31, 2011				
Cost	209,366	10,883	3,892	224,141
Accumulated amortization	—	(7,565)	—	(7,565)
Net book amount	$ 209,366	$ 3,318	$ 3,892	$ 216,576

The following table summarizes the gross carrying value and the related accumulated amortization of our intangibles (except for goodwill) by significant category (in thousands):

		2011		2010	
	Original life in years	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Acquired trade secrets	3-20	$ 1,781	$ 1,706	$ 1,676	$ 1,676
Acquired patents and trademarks	5-10	3,862	2,634	3,348	2,322
Agreements not to compete	3-7	4,578	2,639	4,490	1,971
Acquired trade names	5-30	662	586	627	580
Acquired trade names	Indefinite	3,892	—	3,892	—
Total other intangibles and trade names		$ 14,775	$ 7,565	$ 14,033	$ 6,549

For the years ended December 31, 2011 and 2010, $1.0 million and $1.2 million of amortization expense was recognized in general and administrative costs in the income statement, respectively.

Impairment

Certain intangibles, primarily related to trade names, are deemed to have an indefinite life and are not amortized. These assets are specific trade names which have been determined will be used and provide future cash flows indefinitely. These intangibles are held by the Company and are included in an impairment analysis. We performed this impairment testing at December 31, 2011 assuming an average gross margin of 30%, an average growth rate of approximately 6% and a discount rate of 9.2% and no impairment was indicated. Therefore, no impairment losses were recorded or reversed in 2011 or 2010.

We monitor or test goodwill for impairment annually or more frequently if circumstances indicate a potential impairment. For purposes of this test, we group our CGU to a level equivalent to our reportable segments, and compare the recoverable amount of CGU groupings to their net carrying value. The recoverable amount is determined by estimating the present value of projected future cash flows discounted using our weighted average cost of capital. We performed this impairment testing at December 31, 2011 and no impairment was indicated at that time. In 2010, we re-assessed the appropriateness of the impairment test done in 2008 and considering the limited changes in CGU assets and liabilities, the exceeding carrying amount of our CGU, and no significant events, no impairment was recorded in 2010.

Goodwill is recorded in our reportable segments as follows (in thousands):

	2011	2010
Reservoir Description	$ 99,368	$ 99,368
Production Enhancement	91,754	83,186
Reservoir Management	18,244	18,244
Total goodwill	$ 209,366	$ 200,798

The key assumptions used for the impairment calculation at December 31, 2011 are as follows:

	Reservoir Description	Production Enhancement	Resevoir Management
Gross margin (1)	23%	33%	30%
Growth rate (2)	6%	6%	2.5%
Terminal growth rate (3)	4%	4%	4%
Discount rate (4)	9.2%	9.2%	9.2%

(1) Budgeted gross margin

(2) Average growth rate used for the next 5 years to extrapolate cash flows beyond the budget period

(3) Average growth rate used to calculate a terminal value beyond 5 years

(4) Weighted average cost of capital is used as the discount rate applied to the cash flow projections

These assumptions have been used for the analysis for each CGU grouping. Management determined the budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax. We used cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the first year are extrapolated using the estimated growth rates stated above. For sensitivity analysis, see the Estimated Impairment of Goodwill section in Note 4, Critical Accounting Estimates and Assumptions.

8. ASSOCIATES

The investments in associates comprise the financial information of the following companies:

Name	Legal Seat	Ownership Percentage
Saybolt Tunisie	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd	Saudi Arabia	45%
Saybolt MED	Tunis, Tunisia	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	China	50%
Saybolt Maroc (1)	Morocco	49%

(1) Our investment in Saybolt Maroc comes through our investment in Saybolt Tunisie

These associates are not consolidated since we do not exercise decisive control over their operations. For Saybolt Saudi Arabia Co., Ltd, we share in the profit at 45%, however, we are responsible for 100% of the losses. At December 31, 2011, we had total receivables from these associates of $24.0 thousand and total payables to these associates of $123.3 thousand.

Associates consisted of the following (in thousands):

	Assets	Liabilities	Revenues	Profit / (Loss)
2011				
Saybolt Tunisie [1]	$ 458	$ 119	$ 618	$ (8)
Saybolt Saudi Arabia Co., Ltd	1,161	414	1,347	281
Saybolt MED	395	76	501	(5)
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	498	—	—	—
2010				
Saybolt Tunisie [1]	$ 495	$ 100	$ 669	$ 80
Saybolt Saudi Arabia Co., Ltd	904	483	1,076	271
Saybolt MED	412	56	837	184
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	222	17	5	(51)

(1) includes results from Saybolt Maroc

Our share of income/(loss) from our non-consolidated associates consisted of (in thousands):

	2011	2010
Beginning of the year	$ 695	$ 319
Dividends	—	—
Share of income/(loss)	274	376
End of the year	$ 969	$ 695

9. DEFERRED INCOME TAXES

Deferred tax assets and liabilities result from various temporary differences between the financial statement carrying amount and their tax basis. Deferred tax assets and liabilities as of December 31, 2011 and 2010 are summarized as follows (in thousands):

	2011	2010
Deferred tax assets:		
Deferred income tax asset to be recovered within 12 months	$ 15,494	$ 12,540
Deferred income tax asset to be recovered after more than 12 months	34,643	33,591
Net deferred tax asset	50,137	46,131
Deferred tax liabilities:		
Deferred income tax liability to be recovered within 12 months	(9,687)	(2,952)
Deferred income tax liability to be recovered after more than 12 months	(9,862)	(6,371)
Total deferred tax liabilities	(19,549)	(9,323)
Net deferred income tax assets, net	$ 30,588	$ 36,808

The gross movement on the deferred income tax account is as follows:		
Beginning of year	$ 36,808	$ 32,510
Income statement charge	(10,446)	3,358
Balance sheet reclass	—	—
Charges to other comprehensive income and equity	4,226	940
End of year	$ 30,588	$ 36,808

The movement in deferred income tax assets and liabilities during the year, taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Assets

	Tax Losses	Tax Credits	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2010	$ 79	$ 8,726	$ 8,323	$ 10,265	$ 29,069	$ 5,840	$ 62,302
Charged/(credited) to income statement	390	(1,156)	9,850	(1,820)	(28,989)	4,614	(17,111)
Charged to other comprehensive income and equity	—	—	940	—	—	—	940
December 31, 2010	469	7,570	19,113	8,445	80	10,454	46,131
Charged/(credited) to income statement	(469)	(2,088)	(2,347)	(1,134)	(80)	5,573	(545)
Balance sheet reclass	—	—	—	—	—	—	—
Charged to other comprehensive income and equity	—	—	2,376	—	—	2,175	4,551
December 31, 2011	$ —	$ 5,482	$ 19,142	$ 7,311	$ —	$ 18,202	$ 50,137

Deferred Tax Liabilities

	Intangibles	Tangible Fixed Assets	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2010	$ (227)	$ 3,001	$ —	$ —	$ (28,965)	$ (3,601)	$ (29,792)
Charged/(credited) to income statement	31	609	—	—	28,965	(9,136)	20,469
Charged to other comprehensive income and equity	—	—	—	—	—	—	—
December 31, 2010	(196)	3,610	—	—	—	(12,737)	(9,323)
Charged/(credited) to income statement	(1,977)	(6,813)	—	—	—	(1,111)	(9,901)
Charged to other comprehensive income and equity	—	—	—	—	—	(325)	(325)
December 31, 2011	$ (2,173)	$ (3,203)	$ —	$ —	$ —	$ (14,173)	$ (19,549)

At December 31, 2011, we had net operating loss carry-forwards for income tax purposes in various tax jurisdictions of approximately $29.4 million. Of those carry-forwards that are subject to expiration, they will expire, if unused, $5.0 million in 2012, $2.9 million in 2013, $5.9 million in 2014, $3.7 million in 2015, $6.8 million in 2016-2018, and $4.9 million in 2019-2025. We currently do not believe the tax benefit will be realized; as such we have not recognized a deferred tax asset.

10. OTHER FINANCIAL ASSETS

Other financial assets are comprised of life insurance policies with cash surrender value which have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger.

11. INVENTORIES

Inventories consisted of the following at December 31, 2011 and 2010 (in thousands):

	2011	2010
Finished goods	$ 32,604	$ 24,476
Parts and materials	18,004	6,727
Work in progress	2,606	2,776
Inventories, net	$ 53,214	$ 33,979

The cost of inventories recognized as expense and included in Cost of Sales was $115.3 million and $86.8 million for the years ended December 31, 2011 and 2010, respectively. We include freight costs incurred for shipping inventory to our clients in the Cost of Sales caption in the accompanying consolidated income statement. The balances above are net of valuation reserves of $2.9 million and $1.9 million at December 31, 2011 and 2010, respectively.

12. PREPAID AND OTHER CURRENT ASSETS AND INCOME TAX RECEIVABLE

Prepaid expenses and other current assets are comprised primarily of income tax receivable, prepaid insurance, value added taxes and rents.

Income tax receivable relates to estimated tax pre-payments made in excess of actual tax liabilities. These receivables are due back as refunds from the respective taxing authorities.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following at December 31, 2011 and 2010 (in thousands):

	2011	2010
Trade receivables	$ 167,641	$ 151,926
Other receivables	6,926	6,196
Total receivables	174,567	158,122
Less - valuation reserves	3,762	3,396
Receivables, net	$ 170,805	$ 154,726

The carrying value of trade and other receivables approximates their fair values at December 31, 2011 and 2010.

Trade receivables that are past due 180 days for customers, are considered impaired. However, for major or national oil companies, government entities, or Fortune 500 size companies, trade receivables are not considered impaired until they are past due greater than 365 days. As of December 31, 2011 and 2010 we had $1.8 million and $2.0 million, respectively, that were 180 days past due but not impaired. As of December 31, 2011 and 2010 there were no receivables that were 365 days past due but not impaired. The amount of the provision for impaired receivables was $3.8 million and $3.4 million for 2011 and 2010 , respectively. The impaired receivables related to receivables that met the criteria to be considered impaired according to our policy. The aging analysis of these receivables is as follows (in thousands):

	Not Impaired		Impaired	
	2011	2010	2011	2010
Not past due	$ 93,282	$ 86,213	$ —	$ —
Up to 180 days past due	68,802	60,351	—	—
180 to 365 days past due	1,795	1,966	1,907	1,743
Over 365 days past due	—	—	1,855	1,653
Total	$ 163,879	$ 148,530	$ 3,762	$ 3,396

The carrying amount of our trade and other receivables are denominated in the following currencies (in thousands):

	2011	2010
US dollar	$ 107,020	$ 90,219
Euro	16,299	7,506
Pound	8,260	4,593
Canadian dollar	23,431	18,652
Ruble	4,279	1,811
Other currencies	15,278	35,341
Total	$ 174,567	$ 158,122

Movements in the allowance on trade receivables are as follows (in thousands):

	2011	2010
At January 1,	$ 3,396	$ 3,202
Provision for receivable impairment (recoveries)	254	1,444
Receivables written off as uncollectible	(281)	(928)
Other [1]	393	(322)
At December 31,	$ 3,762	$ 3,396

(1) Comprised primarily of differences due to changes in the exchange rate.

The additions to and recoveries from provisions for impaired receivables have been included in Cost of Sales or Services in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering any of the outstanding balance.

The other classes of receivables within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. We do not hold any collateral as security on receivables.

14. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2011 amounts to EUR 4 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each.

Issued and paid in share capital amounts to $88.7 million and consists of 49,037,806 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $107.4 million and consists of 1,408,334 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2011 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2011	49,739,912	4,218,726	45,521,186
Issue of ordinary shares	—	(219,671)	219,671
Issue of ordinary shares for exchange of Notes	—	(1,851,869)	1,851,869
Issue of ordinary shares for exchange of warrants	—	(706,395)	706,395
Cancellation of treasury shares	(702,106)	(702,106)	—
Repurchased own shares	—	669,649	(669,649)
Balance at December 31, 2011	49,037,806	1,408,334	47,629,472

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On May 19, 2011 at our annual shareholder's meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until November 19, 2012. The shareholders authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which could only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they became due or pursuant to our warrants. The cancellation of shares had also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2011, we have repurchased 33,123,122 shares for an aggregate purchase price of approximately $788.0 million, or an average price of $23.79 per share and have cancelled 27,537,600 shares at a cost of $466.2 million. During the twelve months ended December 31, 2011, we repurchased 669,649 of our common shares for $61.8 million, at an average price of $92.32 per share which included rights to 50,177 shares valued at $5.1 million, or $102.29 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 104,279 shares at a total cost of approximately $12.9 million.

At the annual meeting of shareholders on May 19, 2011, the shareholders approved the cancellation of 702,106 shares of our common stock then held as treasury stock. These treasury shares were cancelled on September 2, 2011, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

For the year ended December 31, 2011, we issued out of treasury stock 42,400 shares relating to the exercise of stock options, 177,271 shares relating to the vesting of restricted stock, 1,851,869 shares for the early exchange of $156.4 million of our Exchangeable Notes and 706,395 shares for the early settlement of our warrants.

Dividends

Cash dividends of $0.06 per share were paid in February, May, August and November of 2010. Cash dividends of $0.25 per share were paid in February, May, August, and November of 2011. In addition, a special cash dividend of $0.65 per share was paid in August 2010. The total dividends paid in 2011 were $46.0 million. On February 24, 2012, we increased our dividend and paid a quarterly dividend of $0.28 per share of common stock to shareholders of record on January 24, 2012.

The declaration and payment of future dividends will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. Dividend distributions to be paid to shareholders are recognized as a liability in the Balance Sheet in the period in which they are declared but not paid.

Because we are a holding company that conducts substantially all of our operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

Other Reserves

Other Reserves is comprised of adjustments directly to other comprehensive income.

	Pension	Translation	Total
Balance at January 1, 2010	$ (5,470)	$ 219	$ (5,251)
Pension adjustment	392	—	392
Currency translation adjustment	—	(406)	(406)
Balance at December 31, 2010	(5,078)	(187)	(5,265)
Pension adjustment	(175)	—	(175)
Currency translation adjustment	—	(72)	(72)
Balance at December 31, 2011	$ (5,253)	$ (259)	$ (5,512)

15. STOCK-BASED COMPENSATION

We have granted stock options and restricted stock awards under two stock incentive plans: the 2007 Long-Term Incentive Plan (the "Plan") and the 2006 Nonemployee Director Stock Incentive Plan (the "Director Plan "). Awards under the following two compensation programs have been granted pursuant to the Plan: (1) the Performance Share Award Program ("PSAP") and (2) the Restricted Share Award Program ("RSAP").

Since the inception of the Plan in 1995 until 2001, we awarded stock options as the primary form of equity compensation. In 2001, we reassessed the form of award and elected to begin the use of restricted share grants which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas stock options may have limited perceived value and may not be as affective in retaining and motivating employees when the current value of our stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares as no stock options were granted during 2011.

We issue shares from either treasury stock or authorized shares upon the exercise of options or lapsing of vesting restrictions on restricted stock. We have issued 42,400 shares and 177,271 shares out of treasury stock relating to the exercise of stock options and the vesting of restricted stock, respectively. The average share price on the dates that the options were exercised or the awards vested was $99.53 and $102.12, respectively. We do not use cash to settle equity instruments issued under stock- based compensation awards.

Compensation expense is recorded at the grant date fair value of the shares expected to vest. Grant date fair value is calculated as the closing price on the date of the grant adjusted down by the discounted value of the dividends expected to be paid over the life of the grant. The shares expected to vest takes into account the expected forfeiture rate.

2007 Long-term Incentive Plan

On April 2, 2007, the 1995 Long-Term Incentive Plan was amended, restated and renamed as the 2007 Long-Term Incentive Plan. The primary changes effected by the 2007 amendment and restatement was to (a) extend the period during which awards may be granted under the Plan to February 13, 2017, (b) require all stock options awarded under the Plan to have an exercise price per share that is at least equal to the fair market value of a common share as of the date of grant of the option (subject to adjustment under certain circumstances, such as upon a reorganization, stock split, recapitalization, or other change in our capital structure), (c) provide that stock appreciation rights may be granted under the Plan, (d) prohibit the repricing of stock options awarded under the Plan, (e) provide that no amendment to the Plan that would require shareholder approval pursuant to the requirements of the New York Stock Exchange or any exchange on which we are listed will be effective prior to approval of our shareholders, and (f) expand the performance goals enumerated under the Plan upon which restricted share awards may be based. The amendment and restatement of the Plan does not increase the number of common shares subject to the Plan. The Plan provides for a maximum of 10,800,000 common shares to be granted to eligible employees. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the PSAP and RSAP. We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success over a longer time horizon by personally benefiting through the ownership of our common shares and/or rights. At December 31, 2011, approximately 598,574 shares were available for the grant of new awards under the Plan.

Performance Share Award Program

On April 1, 2010, certain executives were awarded rights to receive an aggregate of 90,000 common shares if our calculated return on invested capital ("ROIC"), as defined in the PSAP, is in the top decile of the Bloomberg Peer Group at the end of the three year performance period, which began on January 1, 2010 and ends on December 31, 2012. Unless there is a change in control as defined in the PSAP, none of these awards will vest if the specified performance target is not met as of the last day of the performance period. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $5.8 million over a 33-month period that began on April 1, 2010, of which $2.1 million and $1.6 million has been recognized in 2011 and 2010, respectively. The unrecognized compensation expense is expected to be recognized over an amortization period of 12 months.

On April 1, 2011, certain executives were awarded rights to receive an aggregate of 86,207 common shares if our calculated return on invested capital ("ROIC"), as defined in the PSAP, is in the top decile of the Bloomberg Peer Group at the end of the three year performance period, which began on January 1, 2011 and ends on December 31, 2013. Unless there is a change in control as defined in the PSAP, none of these awards will vest if the specified performance target is not met as of the last day of the performance period. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $8.7 million over a 33-month period that began on April 1, 2011, of which $2.4 million has been recognized in 2011. The unrecognized compensation expense is expected to be recognized over an amortization period of 24 months.

Restricted Share Award Program

In 2004, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors approved the RSAP to attract and retain the best employees, and to better align employee interests with those of our shareholders. Under this arrangement we have awarded grants totaling 95,760 shares in 2011. Each of these grants awarded in 2011 has a vesting period of principally six years and vests ratably on an annual basis. There are no performance accelerators for early vesting for these awards. Awards under the RSAP are classified as an equity award and recorded at the grant-date fair value and the compensation expense is being recognized over the expected life of the award. As of December 31, 2011, there was $19.1 million of unrecognized total stock-based compensation relating to nonvested RSAP awards. The unrecognized compensation expense is expected to be recognized over an estimated weighted-average amortization period of 50 months. We have recognized compensation expense of $10.6 million and $8.9 million in 2011 and 2010, respectively. We have recognized a tax benefit from the vesting of the RSAP of $0.3 million in 2011.

2006 Nonemployee Director Stock Incentive Plan

The Director Plan provides common shares for grant to our eligible Supervisory Directors. The maximum number of shares available for award under this plan is 1,400,000 common shares. On June 28, 2006, the 1995 Nonemployee Director Stock Option Plan was amended, restated and renamed as the 2006 Nonemployee Director Stock Incentive Plan. The primary change effected by the 2006 amendment was to eliminate the automatic, formula grant of stock options under the prior plan and to replace that formula approach with the discretionary right of the Supervisory Board to grant stock options, restricted shares, or any combination thereof. Only nonemployee Supervisory Directors are eligible for these equity-based awards under the Director Plan. As of December 31, 2011, approximately 576,134 shares were available for issuance under the Director Plan.

Performance Share Award Program

On July 15, 2008, we awarded rights relating to an aggregate of 8,904 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2008 and ended on July 15, 2011. The performance target for this award was based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equaled or exceeded the pre-determined target ROE of 200% at the end of the three-year performance period. If our ROE for the performance period did not meet the target ROE but equaled or exceeded 160%, then the number of shares to be issued would be interpolated based on the terms of the agreement. This arrangement was recorded as an equity award that required us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2008, of which, $0.2 million and $0.2 million were recognized in 2011 and 2010, respectively. In July 2011, it was determined that the vesting criteria were not met and all shares were forfeited, resulting in a credit of $0.6 million in compensation expense being taken during 2011.

On July 15, 2009, we awarded rights relating to an aggregate of 13,884 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2009 and ends on July 15, 2012. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the returns earned by members of the S&P 500 Oil & Gas Equipment & Services index, with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2009, of which, $0.2 million and $0.2 million has been recognized in 2011 and 2010, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 7 months.

On April 1, 2010, we awarded rights relating to an aggregate of 9,180 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on January 1, 2010 and ends on December 31, 2012. The performance target for this award is based on a calculated ROIC, as defined in the agreement, with full vesting occurring if our ROIC is in the top decile of the Bloomberg Peer Group at the end of the performance period. Unless there is a change in control, as defined in the PSAP, none of the awards will vest if the specified performance target is not met as of the last day of the performance period. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a 33-month period that began on April 1, 2010, of which, $0.2 million and $0.2 million has been recognized in 2011 and 2010, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 12 months.

On April 1, 2011, we awarded rights relating to an aggregate of 8,814 RSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the vesting period began on January 1, 2011 and ends on December 31, 2013. On May 31, 2011, we awarded rights relating to 1,469 RSAP shares under the Director Plan to our newly elected Supervisory Director for which the vesting period began on January 1, 2011 and ends on December 31, 2013. The awards will vest on December 31, 2013 without performance criteria. These arrangements are recorded as an equity award that requires us to recognize compensation expense totaling $0.8 million over a 33-month period that began on April 1, 2011, of which, $0.2 million has been recognized in 2011. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 27 months.

Nonvested restricted share awards as of December 31, 2011 and changes during the year were as follows:

	2007 Long-term Incentive Plan		2006 Nonemployee Director Stock Incentive Plan	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value

Nonvested at December 31, 2009	702,700	$	45.08	46,788	$	52.24
Granted	232,070	$	78.46	9,180	$	65.40
Vested	(162,198)	$	43.12	(24,000)	$	51.82
Forfeited	(14,050)	$	45.30	—		
Nonvested at December 31, 2010	758,522	$	55.70	31,968	$	56.34
Granted	181,967	$	106.15	10,283	$	100.59
Vested	(177,255)	$	48.08	—		
Forfeited	(22,032)	$	82.31	(8,904)	$	67.42
Nonvested at December 31, 2011	741,202	$	69.12	33,347	$	67.03

The fair value of the nonvested restricted stock awards at December 31, 2011 was $88.3 million.

Stock Options

The following table presents the change in outstanding stock options under the Plan and the Director Plan for the years ended December 31, 2011 and 2010. All options outstanding at December 31, 2011 are fully vested.

	Shares	Range of Exercise Prices		Weighted Average Exercise Price
Balance at December 31, 2009	103,672	$ 4.42 - 12.5	$	7.24
Options granted	—	—		—
Options exercised	(46,230)	4.42 - 11.50		7.5
Options forfeited	(2,000)	9.69		9.69
Balance at December 31, 2010	55,442	$ 4.42 - 12.50		6.93
Options granted	—	—		—
Options exercised	(42,400)	4.75 - 8.05		6.98
Options forfeited	—	—		—
Balance at December 31, 2011	13,042	$ 4.42 - 12.50	$	6.77

The fair value of the outstanding stock options at December 31, 2011 was $1.5 million. All stock options expire 10 years from date of grant. The weighted average life remaining for the stock options outstanding at December 31, 2011 was 1.7 years. The following table presents the amount of stock options set to expire in the respective years.

Year	Number of Options
2012	1,042
2013	8,000
2014	2,000
2015	2,000

The total intrinsic value of options exercised during 2011 and 2010 were $4.0 million and $2.7 million, respectively.

For the years ended December 31, 2011 and 2010, stock-based compensation expense recognized in the income statement is as follows (in thousands):

		2011		2010
Cost of sales and services	$	9,500	$	7,040
General and administrative		5,548		4,239
Total stock-based compensation expense	$	15,048	$	11,279

16. PREFERENCE SHARES

We have 6,000,000 preference shares authorized by our shareholders with a par value of EUR 0.02. At both December 31, 2011 and 2010, there were zero preference shares issued or outstanding.

17. BORROWINGS

In 2006, Core Laboratories LP, an entity 100% indirectly owned by Core Laboratories N.V., issued $300 million aggregate principal amount of Senior Exchangeable Notes due October 31, 2011 to qualified institutional buyers. The Notes bore interest at a rate of 0.25% per year paid on a semi-annual basis and were fully and unconditionally guaranteed by Core Laboratories N.V. The Notes were exchangeable into shares of Core Laboratories N.V. under certain circumstances. Upon exchange, holders received cash for the principal amount plus any amount related to fractional shares, and any excess exchange value was delivered in whole shares of Core Laboratories N.V. common stock at the completion of the valuation period as defined under our Exchangeable Note Indenture agreement. The exchange component was separated from the note and recorded as a derivative with fair value changes through the income statement. The note without the exchange option was initially recorded at fair value and subsequently stated at amortized cost. The initial fair value was calculated using a market interest rate for an equivalent non-exchangeable note. At December 31, 2010, $156.4 million of the Exchangeable Notes were outstanding and trading at 197% of their face value. All of the Exchangeable Notes were early exchanged or matured during 2011.

Debt at December 31, 2011 and 2010 is summarized in the following table (in thousands):

	2011	2010
Face value of the exchangeable notes	$ —	$ 156,407
Discount on exchangeable notes	—	(8,864)
Net value of exchangeable notes	—	147,543
Senior Notes	150,000	—
Credit facility	73,000	—
Capital lease obligations	132	—
Other indebtedness	2,287	—
Deferred debt acquisition costs	(2,597)	(1,383)
Borrowings, net	$ 222,822	$ 146,160

The exchange option recorded in the consolidated balance sheet is as follows (in thousands):

	2011	2010
Exchange option at January 1	$ 148,873	$ 78,446
Fair value changes (note 25)	36,232	140,314
Exchange option exercised during year	(185,105	(69,887
Exchange option at December 31	$ —	$ 148,873

The warrant recorded in the consolidated balance sheet is as follows (in thousands):

	2011	2010
Warrant at January 1	$ 184,039	$ 37,545
Fair value changes (note 25)	104,959	146,494
Warrant settled during year	(288,998	—
Warrant at December 31	$ —	$ 184,039

Under the terms of our Exchangeable Notes the early exchange option for the holders of our Exchangeable Notes was enabled during 2011, as it was in the last three quarters of 2010. We received 142 requests during 2011 and 21 requests during 2010 to exchange 156,301 and 82,251 Exchangeable Notes, respectively, which were settled during 2011 and 2010 for $156.3 million and $82.3 million in cash, respectively, and 1,851,869 and 808,367 shares, respectively, of our common stock, all of which were treasury shares. As a result, the related fair value of the exchange option of $185.1 million and $69.9 million, in 2011 and 2010, respectively, which was included in the balance sheet at the date of exchange, was reclassified to equity and the related amortized cost value of the note of $153.1 million and $76.5 million, in 2011 and 2010, respectively, was extinguished resulting in a loss of $3.3 million and $5.8 million in 2011 and 2010, respectively. This loss is separately disclosed on the Consolidated Income Statement. We recognized the change in the fair value of the Exchangeable Notes through our profit and loss accounts immediately prior to the settlement upon early exchange or maturity, recognizing a loss during the year ended December 31, 2011 of $36.2 million. The remaining 106 Exchangeable Notes matured and were settled for $0.1 million in cash.

In 2006, we sold warrants on our common shares that gave the holders the right to acquire up to 6.6 million of our common shares with an initial 20-day settlement period beginning in December 2011 through January 2012. The warrant agreement called for the net value of these warrants to be settled with whole shares of Core Laboratories N.V. common stock, with fractional shares being settled with cash. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and recognized subsequent changes in fair value in the consolidated income statement. The fair value of the warrants was $184.0 million at December 31, 2010.

During 2011, the settlement of all of the warrants was accelerated through a series of agreements with the holder of the warrants. The warrants were settled in four substantially equal 20-day tranches during May, June, August and September of 2011. In each of the four tranches, the exercise price was adjusted based on the daily volume weighted average price of our common stock. These agreements gave us the option of settling in either cash or our common stock. We recognized the change in the fair value of the warrants through our profit and loss accounts immediately prior to settlement, recognizing a loss during the year ended December 31, 2011 of $105.0 million. During the year ended December 31, 2011, we settled all 6.6 million warrants at an average exercise price of $59.84 for $219.5 million in cash and 706,395 shares of our treasury stock.

In September 2011, we issued two series of senior notes with an aggregate principal amount of $150.0 million in a private placement transaction. Series A consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.01% and are due in full on September 30, 2021. Series B consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.11% and are due in full on September 30, 2023. Interest on each series of the Senior Notes is payable semi-annually on March 30 and September 30.

We maintain a revolving credit facility (the "Credit Facility") that allows for an aggregate borrowing capacity of $300 million. The Credit Facility also provides an option to increase the commitment under the Credit Facility to $350 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 1.5% to a maximum of LIBOR plus 2.25%. Any outstanding balance under the Credit Facility is due in September 28, 2016 when the Credit Facility matures. Interest payment terms are variable depending upon the specific type of borrowing under this facility. Our available capacity at any point in time is reduced by borrowings outstanding at the time and outstanding letters of credit and performance guarantees and bonds which totaled $15.3 million at December 31, 2011, resulting in an available borrowing capacity under the Credit Facility of $211.7 million. In addition to those items under the Credit Facility, we had $11.7 million of outstanding letters of credit and performance guarantees and bonds from other sources at December 31, 2011.

The terms of the Credit Facility and Senior Notes require us to meet certain financial covenants, including, but not limited to, certain operational and minimum equity and cash flow ratios. We believe that we are in compliance with all such covenants. Certain of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility and Senior Notes.

Other indebtedness includes approximately $2.3 million of debt incurred relating to the financing of our corporate insurance. The carrying amounts of our borrowings are denominated in US Dollars.

18. INCOME AND OTHER TAX PAYABLE

Long-term income tax payable relates to tax exposures for tax obligations including potential interest and penalties in various taxing jurisdictions. Short-term income tax payable relates to tax obligations in various tax jurisdictions.

Other taxes payable relates to various local non-income tax obligations.

19. UNEARNED REVENUE

We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectibility is reasonably assured.

Services Revenue: We provide a variety of services to clients in the oil and gas industry. Where services are provided related to the testing and analysis of rock and fluids, we recognize revenue upon the provision of the test results or analysis to the client. For our design, field engineering and completion diagnostic services, we recognize revenue upon the delivery of those services at the well site. In the case of our consortium studies, revenue is recognized when the reservoir model solution is presented to our clients. We conduct testing and provide analysis services in support of our consortium studies recognizing revenue as the testing and analysis results are made available to our consortium members.

Product Sales Revenue: We manufacture equipment that we sell to our clients in the oil and gas well industry. Revenue is recognized when title to that equipment passes to the client, which is typically when the product is shipped to the client or picked up by the client at our facilities, as set out in the contract.

All advance payments are classified as unearned revenue until services are performed or product title is transferred. All known or anticipated losses on contracts are provided for currently.

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The components of provisions for 2011 are as follows (in thousands):

	Termination Benefits	Deferred Compensation	Pension	Other	Total
At January 1, 2011	$ 8,750	$ 21,242	$ 4,866	$ 1,941	$ 36,799
Charged / (credited) to the income statement:					
Additional provisions	1,604	8,003	637	1,698	11,942
Used during the year	(503)	(5,129)	—	(605)	(6,237)
At December 31, 2011	$ 9,851	$ 24,116	$ 5,503	$ 3,034	$ 42,504

Termination Benefits
Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $6.0 million at December 31, 2011. The remaining $3.8 million balance is for the non-executive employees of the Company. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Deferred Compensation
Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Pension
The unfunded pension liability as of December 31, 2011was $5.5 million. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Other
Other provisions consist of amounts accrued related to claims from clients, and amounts due under certain service agreements and contractual commitments.

Claims from clients occur from disputes that may arise from the providing of services. These are investigated and resolved once a determination is made. The timing of any potential settlement varies for each claim.

21. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Defined Benefit Plan

We provide a noncontributory defined benefit pension plan covering substantially all of our Dutch employees ("Dutch Plan") who were hired prior to 2007 based on years of service and final pay or career average pay, depending on when the employee began participating. Employees are immediately vested in the benefits earned. We fund the future obligations of the Dutch Plan by purchasing investment contracts from a large multi-national insurance company. The investment contracts are purchased annually and expire after five years. Each year, as a contract expires, it is replaced with a new contract that is adjusted to include changes in the benefit obligation for the current year and redemption of the expired contract. We make annual premium payments, based upon each employee's age and current salary, to the insurance company. The costs related to the Dutch Plan are included in Cost of Services on the consolidated income statement.

The following table summarizes the change in the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2011 and 2010 (in thousands):

	2011	2010
Defined Benefit Obligation:		
Defined benefit obligation at beginning of year	$ 30,888	$ 29,699
Service cost	1,352	1,225
Interest cost	1,743	1,424
Benefits paid	(676)	(503)
Administrative expenses	(185)	(269)
Actuarial (gain)/ loss, net	2,021	1,565
Unrealized (gain)/ loss on foreign exchange	(839)	(2,253)
Defined benefit obligation at end of year	$ 34,304	$ 30,888
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	$ 26,022	$ 24,640
Expected return on plan assets	752	451
Actuarial gain (loss) on plan assets	1,616	1,547
Employer contributions	1,919	2,026
Benefits paid	(676)	(503)
Administrative expenses	(185)	(269)
Unrealized gain (loss) on foreign exchange	(647)	(1,870)
Fair value of plan assets at end of year	$ 28,801	$ 26,022
Over (under)-funded status of the plan at end of the year	$ (5,503)	$ (4,866)
Accumulated Benefit Obligation	$ 28,998	$ 25,908

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligation at December 31, 2011 and 2010:

	2011	2010
Weighted average assumed discount rate	5%	5.4%
Weighted average rate of compensation increase	3%	3%
Future pension increase	2%	2%

The discount rate used to determine our projected benefit obligation at December 31, 2011 was decreased from 5.4% to 5%. The decrease in the discount rate was consistent with a general decrease in interest rates in Europe for AAA-rated long-term Euro corporate bonds.

The components of net periodic pension cost under this plan for the years ended December 31, 2011 and 2010 included:

	2011	2010
Service cost	$ 1,352	$ 1,225
Interest cost	1,743	1,424
Expected return on plan assets	(752)	(451)
Net periodic pension cost	$ 2,343	$ 2,198

The net periodic pension cost of $2.3 million and $2.2 million for the years ended December 31, 2011 and 2010, respectively was recognized in Cost of Services in the consolidated Income statement.

This net periodic pension cost was calculated using the following assumptions:

	2011	2010
Weighted average assumed discount rate	5.4%	5.25%
Expected long-term rate of return on plan assets	5.4%	5.25%
Weighted average rate of compensation increase	3%	3%

Plan assets at December 31, 2011 and 2010 consisted of insurance contracts with returns comparable with governmental debt securities. Our expected long-term rate of return assumptions are based on the average yield on government bonds in the Netherlands. Dutch law dictates the minimum requirements for pension funding. Our goal is to meet these minimum funding requirements, while our insurance carrier invests to minimize risks associated with future benefit payments.

Our 2012 minimum funding requirements are expected to be approximately $1.6 million. Our estimate of future annual contributions is based on current funding requirements, and we believe these contributions will be sufficient to fund the plan.

	2011	2010	2009	2008	2007
Defined benefit obligation	$ 34,304	$ 30,888	$ 29,699	$ 24,610	$ 24,352
Plan assets	28,801	26,022	24,640	21,187	27,136
Surplus/(deficit)	(5,503)	(4,866)	(5,059)	(3,423)	2,784
Experience adjustments on plan liabilities	(169)	326	835	28	78
Experience adjustments on plan assets	1,616	1,547	234	334	933

Expected benefit payments under this plan for the next five years are as follows (in thousands):

2012	949
2013	1,045
2014	1,140
2015	1,160
2016	1,279

Mortality rate
Assumptions regarding future mortality experience are set based on advice, published statistics and experience in The Netherlands.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date, is as follows:

	2011	2010
Male	20.7	20.7
Female	24.0	24.0

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2011	2010
Male	22.5	22.5
Female	24.9	24.9

Defined Contribution Plans

We maintain four defined contribution plans (the "Defined Contribution Plans") for the benefit of eligible employees in Canada, The Netherlands, the United Kingdom, and the United States. In accordance with the terms of each plan, we and our participating employees contribute up to specified limits and under certain plans, we may make discretionary contributions in accordance with the Defined Contribution Plans. For the years ended December 31, 2011 and 2010, we expensed approximately $5.7 million and $4.6 million respectively, for our contributions and our additional discretionary contributions to the Defined Contribution Plans.

Deferred Compensation Arrangements

We have entered into deferred compensation contracts for certain key employees and an outside director. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. The charge to expense for officer deferred compensation in 2011 and 2010 was approximately $1.3 million and $1.2 million, respectively. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

We have adopted a non-qualified deferred compensation plan that allows certain highly compensated employees to defer a portion of their salary, commission and bonus, as well as the amount of any reductions in their deferrals under the deferred compensation plan for employees in the United States (the "Deferred Compensation Plan"), due to certain limitations imposed by the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). The Deferred Compensation Plan also provides for employer contributions to be made on behalf of participants equal in amount to certain forfeitures of, and/or reductions in, employer contributions that participants could have received under the 401(k) Plan in the absence of certain limitations imposed by the Internal Revenue Code. Employer contributions to the Deferred Compensation Plan vest ratably over a period of five years. Contributions to the plan are invested in equity and other investment fund assets, and carried on the balance sheet at fair value. The benefits under these contracts are fully vested and payment of benefits generally commences as of the last day of the month following the termination of services except that the payment of benefits for select executives generally commences on the first working day following a six month waiting period following the date of termination. Employer contributions to the deferred compensation plan were $0.1 million and $0.2 million for the years ended December 31, 2011 and 2010, respectively.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Termination Benefits

We have provided termination benefits to certain executives that provide salary and medical benefits for their post- employment period. This liability is recorded in Provisions. See Note 31, Directors' Compensation for further discussion.

22. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses represent short term liabilities arising out of normal business activities which will be settled within twelve months. The stated value recorded on the consolidated balance sheet represents the fair value.

23. EMPLOYEE BENEFIT EXPENSE

Employee benefit expenses are comprised of salaries, bonuses and other compensation. For the years ended December 31, 2011 and 2010, employee expense recognized in the income statement is as follows (in thousands):

	2011	2010
Wages and salaries	$ 239,695	$ 218,624
Social security costs	48,845	43,240
Stock based compensation	15,048	11,274
Total employee expense	$ 303,588	$273,138

Included in social security costs is the expenses related to our employee benefit plans as described in Note 21, Pensions and Other Postretirement Benefits.

For the years ended December 31, 2011 and 2010, employee expense recognized in the income statement is as follows (in thousands):

	2011	2010
Cost of sales and services	$ 275,168	$ 250,372
General and administrative	28,420	22,766
Total employee expense	$ 303,588	$ 273,138

We had approximately 5,000 and 5,000 employees in 2011 and 2010, respectively.

24. OTHER (INCOME) EXPENSE, NET

The components of other expense (income), net, are as follows (in thousands):

	Year Ended	
	2011	2010
(Gain) loss on sale of assets	$ (487)	$ (176)
Foreign exchange (gain) loss	1,800	1,032
Rent and royalty (income)	(1,716)	(1,550)
(Gain) loss on insurance recovery	(1,014)	—
Other	913	(886)
Total other (income) expense, net	$ (504)	$ (1,580)

During 2010, we had fire incidents at two separate facilities resulting in the loss of portions of the buildings, as well as some of the laboratory equipment. The final insurance settlements were reached in 2011, which resulted in gains of $1.0 million.

In 2010, we sold our minority investment in a technology company acquired in 2001, resulting in a gain of $0.8 million and recorded a foreign exchange loss of $1.4 million on the settlement of a Euro-denominated income tax receivable in The Netherlands.

Foreign exchange gains and losses are summarized in the following table (in thousands):

	Year Ended	
(Gain) loss by currency	**2011**	**2010**
Australian Dollar	$ 81	$ (135)
Angolan Kwanza	257	(58)
British Pound	163	390

Canadian Dollar	423	(711)
Colombian Peso	120	11
Euro	257	1,788
Malaysian Ringgit	187	(157)
Nigerian Naira	164	98
Russian Ruble	(127)	(6)
Venezuelan Bolivar	(108)	(267)
Other currencies, net	383	79
Total (gain) loss	$ 1,800	$ 1,032

25. FINANCE COSTS

The components of finance costs for 2011 and 2010 are as follows (in thousands):

	2011	2010
Variance in fair value of derivative instruments:		
Warrant	$ 104,959	$ 146,494
Exchange option (note 17)	36,232	140,314
Loss on interest rate hedge	1,340	—
Interest expense on bank borrowings	2,333	906
Interest expense on senior notes	1,536	—
Exchangeable notes	6,072	15,817
Finance costs	152,472	303,531
Loss on exchange of senior exchangeable notes	3,327	5,753
Finance income	(138)	(249)
Net finance costs	$ 155,661	$ 309,035

Finance costs consist of interest expense on borrowings on bank debt, exchangeable notes, and senior notes, financial leases, amortization of discount on exchangeable notes and amortization of debt issuance costs.

26. INCOME TAXES

The components of income tax expense for 2011 and 2010 are as follows (in thousands):

	2011	2010
Current tax	$ 73,490	$ 57,048
Deferred tax	(10,446)	3,358
Income tax expense	$ 63,044	$ 60,406

The differences in income tax expense computed using The Netherlands statutory income tax rate of 25.0% in 2011 and 25.5% for 2010 and our income tax expense as reported in the accompanying consolidated income statement for 2011 and 2010 are as follows (in thousands):

	2011	2010
Profit (loss) before tax	$ 97,810	$ (84,891)
Tax at The Netherlands income tax rate	24,453	(21,647)
International earnings taxed at rates other than The Netherlands statutory rate	7	(4,530)
Non-deductible expenses and permanent differences, net	37,422	76,796
Convertible Notes	—	11,988
Tax attributes realized	(1,279)	75
State and provincial taxes	3,169	2,598

Adjustments of prior year taxes	(8,093)	(10,789)
Adjustments of income tax reserves	7,050	4,093
Other	315	1,822
Income tax expense from continuing operations	$ 63,044	$ 60,406

Non-deductible expenses and permanent differences include the impact of various expenses disallowed under local tax law including the change in the fair value of the warrants which had an impact of $26.2 million and $37.4 million for 2011 and 2010, respectively, and the change in the fair value of the convertible debt feature which amounted to $9.8 million for 2011 and $36.8 million for 2010. Included in "Other" is the reversal in 2010 of $8.1 million in tax liabilities provided over the period 2007-2009 as a result of a recently concluded audit of prior year returns. The liability reversal reflects the impact of positions sustained in that audit as they relate to tax returns for years remaining open for audit.

27. EARNINGS PER SHARE

The following table summarizes the calculation of weighted average common shares outstanding used in the computation of diluted earnings per share (in thousands):

	For the Year Ended December 31,	
	2011	2010
Weighted average basic common shares outstanding	46,286	44,830
Effect of dilutive securities:		
Stock options	19	57
Contingent shares	75	40
Restricted stock and other	255	585
Senior exchangeable notes	857	1,700
Warrants	901	1,029
Weighted average diluted common and potential common shares outstanding	48,393	48,241

In 2006, we sold warrants that gave the holders the right to acquire up to 6.6 million of our common shares with an initial 20- day settlement period that was to begin in December 2011 and end in January 2012. During 2011, the settlement of all of the warrants was accelerated through a series of agreements with the holder of the warrants which also gave us the option of settling in either cash or our common stock. The warrants were settled in four substantially equal 20-day tranches during May, June, August and September of 2011. In each of the four tranches, the exercise price was adjusted based on the daily volume weighted average price of our common stock. Included in the table above are 901,000 and 1,029,000 shares which were added to the share count for the years ended December 31, 2011 and 2010, respectively, because the average share price exceeded the strike price of the warrants. These shares were included in calculating the impact to our dilutive earnings per share. All of the warrants were early settled during 2011. See Note 17, Borrowings for additional information.

28. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business in which we have established liabilities to cover. It is not anticipated that any material liabilities will arise from these contingent liabilities.

During the year ended December 31, 2011, as a result of a fire at a raw materials supplier of some high performance specialty steel tubulars used with the our perforating systems, we filed a business interruption claim with our property insurance carrier for reimbursement of loss. The sub-limit for contingent business interruption under our property policy is $5 million. We are still in the process of determining the extent of our recovery, but we will record any insurance proceeds as a component of "Other (Income) Expense, Net" in the period that a settlement is agreed upon.

We do not maintain any off-balance sheet debt or other similar financing arrangements nor have we formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

Scheduled minimum rental commitments under non-cancelable operating leases at December 31, 2011, consist of the following (in thousands):

2012	$ 15,674
2013	11,635
2014	8,275
2015	5,523
2016	3,818
Thereafter	6,298
Total commitments	$ 51,223

Operating lease commitments relate primarily to rental of equipment and office space. Rental expense for operating leases, including amounts for short-term leases with nominal future rental commitments, was approximately $20.9 million and $18.4 million for the years ended December 31, 2011 and 2010, respectively.

29. ACQUISITIONS

In September 2011, we acquired a business providing additional manufacturing capacity for our Canadian operations for $18.8 million in cash. We have accounted for this acquisition by allocating the purchase price to the net assets acquired based on their estimated fair values at the date of acquisition, resulting in an increase to goodwill of $8.6 million and an increase of $0.5 million in intangible assets. The acquisition was recorded in the Production Enhancement business segment.

In 2010, we acquired fracture diagnostics assets for $9.0 million in cash. The acquisition was recorded in the Production Enhancement business segment and resulted in an increase of $5.6 million in goodwill and an increase of $3.2 million in intangible assets.

The acquisition of these assets did not have a material impact on our Consolidated Balance Sheet or Consolidated Statements of Operations.

30. AUDIT FEES

Set forth below is a summary of the total fees paid to our independent registered public accounting firm, PricewaterhouseCoopers, for fiscal years 2011 and 2010. These fees consisted of (in thousands):

	For the Year Ended December 31,	
	2011	**2010**
Audit fees	$ 2,883	$ 2,593
Audit related fees	8	257
Tax fees	262	301
All other fees	31	63
Total	$ 3,184	$ 3,214

31. DIRECTORS' AND NON-EMPLOYEE DIRECTORS' REMUNERATIONS

The following table summarizes, with respect to our Supervisory Directors, information relating to the compensation earned for services rendered in all capacities during the fiscal year 2011.

Name and Principal Position	Year	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (2)	Total
David M. Demshur	2011	800,000	1,499,932	1,600,000	190,000	15,827	4,105,759
President, Chief Executive Officer and Chairman of the	2010	700,000	492,284	1,225,000	852,000	12,713	3,281,997
Richard L. Bergmark	2011	450,000	892,892	675,000	187,000	15,888	2,220,780
Executive Vice President, Chief Financial Officer, and	2010	425,000	335,496	531,250	831,000	12,769	2,135,515
Alexander Vriesendorp	2011	—	24,333	—	—	56,700	81,033
Supervisory Director	2010	—	93,996	—	—	47,500	141,496
Jacobus Schouten (3)	2011	—	24,333	—	—	26,350	50,683
Supervisory Director	2010	—	93,996	—	—	47,500	141,496
John Ogren (3)	2011	—	24,333	—	—	80,400	104,733
Supervisory Director	2010	—	93,996	—	—	59,000	152,996
Michael Kearney (3)	2011	—	24,333	—	—	85,400	109,733
Supervisory Director	2010	—	93,996	—	—	68,500	162,496
Joseph Perna (3)	2011	—	24,333	—	(100,000)	54,700	(20,967)
Supervisory Director	2010	—	93,996	—	297,000	56,500	447,496
Rene Joyce (3)	2011	—	24,333	—	—	89,950	114,283
Supervisory Director	2010	—	93,996	—	—	65,500	159,496
Jan Willem Sodderland	2011	—	20,065	—	—	28,500	48,565
Supervisory Director	2010	—	—	—	—	—	—

(1) The amounts included in the "Stock Awards" column include the dollar amount of compensation expense we recognized for the fiscal year ended December 31, 2011. The awards for which compensation expense was recognized consists of Restricted Shares granted in 2006 and 2007 and Performance Restricted Shares granted in 2010 and 2011 for our employee Supervisory Directors and Performance Restricted Shares granted in 2008 and 2009 and Restricted Shares granted in 2010 and 2011 for our non-employee Supervisory Directors. See "Equity Incentive Compensation" or Note 15, Stock-Based Compensation for a description of the material features of these awards. No options were awarded to our named executive officers in 2011. None of our non-employee Supervisory Directors had any option awards outstanding as of December 31, 2011.

(2) Amounts for employee Supervisory Directors consist of our matching contributions and contributions through our retirement plans and amounts paid under certain insurance plans. Amounts for non-employee Supervisory Directors consist of fees paid to outside directors for service on the Supervisory Board and related committees.

(3) Each of our non-employee Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2011: Joyce, 5,313; Kearney, 5,313; Ogren, 5,313; Perna, 5,313; Schouten, 5,313; Vriesendorp, 5,313 and Sodderland, 1,469.

Retainer/Fees

Each non-employee Supervisory Director was paid the following amounts during fiscal 2011:

- a base annual retainer, payable semiannually in arrears, in amount of $45,000;
- and an additional amount for the following positions:
  - for our Lead Director, an additional $15,000;
  - for our Audit Committee chairman, an additional $25,000;
  - for our Compensation Committee chairman, an additional $20,000;
  - for our Nominating and Governance Committee chairman, an additional $9,000;
- $2,000 per meeting of the Supervisory Board at which the individual is present in person;
- $1,850 per meeting for each committee meeting at which the individual is present in person; and
- reimbursement for all out-of-pocket expenses incurred in attending any Supervisory Board or committee meeting.

2006 Nonemployee Director Stock Incentive Plan

The following table shows the restricted performance shares that have been awarded to each of our non-employee directors under our 2006 Non-Employee Director Stock Incentive Plan:

Date of Award	Restricted Performance Shares per Director	Restricted Shares per Director (1)
July 15, 2008	1,484	—
July 15, 2009	2,314	—
April 1, 2010	1,530	—
April 1, 2011	—	1,469

(1) Restricted Shares will vest at the end of the vesting period without performance criteria

A restricted performance share is an unvested right to receive a share of our common stock at such time or times described below. Each award is subject to the terms of our 2006 Non-Employee Director Stock Incentive Plan and an award agreement, the terms of which are materially identical for each award recipient.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares will vest based on our return on equity, which is defined in the award agreement as a percentage determined by dividing (1) one-third of our aggregate earnings before interest and income taxes for the performance period that, in the case of the 2008 awards, began on July 15, 2008 and ended on July 15, 2011, and, in the case of the 2009 awards, began on July 15, 2009 and ends on July 15, 2012, by (2) total shareholders' equity as of the last day of the performance period.

For the 2008 awards: (a) if our return on equity (“ROE”) for the performance period equaled or exceeded the second target of 200%, the award recipients would have fully vested in their restricted performance shares; (b) if our return on equity for the performance period had been less than the second target (200%) but equal to or greater than the first target of 160%, the award recipients would have vested in an incremental amount of their restricted performance shares, and (c) if our return on equity for the performance period had been less than the first target (160%), the award recipients would not have vested in the restricted performance shares. In July, 2011, it was determined that the performance criteria for the shares awarded on July 15, 2008 had not been met and all shares awarded in 2008 were forfeited.

The restricted performance shares awarded in 2009 are based upon our ROE compared to the returns earned by the members of the S&P 500 Oil & Gas Equipment & Services Index with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return, respectively.

On April 1, 2010, we made a grant to the non-employee directors which matched the criteria for the performance shares awarded the executives in the amount of $100,000, divided by the closing price of Company stock on March 31, 2010, rounded upwards to the nearest whole share for a total of 1,530 shares each. Assuming the satisfaction of certain performance goals is achieved, the performance shares will vest at the end of a three-year performance period that began on January 1, 2010 and ends on December 31, 2012 (the "2010 Performance Period"). The restricted performance shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the 2010 Performance Period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

On April 1, 2011, we made a grant to the non-employee directors in the amount of shares equal to $150,000 per director, calculated upon the share price as of March 31, 2011, rounded upwards to the nearest whole share for a total of 1,469 shares each. On May 31, 2011, we made a grant of 1,469 shares to the newly elected director. These restricted shares will vest, without performance criteria, at the end of a three-year vesting period that began on April 1, 2011.

We anticipate that we will make grants in 2012 in the amount of shares equal to $150,000 per director, calculated upon the share price as of March 31, 2012, rounded upwards to the nearest whole share. The restricted shares will vest, without performance criteria, at the end of a three-year vesting period that will begin on April 1, 2012, subject to action taken by the Compensation Committee and the Board to take into account the Board Succession Plan.

In the event of an award recipient's death prior to the last day of the performance period, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death or due to the Board Succession Plan) prior to the last day of the performance period, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2006 Non-Employee Director Stock Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Other Arrangements

Mr. Perna was one of our officers until his retirement on March 1, 1998. He participates in the Group SERP. Please see
"Supplemental Executive Retirement Plan" below for a discussion of the terms of that plan.

Elements of Compensation

Base Salary

Base salary is the fixed annual compensation we pay to an executive for performing specific job responsibilities. It represents the minimum income an executive may receive in any given year. We target base salaries to result in annual salaries in the normal market range of our peer group for executives having similar responsibilities. The Compensation Committee may adjust salaries based on its annual review of the following factors:

- the individual's experience and background;
- the individual's performance during the prior year;
- the benchmark salary data;
- the general movement of salaries in the marketplace; and
- our financial and operating results.

As a result of these factors, a particular executive's base salary may be above or below the median at any point in time. Messrs. Demshur and Bergmark received a 14.3% and 5.9% merit increase in 2011, respectively, in each case, as a result of our financial performance and the returns experienced by our shareholders. The new approved salary levels for 2011 base salaries were as follows: Mr. Demshur, $800,000; and Mr. Bergmark, $450,000. For 2012, the Compensation Committee has approved an increase in base salaries for our executives as follows: Mr. Demshur, $875,000; and Mr. Bergmark, $468,000.

Non-Equity Incentive Compensation

The Compensation Committee determines the terms under which the annual incentive compensation will be paid to executive officers. The purpose of these awards is to:

- share our success with employees;
- provide a financial incentive to focus on specific performance targets;
- reward employees based on individual and team performance;
- promote a sense of shared accomplishment among employees; and
- encourage employees to continually improve our financial and operating performance and thereby create shareholder value.

Under our annual incentive plan, the Compensation Committee has the discretion to set goals and objectives that it believes are consistent with creating shareholder value, including financial measures, operating objectives, growth goals and other measures. The Compensation Committee also considers individual achievement. The maximum award opportunity is established as a percentage of salary for each executive officer based upon a review of the competitive data for that officer's position, level of responsibility and ability to impact our financial success. The

Compensation Committee designs these awards so that cash incentive compensation will approximate the market median when individual and corporate strategic objectives are achieved and will exceed the market median when performance plans are exceeded. Annual incentive awards are designed to put a significant portion of total compensation at risk.

For fiscal 2011, the Compensation Committee determined that the annual incentive compensation will be at the discretion of the committee, provided that the Company attains certain minimum diluted earnings per share results for the year. For 2011, the minimum U.S. GAAP diluted earnings per share that must have been attained was $3.37 per share before any discretionary incentive award could be made. Further, any such award was set at a maximum of 2 times annual salary for Mr. Demshur and 1.5 times annual salary for Mr. Bergmark.

Under the annual incentive plan, a target award opportunity is established as a percentage of salary for each executive officer based upon a review of the competitive data for that officer's position, level of responsibility and ability to impact our financial success. The target award opportunity for each of Messrs. Demshur and Bergmark is 100% and 75% respectively. Under Messrs. Demshur's and Bergmark's employment agreements, each of Messrs. Demshur and Bergmark is entitled to receive amounts of up to 200% and 150%, respectively. These percentages result in two times our target amounts, which we believe are consistent with amounts provided to similarly situated executives by companies in our peer group.

Execution of our business strategy in 2011 was focused on maximizing returns on invested capital and generating free cash flow which ultimately provided shareholder returns which outperformed our industry. As a result, our U.S. GAAP diluted earnings per share were $3.82, which exceeded our minimum performance targets for 2011 of $3.37 per share. Based upon this performance in 2011, our executives were awarded bonuses as follows: Mr. Demshur, $1,600,000 and Mr. Bergmark, $675,000.

Equity Incentive Compensation

We currently administer long-term incentive compensation awards through our LTIP. Specifically, we encourage share ownership by awarding long-term equity incentive awards under two programs, consisting of the Restricted Share Award Program, or “RSAP” and the Performance Share Award Program, or "PSAP". We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success by personally benefiting through the ownership of our common shares and/or rights, which recognize growth, development and financial success over a longer time horizon.

We use restricted share grants as our primary form of equity compensation, which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas other forms of equity compensation, such as stock options, may have limited perceived value and may do little to retain and motivate employees when the current value of the company's stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares.

Our Compensation Committee, based on recommendations from our Chief Executive Officer, determines the amount and terms of our long-term incentive awards by periodically reviewing competitive market data and each executive's long-term past performance, ability to contribute to our future success, and time in the current job. The Committee takes into account the risk of losing the executive to other employment opportunities and the value and potential for appreciation in our shares. The number of shares previously granted or vested pursuant to prior grants is not typically a factor that is used when determining subsequent grants to an executive officer. The subcommittee considers the foregoing factors together and subjectively determines the appropriate magnitude of the award. As a result of the two named executive officers declining RSAP awards in 2010 and 2011, RSAP equity incentives were not part of their total compensation.

The Committee awards restricted shares and performance restricted shares that vest over a period of years. Restricted share awards vest based on an employee's continued employment over a period of time. The Committee determines the appropriate length of the vesting period which for most restricted shares is at a rate of 1/6 per year over a period of six years. Performance restricted shares vest if we achieve certain performance goals generally over a three-year period, which allow us to compensate our employees as we meet or exceed our business objectives.

We have no program, plan or practice to time the grant of restricted shares or performance shares to executives in coordination with material non-public information.

Restricted Share Award Program

Restricted Share awards are subject to continued employment, and one-sixth of the shares vest each year for six years on the anniversary of the date of grant. Full vesting will occur if an executive officer's employment is terminated because of death or disability or upon the occurrence of a change in control if the executive officer has been continuously employed by us from the date of the grant until the change in control. No performance accelerators for early vesting exist within this award. Compensation expense relating to these awards, which we recognized for financial accounting purposes during fiscal 2011, is reflected in Stock Awards in the Summary Compensation Table.

For 2008 through 2011, Messrs. Demshur, and Bergmark, at their request, have not had grants of RSAP based awards.

Performance Share Award Program

Under the PSAP, our executive officers are awarded rights to receive a pre-determined number of common shares if certain performance targets are met, as defined in the applicable agreements for the respective three-year period.

On April 1, 2010, we made grants of 90,000 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2010. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2010 (the "2010 Performance Period"). In 2010, the long-term incentive guideline used to make awards was 2.75 times 2009 base salary for Mr. Demshur and two times 2009 base salary for Mr. Bergmark.

On April 1, 2011, we made grants of 86,207 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2011. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2011 (the "2011 Performance Period"). In 2011, the long-term incentive guideline used to make awards was four times 2010 base salary for Mr. Demshur and three times 2010 base salary for Mr. Bergmark.

On February 17, 2012, we made grants of 79,009 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2011. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2012 (the "2012 Performance Period"). In 2012, the long-term incentive guideline used to make awards was four times 2011 base salary for Mr. Demshur and three times 2011 base salary for Mr. Bergmark.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares will vest assuming a recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved. The restricted performance shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the respective performance period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

In the event of an award recipient's death or disability prior to the last day of the performance periods, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death or disability) prior to the last day of the performance periods, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2007 Long-Term Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Health and Welfare Benefits

We offer a standard range of health and welfare benefits to all employees, including our executive officers. These benefits include medical, prescription drug and dental coverages, life insurance, accidental death and dismemberment, long-term disability insurance and flexible spending accounts. Our plans do not discriminate in favor of our executive officers.

401(k)

We offer a defined contribution 401(k) plan to substantially all of our employees in the United States. We provide this plan to assist our employees in saving some amount of their cash compensation for retirement in a tax efficient manner. Participants may contribute up to 60% of their base and cash incentive compensation, subject to the current limits under the Internal Revenue Code of 1986, as amended (the “Code”). We match employee contributions under this plan up to the first 4% of the participant's contribution and may make additional discretionary contributions. For plan year 2011, we contributed an additional 2% of the admissible compensation for each eligible employee, including our executive officers, into the plan to acknowledge the outstanding efforts of our employees. We have not yet determined the amount of such discretionary contributions for 2012.

Deferred Compensation Plan

Through our subsidiary, Core Laboratories LP, we have adopted a nonqualified deferred compensation plan that permits certain employees, including all executive officers, to elect to defer all or a part of their cash compensation (base, annual incentives and/or commissions) from us until the termination of their status as an employee. Participating employees are eligible to receive a matching deferral under the nonqualified deferred compensation plan that compensates them for contributions they could not receive from us under the 401(k) plan due to the various limits imposed on 401(k) plans by the U.S. federal income tax laws.

The employer matching contributions vest at a rate of 20% per year over a period of 5 years. Discretionary employer contributions may also be made on behalf of participants in the plan and are subject to discretionary vesting schedules determined at the time of such contributions. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plan are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Supplemental Executive Retirement Plans

In 1998, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan, referred to as the “Group SERP”, for the benefit of certain key employees and outside directors. The Group SERP was established to provide additional retirement income for certain of our then-executive officers and death benefits to the officers' designated beneficiaries as a reward for the executive officer's prior contributions and future efforts to our success and growth. Richard Bergmark, David Demshur and Joseph Perna, a former officer and current director, participate in the Group SERP.

Other Perquisites and Personal Benefits

We do not offer any perquisites or other personal benefits to any executive with a value over $10,000 beyond those discussed above.

We believe in the importance of providing attractive intangible benefits to all employees such as open and honest communications, ethical business practices, and a safe work environment.

Executive Compensation Policies

Share Retention Guidelines

In 2010, the Committee approved stock ownership requirements for the CEO to own our common shares equal in value to at least five times his annual base salary and for the CFO and COO to own common shares equal in value to at least three times their annual base salary. Alignment with shareholder interests is reflected in current stock ownership among the named executive officers, the value of which ranges from approximately thirty to thirty-eight times annual base salary based on the closing price of our common stock on December 31, 2011, as reflected in the beneficial ownership table provided in “Ownership of Securities - Securities Ownership by Certain Beneficial Owners and Management.” They reflect a significant personal investment in us by the same executives responsible for determining the future success of the organization and the return to shareholders.

Employment Agreements and Change in Control Agreements

We maintain employment agreements with our three executive officers to ensure they will perform their roles for an extended period of time. These agreements are described in more detail below. These agreements provide for severance compensation to be paid if the employment of the executives is terminated under certain conditions, such as following a change in control, termination by Messrs. Demshur and Bergmark for any reason or termination by us for any reason other than upon their death or disability, for “cause” or upon a material breach of a material provision of his employment agreement, each as defined in the agreements.

The employment agreements between us and our named executive officers and the related severance provisions are designed to meet the following objectives:

Change in Control

As part of our normal course of business, we engage in discussions with other companies about possible collaborations and/or other ways in which the companies may work together to further our respective long-term objectives. In addition, many larger, established companies consider companies at similar stages of development to ours as potential acquisition targets. In certain scenarios, the potential for merger or being acquired may be in the best interests of our shareholders. We provide severance compensation if an executive's employment is terminated following a change in control transaction to promote the ability of our senior executives to act in the best interests of our stockholders even though their employment could be terminated as a result of the transaction.

Termination without Cause

If we terminate the employment of an executive officer without cause as defined in the applicable agreement, we are obligated to continue to pay him certain amounts as described in greater detail below. We believe these payments are appropriate because the terminated executive is bound by confidentiality, non-solicitation and non-compete provisions covering two years after termination and because we and the executive have a mutually agreed to severance package that is in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in our and our shareholders' best interests.

Employment Agreements

Our executive employment agreements include provisions governing the payment of severance benefits if employment is terminated by the executive for any reason or by the Company for any reason other than (1) death or disability, (2) for cause, or (3) the executive's material breach of a material provision of the employment agreement. In such event, our executive severance benefits will be comprised of:

(a) the payment of a lump-sum amount equal to the sum of:

- 200% of his base salary as in effect immediately prior to the termination; and
- two times 45% of the maximum annual incentive bonus he could have earned pursuant to his employment agreement;

(b) provision of a benefits package for the executive and his spouse and dependent children consisting of medical, hospital, dental, disability and life insurance benefits at least as favorable as those benefits provided to the executive and his spouse and dependent children immediately prior to termination, for as long as the executive and his spouse or dependent children are living;

(c) the provision of outplacement services at a cost not to exceed 100% of the executive's annual base salary as in effect immediately prior to the termination;

(d) the full and immediate vesting and exercisability of all of his outstanding stock options, which options shall remain exercisable for the greater of (1) three months following such termination, or (2) the period provided in the plan or plans pursuant to which such stock options were granted.

For purposes of calculating the lifetime medical benefits, we assume the following:

- a discount rate of 4.25%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2011 Applicable Mortality Table for Lump Sums under the Pension;
- Protection Act of 2006 (PPA);
- a current medical trend of 7.3% per annum, decreasing in accordance with a schedule over time to 5.9% in 2015 and 5.6% in 2035;
- that medical benefits are to be coordinated with Medicare such that premiums will be reduced by 50% for ages 65 and older; and
- that the health plan is fully insured and community rated and will continue to be so in the future.

For purposes of calculating the welfare benefits, we assume the following:

- the basic life insurance benefit was valued as a whole life premium a discount rate of 4%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2011 Applicable Mortality Table for Lump Sums under PPA;
- the accidental death and disability coverage was valued at 10.8% of the value of basic life insurance benefit, per the current premium ratio and this benefit was assumed to continue beyond age 65; and
- the long-term disability premium was escalated to 4% at age 65, reflecting the age-related incidence of disability as well as increased administrative costs; no value is attributed to the benefit beyond age 65, as long-term disability coverage is rarely available once employment ends.

If the executive's employment is terminated as a result of death or disability, the executive (if living), his spouse, and/or his dependent children, as applicable, will be entitled to the benefits described under clause (b) and (d) above.

If the executive's employment is terminated for any reason within three years following a change in control, the executive will be entitled to the same benefits described above except that certain outstanding stock options shall remain exercisable for the greater of (i) one year following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted and the lump-sum payment described in clause (a) above shall be equal to three times the sum of:

- his base salary as in effect immediately prior to his termination of employment; and
- the greater of (A) 45% of the maximum annual incentive bonus he could have earned pursuant to his employment contract for the year in which his employment terminates or (B) the highest annual bonus he received in the three fiscal years ending prior to the fiscal year in which occurred the change in control.

The employment agreements generally use the following terms:

“Cause” means the executive has been convicted of any felony or a misdemeanor involving moral turpitude.

“Change in Control” means a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company if (i) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% or more of the common equity of the resulting entity, (ii) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% of the voting securities of the resulting entity, or (iii) the persons who were members of the Supervisory Board of Directors immediately prior to the transaction are not the majority of the board of the resulting entity immediately after the transaction. A Change in Control also occurs when (i) there is shareholder approval of a plan of dissolution or liquidation of the Company, (ii) any person or entity acquires or gains ownership of control of more than 30% of the combined voting power of outstanding securities of the Company or resulting entity, or (iii) a change in the composition of the Board of Directors the results of which are that fewer than a majority of the supervisory directors are incumbent directors.

Each executive's employment agreement contains a standard confidentiality and non-solicitation provision and requires that the executive not compete with the business conducted by the Company at any time during the period that he is employed by the Company and for the two-year period thereafter unless his employment with the Company is terminated by him for good reason, or by the Company for cause. Notwithstanding, the post-employment noncompetition and non-solicitation restrictions terminate upon a change in control of the Company.
Upon a change in control, our executive officers may be subject to certain excise taxes pursuant to Section 4999 of the U.S. Tax Code ("Code") (which imposes a 20% excise tax on certain excess parachute payments). In such case, we have agreed to pay each of our executive officers a gross-up payment such that, after the payment of any income, excise or other tax on the gross-up payment, the executive officer retains an amount sufficient to pay all excise taxes pursuant to Section 4999 of the Code.

The calculation of the Section 4999 gross-up amounts described above is based upon an excise tax rate under Section 4999 of 20%, a 35% federal income tax rate and a 1.45% Medicare tax rate. For purposes of the gross-up calculations, we have assumed that (1) no amounts will be discounted as attributable to reasonable compensation, (2) all cash severance payments are contingent on a change in control (although we believe there may be a viable position to the contrary with respect to at least a portion of the cash severance payments), and (3) we could rebut the presumption required under applicable regulations that the restricted shares granted in 2007 were contingent upon a change in control.

The tax gross-up payment described above will be payable to the executive for any excise tax incurred under Section 4999 of the Code regardless of whether his employment is terminated. However, the amount of the gross-up payment will change based upon whether the executive's employment with us is terminated because the amount of compensation subject to the Section 4999 excise tax will change.

A copy of the Company's Compensation Committee charter may be found on the Company's website, at *www.corelab.com/corporate/governance.aspx#6.*

32. RELATED PARTIES

In 2011 and 2010, 50,177 shares valued at $5.1 million and 52,271 shares valued at $3.7 million, respectively, were surrendered to the Company pursuant to the terms of a stock-based compensation plan, in settlement by the participants of their exercise cost in the stock options and their personal tax burdens that may result from the issuance of common shares under this arrangement. These shares were surrendered at the then current market price on the date of settlement. See Note 15, Stock- Based Compensation and Note 31, Directors' Remuneration. We had no other significant related party transactions for the year ended December 31, 2011.

The following table lists significant associates of the parent company that are included in the consolidated group:

Name	Legal Seat	Ownership %
Core Laboratories Australia PTY Ltd	Perth, Australia	100%
Core Laboratories Canada Ltd.	Alberta, Canada	100%
Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Malaysia SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Sales N.V.	Curacao	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%

Owen Oil Tools LP	Delaware, United States	100%
Core Lab de Mexico S.A. de C.V.	Mexico City, Mexico	100%
PT Corelab Indonesia	Jakarta, Indonesia	70%
Saybolt Belgium N.V.	Antwerp, Belgium	100%
Saybolt LP	Delaware, United States	100%
Saybolt Nederland B.V.	Rotterdam, The Netherlands	100%
Saybolt (Singapore) PTE LTD	Singapore, Singapore	100%
Stim-Lab, Inc.	Oklahoma, United States	100%
ZAO Petroleum Analysts	Msocow, Russian Federation	100%

The following table lists associates of the parent company that are not included in the consolidated group:

Name	Legal Seat	Ownership %
Saybolt Tunisie SarL	Tunis, Tunisia	49%
Saybolt Med S.A.	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd.	Jubail, Saudi Arabia	45%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	Beijing, China	50%
Saybolt Maroc	Morocco	49%

33. SUBSEQUENT EVENTS

During the first quarter of 2012, we received notice of partial settlement of $3.4 million for a business interruption claim we filed in 2011 with our property insurance carrier for reimbursement of loss as a result of a fire at a raw materials supplier of high performance specialty steel tubulars used with the Company's perforating systems, The sublimit for contingent business interruption under our property policy is $5 million. We are still in the process of determining the full extent of our recovery and will record insurance proceeds as a component of 'Other Expense (Income), Net' in the period that a settlement is agreed upon.

CORE LABORATORIES N.V.
BALANCE SHEET December 31, 2011 and 2010
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2011	2010
ASSETS			
NON-CURRENT			
ASSETS Investment in	3	$ 695,083	$ 591,593
Deferred income tax asset	4	2,866	2,801
Other assets	3	3,098	3,209
TOTAL NON-CURRENT ASSETS		701,047	597,603
CURRENT ASSETS			
Prepaid expenses and other current assets		4,880	12,103
Receivables from subsidiaries		6,000	21,488
Accounts receivable		61	10
Cash and cash equivalents		7,994	11,162
TOTAL CURRENT ASSETS		18,935	44,763
TOTAL ASSETS		$ 719,982	$ 642,366

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
BALANCE SHEET December 31, 2011 and 2010
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2011	2010
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2011 and 2010; 200,000,000 shares authorized; 49,037,806 issued and 47,629,472 outstanding at 2011 and 49,739,912 issued and 45,521,186 outstanding at 2010		$ 1,269	$ 1,205
Additional paid-in capital		87,290	27,460
Retained earnings		257,941	269,162
Other reserves		(5,405)	(5,073)
Treasury shares (at cost), 1,408,334 at 2011 and 4,218,726 at 2010		(107,406)	(242,690)
TOTAL EQUITY	5	233,689	50,064
Provisions	7	35,568	45,726
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term payable to subsidiaries	8	7,115	52,663
Deferred income tax liability		700	—
TOTAL NON-CURRENT LIABILITIES		7,815	52,663
CURRENT LIABILITIES:			
Accounts payable		694	336
Borrowings		2,287	—
Payables to subsidiaries	8	437,210	307,248
Derivative financial instrument	9	—	184,039
Income tax payable		—	—
Other accrued expenses		2,719	2,290
TOTAL CURRENT LIABILITIES		442,910	493,913
TOTAL LIABILITIES		450,725	546,576
TOTAL EQUITY, PROVISIONS AND LIABILITIES		$ 719,982	$ 642,366

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
INCOME STATEMENT
For the Years Ended December 31, 2011 and 2010 (In thousands of USD)

	Ref.	2011	2010
Standalone company net income (loss) after taxation		$ (105,610)	$ (120,290)
Profit (loss) from subsidiaries after tax	3	140,416	(25,491)
Result after taxation		$ 34,806	$ (145,781)

The accompanying notes are an integral part of these Financial Statements.

Core Laboratories N.V.
Notes to the Company Financial Statements

1. GENERAL

The description of the Company's activities and the group structure, as included in the notes to the consolidated financial statements, also apply to the Company-only financial statements. We have 17 employees in 2011.

In accordance with article 402 Book 2 of the Dutch Civil Code the Income Statement is presented in abbreviated form.

2. ACCOUNTING PRINCIPLES

General

For the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Core Laboratories N.V. applies the option provided in Section 2:362 (8) of The Netherlands Civil Code. The accounting principles as described in the notes to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), also apply to the Parent Company-only financial statements, unless indicated otherwise.

Core Laboratories N.V. has opted to apply the accounting principles used in the consolidated financial statements to the Company financial statements according to Section 2:362 (8) of The Netherlands Civil Code. This provides a clearer presentation of the Company financial statements. Shareholders' equity and results of operations in the Company financial statements will remain equal to shareholders' equity and results of operations (less non-controlling interest) in the consolidated financial statements, which is generally accepted according to Dutch practice.

Investments in Subsidiaries

Investments in affiliates and other companies over which Core Laboratories N.V. exercises predominant control or over which it has predominant control are valued at net equity value, the basis of the accounting principles as applied by the consolidated financial statements. Non-controlling interests with an equity deficit are carried at nil. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

In determining the net equity value, the transitional rules are taken into account for determining the values and the accounting principles of the first application of the IFRS principles applied in the consolidated financial statements.

3. FINANCIAL ASSETS

Investments in Subsidiaries

(in thousands)	2011	2010
Book value at January 1:	$ 591,593	$ 649,026
Capital contribution/ (transfers)	204	(34,259)
Dividends	(31,084)	—
(Reduction of) / additional negative net asset value stated	(6,046)	2,317
Net income from subsidiaries	140,416	(25,491)
Book value at December 31:	$ 695,083	$ 591,593

For a listing of directly and indirectly held subsidiaries that are included in the financial fixed assets as investments in affiliates, see Note 32 of the Notes to the consolidated financial statements.

Other assets

Life insurance policies with cash surrender value have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value. The fair value is determined by the plan administrator's actuary calculation and the changes in the fair value are recognized through profit and loss.

4. INCOME TAXES

Core Laboratories N.V. and its wholly owned Dutch subsidiaries constitute a fiscal entity. As a result of the fiscal entity, the Company is liable for the fiscal entity's income tax liabilities of the entire fiscal entity. Income taxes are allocated to the companies within the fiscal entity on the basis of their taxable income. For a reconciliation of the effective tax rate with the statutory rate see Note 26, Income Taxes to Consolidated Financial Statements.

The deferred tax assets at December 31, 2011 relate to tax credits.

Deferred Tax Assets

	Tax Credits	Total
December 31, 2009	$ 2,951	$ 2,951
Charged/(credited) to income statement	(150)	(150)
December 31, 2010	2,801	2,801
Charged/(credited) to income statement	65	65
December 31, 2011	$ 2,866	$ 2,866

5. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2011 amounts to EUR 4 million and consists of
200,000,000 ordinary shares with a par value of EUR 0.02 each.

Issued and paid in share capital amounts to $88.6 million and consists of 49,037,806 issued and 47,629,472 outstanding ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $107.4 million and consists of 1,408,334 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2011 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2011	49,739,912	4,218,726	45,521,186
Issue of ordinary shares	—	(219,671)	219,671
Issue of ordinary shares for exchange of Notes	—	(1,851,869)	1,851,869
Issue of ordinary shares for settlement of warrants	—	(706,395)	706,395
Cancellation of treasury shares	(702,106)	(702,106)	—
Repurchased own shares	—	669,649	(669,649)
Balance at December 31, 2011	49,037,806	1,408,334	47,629,472

The movement in shareholders' equity is as follows (in thousands):

	Common Shares	Additional Paid-In Capital	Accumulated Earnings	Other Reserves	Repurchased Shares	Total Shareholders' Equity
BALANCE, December 31, 2010	$ 1,205	$ 27,460	$ 269,162	$ (5,073)	$ (242,690)	$ 50,064
Stock options exercised	—	(1,672)	—	—	1,969	297
Stock-based compensation	—	15,048	—	—	—	15,048
Stock-based awards issued	—	(9,569)	—	—	9,569	—
Tax charge of stock awards issued	—	347	—	—	—	347
Repurchases of common shares	—	—	—	—	(61,825)	(61,825)
Dividends paid	—	—	(46,027)	—	—	(46,027)
Cancellation of treasury shares	(21)	(40,894)	—	—	40,915	—
Exchange of Senior Exchangeable Notes	—	83,632	—	—	101,473	185,105
Tax on senior exchangeable notes	—	(13,427)	—	—	—	(13,427)
Warrant settlement	—	26,365	—	—	43,183	69,548
Currency translation adjustment	85	—	—	(85)	—	—
Pension adjustment	—	—	—	(247)	—	(247)
Net income (loss)	—	—	34,806	—	—	34,806
BALANCE, December 31, 2011	$ 1,269	$ 87,290	$ 257,941	$ (5,405)	$ (107,406)	$ 233,689

Our functional currency is the U.S. dollar. However, the par value of our common stock is denominated in Euros. We have recorded a cumulative translation adjustment related to the value of our common stock of $85,000 related to this re- measurement, as indicated in the movement schedule above using an exchange rate of 1.2944 U.S. Dollars per Euro.

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On May 19, 2011 at our annual shareholder's meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until November 19, 2012. The annual meeting authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which may only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they become due or pursuant to our warrants. The cancellation of shares had also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2011, we have repurchased 33,123,122 shares for an aggregate purchase price of approximately $788.0 million, or an average price of $23.79 per share and have cancelled 27,537,600 shares at a cost of $466.2 million. During the twelve months ended December 31, 2011, we repurchased 669,649 of our common shares for $61.8 million, at an average price of $92.32 per share which included rights to 50,177 shares valued at $5.1 million, or $102.29 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 104,279 shares at a total cost of approximately $12.88 million.

At the annual meeting of shareholders on May 19, 2011, the shareholders approved the cancellation of 702,106 shares of our common stock then held as treasury stock. These treasury shares were canceled on September 2, 2011, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

Stock options exercised in 2011 relate to our long-term incentive plan and were exercised at the request of certain employees.

At December 31, 2011, the Company has outstanding stock options of 13,042 shares at exercise prices ranging from $4.42 to $12.50 awarded to employees with a weighted average contractual life of 1.7 years.

Dividends

Cash dividends of $0.25 per share of common stock were paid in February, May, August and November 2011. The total dividends paid in 2011 were $46.0 million. On February 24, 2012, we paid a quarterly dividend of $0.28 per share of common stock to shareholders of record on January 24, 2012.

6. PREFERENCE SHARES

We have 6,000,000 preference shares authorized by our shareholders with a par value of EUR 0.02. At both December 31, 2011 and 2010, there were zero shares issued or outstanding.

7. PROVISIONS

All of the provisions are of a long-term nature and are specified as follows (in thousands):

	Deferred Compensation	Consolidated Subsidiaries	Income Tax Payable	Other	Total
At January 1, 2011	$ 6,159	$ 33,927	$ 620	$ 5,020	$ 45,726
Charged / (credited) the income statement:					
Additional provisions	635	—	222	1,003	1,860
Reversed unused	—	(11,518)	—	—	(11,518)
Used during the year	(500)	—	—	—	(500)
At December 31, 2011	$ 6,294	$ 22,409	$ 842	$ 6,023	$ 35,568

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires.

Consolidated Subsidiaries

Consolidated subsidiaries represent provisions for subsidiaries which have an equity deficit. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

Income Tax Payable

Income Tax Payable represents an accrual for uncertain tax positions relating to tax returns under audit.

Other

Other includes termination benefits. Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $6.0 million at December 31, 2011.

8. PAYABLES TO SUBSIDIARIES

Liabilities of a long-term nature due greater than 5 years are specified as follows (in thousands):

	Long-Term Inter-company Liability
At January 1, 2011	$ 52,663
Charged / (credited) to the income statement:	
Additions	863,201
Release/payments	(908,749)
Transfers from short-term inter-company liability:	—
At December 31, 2011	$ 7,115

The outstanding balance accrues interest at the rate of LIBOR plus 1.5%, quarterly.

The short term payables to subsidiaries are associated with corporate cash management activities, and do not have defined payment terms and are payable at the discretion of the Company. Additionally, the Company could acquire cash from its subsidiaries through dividends at its discretion as there are no restrictions.

9. DERIVATIVE FINANCIAL INSTRUMENTS

In 2006, we sold warrants on our common shares with an initial 20-day settlement period that was to begin in December 2011 and end in January 2012. During 2011, the settlement of all of the warrants was accelerated through a series of agreements with the holder of the warrants which gave us the option of settling in either cash or our common stock. The warrants were settled in four substantially equal 20-day tranches during May, June, August and September of 2011. In each of the four tranches, the exercise price was adjusted based on the daily volume weighted average price of our common stock. We recognized the change in the fair value of the warrants through our profit and loss accounts immediately prior to settlement, recognizing a loss during the year ended December 31, 2011 of $105.0 million. During the year ended December 31, 2011, we settled 6.6 million warrants at an average exercise price of $59.84 for $219.5 million in cash and 706,395 shares of our treasury stock.

10. BORROWINGS

In September 2011, Core Laboratories (U.S.) Interests Holdings, Inc., a wholly owned subsidiary of Core Laboratories N.V., issued two series of senior notes with an aggregate principal amount of $150 million ("Senior Notes") in a private placement transaction. These Senior Notes are fully and unconditionally guaranteed by Core Laboratories N.V. Series A consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.01 % and are due in full on September 30, 2021. Series B consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.11% and are due in full on September 30, 2023. Interest on each series of the Senior Notes is payable semi-annually on March 30 and September 30.

We are the parent borrower on a revolving credit facility maintained by Core Laboratories (U.S.) Interests Holdings, Inc. (the "Credit Facility") that allows for an aggregate borrowing capacity of $300.0 million. The Credit Facility also provides an option to increase the commitment under the Credit Facility to $350.0 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 1.50% to a maximum of LIBOR plus 2.25%. Any outstanding balance under the Credit Facility is due on September 28, 2016 when the Credit Facility matures. Interest payment terms are variable depending upon the specific type of borrowing under this facility. The available capacity at any point in time is reduced by borrowings outstanding at the time and outstanding letters of credit and performance guarantees and bonds which totaled $15.3 million at December 31, 2011, resulting in an available borrowing capacity under the Credit Facility of $211.7 million. In addition to those items under the Credit Facility, there were $11.7 million of outstanding letters of credit and performance guarantees and bonds from other sources at December 31, 2011.

The terms of the Credit Facility and Senior Notes require us to meet certain financial covenants, including, but not limited to, certain operational and minimum equity and cash flow ratios. We believe that we are in compliance with all such covenants.

Certain of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility and Senior Notes. Other indebtedness includes approximately $2.3 million of debt incurred relating to the financing of our corporate insurance. The carrying amounts of our borrowings are denominated in US Dollars.

11. RELATED PARTIES

For related party discussions, see Note 32 of the Consolidated Financial Statements.

12. SUPERVISORY DIRECTORS

For a discussion of Supervisory Director remuneration and related party transactions, see Notes 31 and 32 to the Notes to Consolidated Financial Statements.

/s/ David M. Demshur
David M. Demshur
President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)

/s/ Jacobus Schouten
Jacobus Schouten, on behalf of Core Laboratories International B.V. sole managing director of Core Laboratories N.V.

/s/ Richard L. Bergmark
Richard L. Bergmark
Executive Vice President, Chief Financial Officer and Supervisory Director

/s/ Joseph R. Perna
Joseph R. Perna
Supervisory Director

/s/ Jan Willem Sodderland
Jan Willem Sodderland
Supervisory Director

/s/ Rene R. Joyce
Rene R. Joyce
Supervisory Director

/s/ Michael C. Kearney
Michael C. Kearney
Supervisory Director

/s/ D. John Ogren
D. John Ogren
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

Amsterdam, The Netherlands,
May 3, 2012

Other information

1 Auditor's Report

The Auditor's report is included on page F-103.

2 Statutory Appropriation of Income

The Articles of Incorporation of the Company provide that the results for the year are subject to the disposition of the shareholders decided upon at the Annual Meeting of Shareholders. Income is expected to be fully included in retained earnings.

Proposed appropriation of results

The Board of Supervisory Directors proposes to increase retained earnings in the amount of $34.8 million from net income (loss). The Company expects to utilize available earnings generated by our operations for the development and growth of the business, to repurchase our exchangeable notes along with share repurchases under our share repurchase program and to pay dividends. The determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, income tax treatment of payments, general business conditions and such other factors we may deem relevant. Because Core Laboratories N.V. is a holding company that conducts substantially all of its operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

3 Branches

The consolidated financial statements include the financial information for the following branch locations:

Name	Legal Seat
Core Laboratories International B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
Core Laboratories International B.V. - Colombia Branch	Bogota, Colombia
Core Laboratories International B.V. - Pakistan Branch	
Core Laboratories International B.V. - India BranchMumbai, India	Karachi, Pakistan
Core Laboratories International B.V. - Dubai Branch	Dubai, United Arab Emirates
Core Laboratories International B.V. - Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Ecuador Branch	Quito, Ecuador
Core Laboratories LP - China Rep Office	Beijing, China
Core Laboratories Sales N.V. - Mexico Branch	Villahermosa, Mexico
Saybolt LP Virgin Islands Branch	St. Croix, USVI
Saybolt LP Puerto Rico Branch	Guayanilla, Puerto Rico
Saybolt International B.V. - Bahrain Branch	Manama, Bahrain
Saybolt International B.V. - Kuwait Branch	Mangaf, Kuwait
Saybolt International B.V. - Yemen Branch	Aden, Yemen
Saybolt Analyt Holding B.V. - Turkmenistan	Turkenbashi, Turkmenistan
Saybolt Analyt Holding B.V. - Georgia Rep. Office	Batumi, Georgia
Saybolt Analyt Holding B.V. Rep. Office	Moscow, Russia
Saybolt West Indies N.V. - Jamaica Branch	Jamaica
Saybolt Tianjin M&I Company - Xiamen Branch	Xiamen, China
Saybolt Tianjin M&I - Zhuhai Branch	Zhuhai, China
Saybolt Med SA - Mauritian Branch	Mauritius
EW Saybolt & Co SA - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Shanghai SIC - Saybolt Commodities Surveying Co Ltd - Shanghai Branch	Shanghai, China
Saybolt Eastern Hemisphere BV - Taiwan Branch	Taiwan

Owen Oil Tools LP - Thailand Branch	Songkhla, Thailand
Production Enhancement Corporation Trinidad Branch	Trinidad
Pencor International Ltd. Sakhalinsk Branch	Sakhalin, Russia Federation
Pencor International Ltd. Kazakhstan Branch	Atyrau, Kazakhstan

4 Subsequent Events

During the first quarter of 2012, we received notice of partial settlement of $3.4 million for a business interruption claim we filed in 2011 with our property insurance carrier for reimbursement of loss as a result of a fire at a raw materials supplier of high performance specialty steel tubulars used with the Company's perforating systems, The sublimit for contingent business interruption under our property policy is $5 million. We are still in the process of determining the full extent of our recovery and will record insurance proceeds as a component of 'Other Expense (Income), Net' in the period that a settlement is agreed upon.

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Supervisory Directors of Core Laboratories N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Core Laboratories N.V., Amsterdam as set out on pages 23 to 85. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Annual Report of the Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of
the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2011, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Annual Report of the Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this

Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Annual Report of the Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 3 May 2012
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010 UNDER IFRS

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Report for December 31, 2010

Herengracht 424
1017 BZ Amsterdam
The Netherlands

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

Annual Report of the Directors
(including the Corporate Governance Statement)

Currency - United States Dollars ("**$**")

General

Core Laboratories N.V. ("Core Laboratories", "Company", "we", "our" or "us") is a Netherlands limited liability company publicly traded in the United States on the New York Stock Exchange. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 5,000 employees.

Business Strategy

Our business strategy is to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the products and services offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

Development of New Technologies, Products and Services

We conduct research and development to meet the needs of our clients who are continually seeking new services and technologies to lower their costs of finding, developing and producing oil and gas. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, oil and gas producers have, on a proportional basis, increased expenditures on technology services to improve their understanding of the reservoir and increase production of oil and gas from their producing fields. We intend to continue concentrating our efforts on services and technologies that improve reservoir performance and increase oil and gas recovery.

International Expansion of Products and Services

Another component of our business strategy is to broaden the spectrum of products and services offered to our clients on a global basis. We intend to continue using our worldwide network of offices to offer many of our products and services that have been developed internally or obtained through acquisitions. This allows us to enhance our revenues through efficient utilization of our worldwide network.

Acquisitions

We continually review potential acquisitions to add key services and technologies, enhance market presence or complement existing businesses.

Marketing and Sales

We market and sell our products and services through a combination of sales representatives, technical seminars, trade shows and print advertising. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices. Our Business Development group manages a Large Account Management Program to better serve our largest and most active clients by meeting with key personnel within their organizations to ensure the quality of our products and services are meeting their expectations and we are addressing any issues or needs in a timely manner.

Research and Development

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Patents and Trademarks

We believe our patents, trademarks and other intellectual property rights are an important factor in maintaining our technological advantage, although no one patent is considered essential to our success. Typically, we will seek to protect our intellectual technology in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. In addition to patents, in many instances we protect our trade secrets through confidentiality agreements with our employees and our clients.

International Operations

We operate facilities in more than 50 countries. Our non-U.S. operations accounted for approximately 50% and 52% of our revenues from operations during the years ended December 31, 2010 and 2009, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects on foreign oilfields.

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our contracts are denominated in a currency other than the U.S. dollar to an amount generally equal to the expenses expected to be incurred in such foreign currency. However, the ultimate decision as to the proportion of the foreign currency component within a contract usually resides with our clients. Consequently, we are not always able to eliminate our foreign currency exposure. We have not historically engaged in and are not currently engaged in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations.

Environmental Regulation

We are subject to stringent governmental laws and regulations pertaining to protection of the environment and the manner in which chemicals and gases used in our analytical and manufacturing processes are handled and generated wastes are disposed. Consistent with our quality assurance and control principles, we have established proactive environmental policies for the management of these chemicals and gases as well as the handling and recycling or disposal of wastes resulting from our operations. Compliance with these laws and regulations may require the acquisition of permits for regulated activities, capital expenditures to limit or prevent emissions and discharges, and stringent restrictions for the handling and disposal of certain wastes. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and even the issuance of injunctive relief. The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or cleanup requirements could have a material adverse effect on our operations and financial position. For instance, the adoption of laws or implementation of regulations to address concerns about global climate change or threats to drinking water from hydraulic fracturing activities that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business.

Our analytical and manufacturing processes involve the handling and use of numerous chemicals and gases as well as the generation of wastes. Spills or releases of these chemicals, gases, and wastes at our facilities or at offsite locations where they are transported for recycling or disposal could subject us to environmental liability, which may be strict, joint and several, for the costs of cleaning up chemicals and wastes released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by such spills or releases. As a result of such actions, we could be required to remove previously disposed wastes, remediate environmental contamination, and undertake measures to prevent future contamination. While we believe that we are in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on us, we cannot give any assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate.

Competition

The businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our product and service lines, we face competition in these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, client service, pricing, industry trends and general economic trends.

Reliance on the Oil and Gas Industry

Our business and operations are substantially dependent upon the condition of the global oil and gas industry. Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial position, results of operations or cash flows.

The oil and gas industry is highly cyclical and has been subject to significant economic downturns at various times as a result of numerous factors affecting the supply of and demand for oil and natural gas, including the level of capital expenditures of the oil and gas industry; the level of drilling activity; the level of production activity; market prices of oil and gas; economic conditions existing in the world; interest rates and the cost of capital; environmental regulations; tax policies; political requirements of national governments; coordination by the Organization of Petroleum Exporting Countries ("**OPEC**"); cost of producing oil and natural gas; and technological advances.

Personnel

We have approximately 5,000 employees. We have maintained similar workforce levels from 2009 and expect to generally maintain the same workforce levels in the future, subject to market conditions and the impact on our business.

Results of Operations

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields:

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

General Overview and Future Outlook

We provide services and design and produce products which enable our clients to evaluate reservoir performance and increase oil and gas recovery from new and existing fields. These products and services are generally in higher demand when our clients are investing capital in exploration and development efforts to explore new fields or to increase productivity in existing fields. Our clients' investment in capital expenditure programs tends to correlate to oil and natural gas commodity prices. During periods of higher prices, our clients generally invest more in capital expenditures and, during periods of lower commodity prices, they tend to invest less. Accordingly, the level of capital expenditures by our clients impacts the demand for our products and services.

In the second half of 2008, the financial market crisis and the start of a global economic recession led to a decrease in demand for oil and gas; consequently oilfield activity began to decline as oil and gas companies reduced their spending levels. However, in late 2009, a global economic recovery began that continued steadily into 2010 and brought with it higher oil related prices which led to increased capital budgets for our clients.

The general crude oil market conditions in the United States in 2010 improved along with increases in global demand which led to higher crude oil prices that approached pre-recession levels by the end of the year. This created a positive impact on our business compared to the volatility experienced in late 2008 and throughout 2009.

Natural gas prices in 2010 had a different reaction to the overall increase in global demand for oil and gas products. Prices began a downward trend from their highs in mid-2008, a volatile 2009, with continued decreases throughout 2010. In spite of this, but due to these decreasing prices for natural gas being the result of an increase in the global supply instead of a decrease in the global demand, activity levels in this sector managed to increase.

Operators determined that the economics of certain projects would be viable at the higher commodity prices in 2010 compared to 2009 which led to an increase in rig count in 2010, particularly rigs drilling for oil, both in North America and worldwide. Although the North American rig count began to rise slightly in the last quarter of 2009, the average rig count in North America in 2009 was down over 40% from 2008 levels due to the prices for oil and gas being down significantly. Industry activity levels outside of North America did not experience these same reductions that North America did in the latter part of 2008, however in 2009 the international market activity also declined as the global demand for energy weakened.

Increases in activity levels in 2010 by our clients combined with greater market share, led to higher revenues over 2009 across all of our business segments. Given these higher revenues, in conjunction with the lower cost structure attained during the global economic recession, we were able to generate operating income that was 23% higher in 2010 than the prior year. This increase was driven primarily by our Production Enhancement and Reservoir Management segments with operating income increases of 56% and 35%, respectively.

We continue our efforts to expand our market presence by opening or expanding facilities in strategic areas and realizing synergies within our business lines. We believe our market presence provides us a unique opportunity to service clients who have global operations in addition to the national oil companies.

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. Based on recent developments, we believe that the current level of activities, workflows, and operating margins both outside North America and within North America will grow moderately into 2011.

We expect to meet ongoing working capital needs, capital expenditure requirements, repayment of our Notes and funding of our dividend and share repurchase programs from a combination of cash on hand, cash flow from operating activities and available borrowings under our revolving credit facility.

Net revenues for the years ended 2010 and 2009 were $794.7 million and $695.5 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 76% and 80% of our revenues from operations for the years ended December 31, 2010 and 2009, respectively. We manufacture products primarily in two facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 24% and 20% of our revenues from operations for the years ended December 31, 2010 and 2009, respectively.

We recorded operating income of $223.8 million and $182.4 million for the years ended December 31, 2010 and 2009, respectively.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Investments

Fixed assets are comprised of tangible fixed assets and intangible fixed assets. During 2010 and 2009, fixed assets increased $36.8 million and $17.5 million respectively. We expect to add an additional $25 million to $27 million in 2011.

Results of Operations

Segment Revenues

	For the Years Ended December 31,		
(USD in thousands)	**2010**	**% Change**	**2009**
Reservoir Description	$ 425,829	2.6%	$ 414,934
Production Enhancement	313,956	36.1%	230,652
Reservoir Management	54,868	9.8%	49,953
Total Revenues	$ 794,653	14.2%	$ 695,539

Segment Operating Income

	For the Years Ended December 31,		
(USD in thousands)	**2010**	**% Change**	**2009**
Reservoir Description	$ 105,225	(0.7 %)	$ 105,954
Production Enhancement	100,557	55.6 %	64,638
Reservoir Management	19,423	34.9 %	14,396
Corporate and other[1]	(1,437)	44.8 %	(2,604)
Operating income	$ 223,768	22.7 %	$ 182,384

(1) "Corporate and other" represents those items that are not directly related to a particular segment.

Reservoir Description

Revenues for our Reservoir Description segment increased by 2.6% in 2010 compared to 2009. During 2010, this segment’s operations continued to benefit from large-scale core analyses and advanced rock properties studies from the eastern Mediterranean region, the Middle East and West Africa offshore. This segment continued to realize increased demand for reservoir fluids phase-behavior studies, and for crude oil testing, inspection, distillation, assay, fractionation and characterisation projects worldwide. Other areas that continue to provide revenue growth are the continued expansion of worldwide development projects particularly in West Africa, Asia-Pacific, and the North Sea, as well as the North American gas shale and oil and liquid-rich plays in the Eagle Ford, Haynesville, Muskwa and other active fields.

Operating income and operating income margin decreased slightly in 2010 from 2009 as a result of slightly higher costs in certain operating areas.

Production Enhancement

Revenues for our Production Enhancement segment increased by $83.3 million, or 36.1% in 2010 compared to 2009, primarily due to the increased acceptance by our clients of our high margin completion products as well as our fracture diagnostic services, and an increased market share of our perforating charges and gun systems particularly in the North American markets relating to horizontal well developments of gas-shale and oil-shale reservoirs and for high margin completion and recompletion technologies used in the reworking of major, giant, and super-giant fields in southern Iraq.

Operating income for this segment increased to $100.6 million in 2010 from $64.6 million in 2009, an increase of 55.6%. The increase in margins in 2010 was primarily driven by our continued market penetration of higher-margin services including our proprietary and patented diagnostic technologies, such as SpectraChem® Plus+, SpectraScan®, ZeroWash®, and our HERO™ line of perforating charges and gun systems and our new Horizontal Time-Delayed Ballistics Actuated Sequential Transfer (HTD-Blast™) perforating system which is used for the perforation of extended-reach horizontal completions.

Reservoir Management

Revenues for our Reservoir Management segment increased to $54.9 million in 2010 from $50.0 million in 2009. The increase in revenue in 2010 was due to ongoing interest in several of our existing multi-client reservoir studies including new studies in the Montney Shale in northeastern British Columbia and northern Alberta, and the Eagle Ford Shale in south Texas, along with the continued participation in our North American Gas Shale Study and our new Worldwide Oil and Natural Gas Shale Reservoir Study. In addition, increased revenue was provided by our proprietary studies, including studies of offshore Ivory Coast, Ghana and Nigeria, a gas-shale reconnaissance project in Indonesia and detailed proprietary reservoir studies for several companies active in the Wolfberry play in West Texas.

Operating income for this segment increased to $19.4 million in 2010 compared to $14.4 million in 2009. The increase in operating income in 2010 as compared to 2009 was primarily related to growth in our consortium projects and the delivery of completed consortium projects.

Corporate and Other

Operating expenses for Corporate and Other are expenses not directly related to a particular segment. In 2010 and 2009, the overall expense not relating to a particular segment was minimal. These expenses pertain to the operation of all of the segments as a combined group.

Liquidity and Capital Resources

We have historically financed our activities through cash on hand, cash flows from operations, bank credit facilities, equity financing and the issuance of debt. Cash flow from operating activities provides the primary source of funds to finance operating needs, capital expenditures and our share repurchase and dividend programs. If necessary, we supplement this cash flow with borrowings under bank credit facilities to finance some capital expenditures and business acquisitions. As we are a Netherlands holding company, we conduct substantially all of our operations through subsidiaries.

Our cash availability is largely dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us.

The following table summarizes cash flows from continuing operations for the years ended December 31, 2010 and 2009:

(USD in thousands)	**Years Ended December 31, 2010**	**2009**
Cash provided by/(used in):		
Operating activities	$ 203,946	$ 197,370
Investing activities	(35,909)	(17,066)
Financing activities	(215,202)	(35,397)
Net change in cash and cash equivalents	$ (47,165)	$ 144,907

Excluding the loss on the fair value of the derivatives, the increase in cash flow from operating activities in 2010 compared to 2009 was primarily due to an increase in net income.

Cash flow used in investing activities increased $18.8 million in 2010 over 2009 due to higher capital expenditures and an acquisition for $9.0 million during the first quarter of 2010.

Cash flow used in financing activities in 2010 increased $179.8 million compared to 2009 due to an increase in the number of shares repurchased under our common share repurchase program, increased dividends paid, and the early exchange of our Notes by note holders.

We expect our investment in capital expenditures to be approximately $25 million to $27 million in 2011 which will be used to fund our growth through the purchase of instrumentation, tools and equipment as well as building out infrastructure along with expenditures to replace obsolete or worn-out instrumentation, tools and equipment, to consolidate certain facilities to gain operational efficiencies and to increase our presence where requested by our clients. In addition, we plan to continue to (i) repurchase our common shares on the open market through our stock repurchase program, (ii) repurchase our Notes, (iii) pay a dividend or (iv) acquire complimentary technologies. Our ability to continue these programs depends on, among other things, market conditions and our ability to generate free cash flow.

Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

Due to the low inflationary rates in 2010 and 2009, the impact of inflation on our results of operations was insignificant.

Significant Events

In 2006, a wholly owned subsidiary issued $300 million aggregate principal amount of Senior Exchangeable Notes due 2011 ("**Notes**"). Each Note carries a $1,000 principal amount and is exchangeable into shares of Core Laboratories N.V. common stock under certain circumstances at an exchange price of $45.75 per share, or 21.8578 shares per Note. Upon exchange, holders will receive cash for the principal amount plus any amount related to fractional shares, and any excess exchange value will be delivered in whole shares of Core Laboratories N.V. common stock at the completion of the valuation period as defined under our Notes agreement. Under the terms of our Notes the early exchange option for the holders of our Notes was enabled in the fourth quarter of 2010, as it was in the second and third quarters of 2010. We received 21 requests during 2010 to exchange 82,251 Notes, which were settled during the year for $82.3 million in cash and 808,367 shares of our common stock, all of which were treasury shares, resulting in a loss of $5.8 million.

Board Structure

We have a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which must consist of at least one member under the Company's articles of association.

Under Dutch law, the Supervisory Board's duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board currently consists of eight Supervisory Directors. The Supervisory Directors are expected to exercise oversight of management with the Company's interests in mind. The Supervisory Board is divided into three classes, with each class subject to re-election every third year by the shareholders at the annual meeting.

The Management Board's sole member is Core Laboratories International B.V. As a Managing Director, Core Laboratories International B.V.'s duties include overseeing the management of the Company, consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval.

Board of Supervisory Directors

The Company desires to initiate steps to bring new membership to the Board of Supervisory Directors, with a plan of replacing one existing director each year over the next few years. Accordingly, the Board of Supervisory Directors is proposing the election of one new member this year, coinciding with the resignation of Jacobus Schouten, our longest serving member, effective at the time of the annual meeting.

Supervisory Director Independence

In connection with determining the independence of each Supervisory Director, the Board inquired as to any transactions and relationships between each Supervisory Director and his or her immediate family and us and our subsidiaries, and reviewed and discussed the results of such inquiry. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that a Supervisory Director is independent, under the standards set forth by the Dutch Corporate Governance Code (the "**Dutch Code**"). Under the Dutch Code, the Supervisory Board is to be composed of members who are able to act critically and independently of each other and of the Management Board. As a result of this review, after finding no material transactions or relationships, the board affirmatively determined that each of Messrs. Joyce, Kearney, Ogren, Perna, Schouten and Vriesendorp are independent under the applicable standards described above.

Supervisory Board Meetings

The Supervisory Board held four meetings in 2010. Seven of the Supervisory Directors attended 100% of the 2010 Supervisory Board meetings and the eighth director attended all meetings, except one, due to a family medical matter. Each Supervisory Director attended 100% of the meetings in 2010 of all committees on which he serves. Under our Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. In 2010, all Supervisory Directors attended the annual shareholder meeting and we expect each of our Supervisory Directors to attend our 2011 annual meeting as our current policy requires Supervisory Director attendance at the annual meeting.

Our Nonemployee Supervisory Directors have met separately in executive session without any members of management present. The Chairman of the Nominating and Governance Committee is the presiding Supervisory Director at each such session. If any of our Nonemployee Supervisory Directors were to fail to meet the applicable criteria for independence, then our independent Supervisory Directors would meet separately at least once a year in accordance with the rules of the NYSE.

Committees of the Supervisory Board

The Supervisory Board has three standing committees, the identities, memberships and functions of which are described below:

Audit Committee

Effective March 1, 2011, Mr. Perna resigned from the Audit Committee and was replaced by Mr. Ogren, such that the current members of the Committee are Messrs. Kearney (Chairman), Joyce and Ogren. The Audit Committee's principal functions, which are discussed in detail in its charter, include making recommendations concerning the engagement of the independent registered public accountants, reviewing with the independent registered public accountants the plan and results of the engagement, approving professional services provided by the independent registered public accountants and reviewing the adequacy of our internal accounting controls. Each member of the Audit Committee is independent, as defined by Section 10A of the Exchange Act and by the corporate governance standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code. Each member of the Audit Committee is financially literate and Mr. Kearney qualifies as an audit committee financial expert under the rules promulgated pursuant to the Exchange Act. The Audit Committee held five meetings in 2010.

The Audit Committee operates under a written charter. A copy of the Audit Committee charter may be found on the Company’s website, at www.corelab.com/corporate/governance.aspx.

Compensation Committee

Effective March 1, 2011, Mr. Perna resigned from the Compensation Committee such that the current members of the Committee are Messrs. Ogren (Chairman) and Joyce. The Compensation Committee's principal functions, which are discussed in detail in its charter, include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer and our senior executive officers, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. The Compensation Committee also regularly discusses a succession plan for the CEO and other senior executive management. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the whole Supervisory Board for approval. Pursuant to its charter, the Compensation Committee has the authority to delegate its responsibilities to other persons. On February 28, 2003, our Supervisory Board established an Options Subcommittee consisting of Messrs. Ogren (Chairman) and Joyce, which was renamed the Equity Awards Subcommittee in 2006. The Equity Awards Subcommittee's principal function has been to review and approve awards made pursuant to our LTIP. The Compensation Committee held two meetings in 2010 and the Equity Awards Subcommittee held one meeting in 2010. The Subcommittee was dissolved by the Board of Supervisory Directors effective March 1, 2011 and its duties returned to the full Compensation Committee.

The Compensation Committee periodically retains a consultant to provide independent advice on executive compensation matters and to perform specific project-related work. The consultant reports directly to the committee, which pre-approves the scope of the work and the fees charged. The Committee indicates to the consultant the role that management has in the analysis of executive compensation, such as the verification of executive and Company information that the consultant requires. In 2010, the Compensation Committee retained Stone Partners, Inc. ("Stone Partners") to advise it on selecting a peer group of companies to be used for compensation purposes.

The Committee operates under a written charter. A copy of the Compensation Committee charter may be found on the Company’s website, at http://www.corelab.com/corporate/governance.aspx.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee of our Supervisory Board are Messrs. Joyce (Chairman), Schouten and Vriesendorp. The Nominating and Governance Committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Each member of the Nominating and Governance Committee is independent as defined by the corporate governance standards of the NYSE. The Nominating and Governance Committee held one meeting in 2010.

A copy of the Nominating and Governance Committee Charter may be found on the Company's website, at http://www.corelab.com/corporate/governance.aspx.

Qualifications of Supervisory Directors

The Nominating and Governance Committee has the responsibility to make recommendations to the Board of Supervisory Directors of candidates for the Board that will perform well in that role and maximize shareholder value. In considering suitable candidates for that position, the Nominating and Governance Committee considers, among other factors, the person's reputation, knowledge, experience, integrity, independence, skills, expertise, business and governmental acumen and time commitments. In addition to considering these factors on an individual basis, the Nominating and Governance Committee considers how these factors contribute to the overall variety and mix of attributes of our Board as a whole so that the members of our Board collectively possess the diverse knowledge and complementary attributes necessary to oversee our business. Supervisory Directors should be excellent representatives of the Company and be able to provide a wide range of management and strategic advice and be someone that the Company can count on to devote the required time and attention needed from members of the Board. In the case of current Supervisory Directors being considered for re-nomination, the Nominating and Governance Committee will also take into account the Supervisory Director's tenure as a member of our Board of Supervisory Directors; the Supervisory Director's history of attendance at meetings of the Board of Supervisory Directors and committees thereof; the Supervisory Director's preparation for and participation in all meetings, and the Supervisory Director's contributions and performance as a member of the Board.

Six of the eight members of the Board, including the new nominee in 2011, are considered independent under applicable SEC, NYSE and Dutch Code standards. For this year's annual meeting and election, the Nominating and Governance Committee believes they possess the characteristics outlined above and bring to the Board valuable skills that enhance the Board's ability to manage and guide the strategic affairs of the Company in the best interests of our shareholders.

Supervisory Director Nomination Process

- The Nominating and Governance Committee, the Chairman of the Supervisory Board, the Chief Executive Officer, or a Supervisory Director identifies a need to add a new board member that meets specific criteria or to fill a vacancy on the board. The Nominating and Governance Committee also reviews the candidacy of existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board. The Nominating and Governance Committee also considers recommendations for nominees for directorships submitted by shareholders as provided below.

- If a new board member is to be considered, the Nominating and Governance Committee initiates a search by seeking input from other Supervisory Directors and senior management, and hiring a search firm, if necessary. An initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Supervisory Board are identified by and/or presented to the Nominating and Governance Committee, which ranks the candidates. Members of the Nominating and Governance Committee review the qualifications of prospective candidate(s), and the Chairman of the Supervisory Board, the Chief Executive Officer, and all other Supervisory Board members have the opportunity to review the qualifications of prospective candidate(s).

- Shareholders seeking to recommend Supervisory Director candidates for consideration by the Nominating and Governance Committee may do so by writing to the Company's Secretary at the address indicated on the cover page of our proxy, giving the recommended candidates' name, biographical data and qualifications. The Nominating and Governance Committee will consider all candidates submitted by shareholders within the time period set forth.

- The Nominating and Governance Committee recommends to the Supervisory Board the nominee(s) from among the candidate(s), including existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board, and new candidates, if any, identified as described above.

- The nominee(s) are nominated by the Supervisory Board.

Related Person Transactions

Related person transactions have the potential to create actual or perceived conflicts of interest between the Company and its directors and executive officers or their immediate family members. Under its charter, the Audit Committee is charged with the responsibility of reviewing with management and the independent registered public accountants (together and/or separately, as appropriate) insider and affiliated party transactions and potential conflicts of interest. The Audit Committee has delegated authority to review transactions involving employees, other than our executive officers, to our general counsel. We identify such transactions by distributing questionnaires annually to each of our directors, officers and employees.

In deciding whether to approve a related person transaction the following factors may be considered:

- information about the goods or services proposed to be or being provided by or to the related party or the nature of the transactions;
- the nature of the transactions and the costs to be incurred by us or payments made to us;
- an analysis of the costs and benefits associated with the transaction and a comparison of comparable or alternative goods or services that are available to us from unrelated parties;
- the business advantage we would gain by engaging in the transaction; and
- an analysis of the significance of the transaction to us and to the related party.

To receive approval, the related person transaction must be on terms that are fair and reasonable to the Company, and which are as favorable to the Company as would be available from non-related entities in comparable transactions. The Audit Committee requires that there is a Company business interest supporting the transaction and the transaction meets the same Company standards that apply to comparable transactions with unaffiliated entities. The Audit Committee has adopted a written policy that governs the approval of related person transactions.

There were no transactions that occurred during fiscal year 2010 in which, to our knowledge, we were or are a party, in which the amount involved exceeded $120,000, and in which any director, director nominee, executive officer, holder of more than 5% of our common shares or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest. During the year, there have been no conflicts of interest between us and the executive management, the Supervisory Board or with any affiliated person or entity.

Compensation Committee Interlocks and Insider Participation

During 2010, no executive officer served as:

- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee;
- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our Supervisory Directors; or
- a director of another entity, one of whose executive officers served on our Compensation Committee or the board of directors of one of our subsidiaries.

Mr. Perna, a member of our Compensation Committee until March 1, 2011, was an officer of our Company until his retirement on March 1, 1998, more than thirteen years ago.

Communications with Directors; Website Access to Our Corporate Documents

Shareholders or other interested parties can contact any Supervisory Director or committee of the Board of Supervisory Directors by directing correspondence to them in care of Mark F. Elvig, Secretary, in care of Core Laboratories LP, 6316 Windfern Road, Houston, Texas 77040. Comments or complaints relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee.

Our Internet address is *www.corelab.com*. Our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and the charters of our Supervisory Board committees are available on our website. We will also furnish printed copies of such information free of charge upon written request to our Investor Relations department.

Corporate Governance

General

The Company is subject to corporate governance requirements in the Netherlands. The management board of the Company supports the principles and best practice provisions of corporate governance set out in the Dutch Corporate Governance Code ("**DCGC**") as amended in December, 2008 and effective for January 1, 2009. Pursuant to the DCGC, the Company has to state in its Annual Report whether it complies with the principles and best practice provisions of the DCGC and, if it does not comply, to explain the reasons for this non-compliance.

Compliance with the Dutch Corporate Governance Code

The Company applies the major part of the principles and provisions of the DCGC, in so far as they are applicable, with the exceptions listed hereafter.

Where reference is made in the DCGC to reports, profiles or other documents, such documentation may not exist; however, the principles of the DCGC are being followed - subject to deviations as explained below - and the information to be contained in such reports, profiles and other documentation is set-out in the Company's Proxy Statement, which is inter alia published on the Company's website at http://www.corelab.com/corporate/SEC.aspx.

Best practice provision I.1

The corporate governance structure of the Company is not explained in a separate chapter of the Dutch annual report. Pursuant to the Rule 303A.09 of the New York Stock Exchange ("NYSE"), the Company has adopted Corporate Governance Guidelines, which are described in the Company's publicly available Proxy Statement. In addition, a copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision II.1.1

The sole managing director of the Company is Core Laboratories International B.V. The composition of the management board of the latter company changes from time to time. Certain members of the management board of Core Laboratories International B.V. have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities.

Best practice provisions II.1.2, II.1.10, and II.1.11

The decisions mentioned in these best practice provisions will normally be submitted to the Supervisory Board by officers of the Company.

Paragraph II.2 and the relevant Best practice provisions

The sole member of the management board of the Company is Core Laboratories International B.V., an entity to which no remuneration is paid. With regards to remuneration paid to the Supervisory Directors of Core Laboratories N.V., a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company's Proxy Statement as required by Item 402(g) of Regulation S-K of the U.S. securities laws as well as later in this annual report. In addition, with regard to the executive officers of the Company, the Compensation Committee Report, which is contained in the Proxy Statement, describes the objective of the Company's remuneration program, as well as the principle components of the Company's remuneration for those individuals. The Company also discloses in its Proxy Statement, as required by U.S. securities laws, the types and amount of cash and non-cash remuneration awarded to its executive officers.

Best practice provision II.2.5

New York Stock Exchange rules do not prescribe to retain shares granted to management board members without financial consideration for a period of at least five years or until at least the end of the employment, if this period is shorter. Therefore the grant of shares to managing directors has not been made subject to such restrictions.

Best practice provision II.2.8

In respect of the dismissal of a senior executive officer, as is customary in our industry, each of the Company's senior executive officers has an employment contract that regulates the termination of the officer's employment and the termination compensation due to that officer. Those employment agreements are filed with the U.S. Securities and Exchange Commission and made publicly available. In addition, the Company describes the material terms of those employment agreements in its annual Proxy Statement, which is provided to all shareholders as well as being described later in this annual report.

Best practice provision II.3.1

The Company does comply with this provision except where gifts are concerned; the Company's policy requires disclosure to the Company's compliance officer and to the General Counsel of the receipt of any substantial gift. The gift is then reviewed to determine if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision II.3.4

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10) and can be found on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision III.1.2

Reference is made to the remarks in relation to best practice provision I.1.

Best practice provision III.1.3

The information mentioned in this provision is or will be provided in the Corporate Governance Guidelines.

Best practice provision III.1.5

In respect of the administration concerning the attendance of the Supervisory Board members, under the Company's Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. The Company does require its Supervisory Directors to attend annual meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the Securities Exchange Act, the Company discloses its policy with regard to Supervisory Board members' attendance at annual meetings in its proxy statement.

Best practice provision III.2.1, III.2.2 and III.2.3

The Company publishes a statement on the independence (using the SEC's definition thereof) of its Supervisory Directors in the Proxy Statement mailed out annually to its shareholders. Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Best practice provision III.3.5 and III.3.6

The Company does have a retirement schedule for the Supervisory Board. The composition of the Supervisory Board changes from time to time. Further, the Company has announced a Board Succession Plan to bring new membership to the Board of Supervisory Directors. This plan has been furnished to the SEC.

Best practice provision III.4.1 and III.4.4

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the Supervisory Board to elect a vice-chairman.

Best practice provision III.4.2

In respect of this corporate structure requirement, the Company's CEO acts as chairman of the supervisory board. The CEO has been a supervisory director of the Company since 1994 and was subsequently appointed as chairman for his importance to the Company, and for his experience and knowledge of the business of the Company.

Best practice provision III.5.2

The Company publishes a report of each of the supervisory board committees in the Proxy Statement mailed out annually to its shareholders. Therefore, the Company does not include such a reference in its Dutch annual report.

Best practice provision III.5.10

The Company's compensation committee does review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company's CEO and non-employee supervisory board members. Also, the Company's compensation committee reviews and evaluates the policy on the remuneration of the Company's senior executives. The remuneration report of the compensation committee is subject to approval by the supervisory board. Additionally, the Company complies with New York Stock Exchange Rule 303A(5)(b)(i) which governs the composition of the Company's compensation committee and requires the committee have a charter that addresses certain topics.

Best practice provision III.6.5

With regard to the policy of the supervisory board concerning conflicts of interest between board members and the Company, the Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10).

The Company's supervisory board has drawn up policies concerning ownership of and transactions in Company securities by management board members, but does not have a policy regarding ownership and transactions in securities issued by third party companies. To the extent that investments do constitute a conflict of interest, both the New York Stock Exchange rules and Company policy provide that the director should disclose the conflict and should not take any actions that are inconsistent with their fiduciary duties.

Best practice provision III.7.1

As is customary in the industry in which we compete, the Company does grant annual equity compensation to supervisory board members. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of supervisory directors with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company's proxy statement as required by Item 402 of Regulation S-K.

Best practice provision III.7.2

U.S. securities laws do not require directors to retain shares for a particular length of time. Beginning in 2011, the Company granted time-based restricted stock that vest at the end of a three-year period. Directors are required to retain ownership of shares equal to no less than 5 times the annual base retainer.

Best practice provision IV.1.1

Pursuant to statutory obligations, current dismissals require a majority vote by the shareholders.

Best practice provision IV.1.4

The Company does not have a policy with regard to additions on reserves and dividends. It decides what reserves are appropriate on a case by case basis in accordance with International Financial Reporting Standards ("**IFRS**"). Evaluation of dividends is done by the senior executive management of the Company, in consultation with the audit committee of the supervisory board.

Best practice provision IV.3.4

The Company does convene meetings with analysts and investors periodically throughout the year and conducts these meetings in compliance with Regulation FD of the U.S. securities law, which prohibits the selective disclosure of any material non-public information.

Best practice provision IV.3.6

A proxy which contains all the facts and circumstances relevant for approvals to be granted by the general meeting of the shareholders is annually mailed out to the Company's shareholders. If under U.S. law additional information should be provided, such information will be provided by additional mailing and/or on the website as the case may be.

Best practice provision IV.3.10

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does file a form 8-K following the date of such meeting summarizing the actions taken at the shareholder meeting.

Best practice provision IV.3.11

The Company does not have specific existing or potential anti-takeover measures in place.

Best practice provision IV.3.12

Proxies for the Annual Meeting of Shareholders can be given to Mark Elvig, Jan Willem Sodderland, Jaap Stoop or T. Mark Kelly with power of substitution, who may not be independent third parties but who will vote on these powers as directed by the shareholders.

Best practice provision IV.3.13

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to New York Stock Exchange Rule 17 CFR Part 243 Regulation FD (*Fair Disclosure*). The Company has posted on its website, the Company’s *Code of Business Conduct and Ethics*, including policies on Insider Trading and Confidentiality as well as the Company’s *Code of Ethical Conduct for Senior Financial Officers and Managers*.

Best practice provision V.2.3

The audit committee is responsible for the supervision of the independence of the auditors and does conduct an assessment of the functioning of the external auditor. In addition, the Company complies with Section 10A(m)(6) of the Securities Exchange Act which requires the audit committee, in its capacity as a committee of the supervisory board of directors, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which requires additional requirements regarding the composition and independence of the audit committee.

Best practice provision V.4.1

The external auditor of the Company has a separate meeting with the audit committee shortly after or before the supervisory board meeting to discuss the report of the auditor and to approve the financial statements. The Company does comply with Section 10A(m)(6) of Securities Exchange Act.

Risk Management Approach & Financial Reporting Risks – Best practice provisions II.1.4 and II.1.5

Our management is responsible for ensuring that the Company complies with all relevant legislation and regulations. It is responsible for proper financing of the Company and the management of the risks that the Company is facing. It reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. Within the Company, risk management forms an integral part of business management. The Company's risk and control policy is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal requirements and by safeguarding the reliability of the financial reporting and its disclosures. The Company's risk management approach is embedded in the periodic business planning and review cycle. With respect to financial reporting a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting. On the basis of risk assessments, operating division and business management determines the risks related to the achievement of business objectives and appropriate risk responses in relation to business processes and objectives.

Our management is responsible for internal control in the Company and has implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore the system is designed to ensure compliance with relevant laws and regulations. The Company has designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which recommendations are aimed at providing a reasonable level of assurance.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses. The most important risks identified, as well as the structure of the aforesaid risk management and internal control system, are discussed in the Risk Factors section below. Significant changes and improvements in the Company's risk management and internal control system are disclosed below and have been discussed with the Supervisory Board's Audit Committee and the external auditor.

Internal representations received from management, regular management reviews, reviews of the design and implementation of the Company's risk management approach and reviews in business and functional audit committees are integral parts of the Company's risk management approach. See Management's Report on Internal Control over Financial Reporting in the section below for additional discussion on management's assessment of our internal controls.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliances with rules and regulations.

In view of all of the above the Board of Management believes that it is in compliance with the requirements of recommendations II.1.4 and II.1.5 of the Dutch Corporate Governance Code, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof.

General Meeting of Shareholders

The functioning and the powers of the General Meeting of Shareholders is also governed by the SEC rules since the Company 's shares are listed on the New York Stock Exchange.

Disclosure Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2010 at the reasonable assurance level.

Our management does not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent all errors and all fraud. Further, the design of disclosure controls and internal control over financial reporting must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth in *Internal Control • Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment using these criteria, our management determined that our internal control over financial reporting was effective as of December 31, 2010.

The effectiveness of our internal control over financial reporting as of December 31, 2010, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our fiscal period ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors discussed below.

Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations.

The oil and gas industry is highly cyclical and demand for the majority of our oilfield products and services is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. There are numerous factors affecting the supply of and demand for our products and services, which include, but are not limited to:

- general and economic business conditions;
- market prices of oil and gas and expectations about future prices;
- cost of producing oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by OPEC;
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- the physical effects of climatic change, including adverse weather or geologic/geophysical conditions;
- the adoption of legal requirements or taxation relating to climate change that lower the demand for petroleum-based fuels;
- civil unrest or political uncertainty in oil producing or consuming countries;
- level of consumption of oil, gas and petrochemicals by consumers;
- changes in existing laws, regulations, or other governmental actions;
- the business opportunities (or lack thereof) that may be presented to and pursued by us; and
- availability of services and materials for our clients to grow their capital expenditures.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could adversely affect our operating results.

We depend on the results of our international operations, which expose us to risks inherent in doing business abroad.

We conduct our business in over 50 countries; business outside of the United States accounted for approximately 50% and 52% of our revenues during the years ended December 31, 2010 and 2009, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects on foreign oilfields. Our operations are subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes, seizure, detention, nationalization and expropriations of assets;
- interpretation of tax statutes and requirements of taxing authorities worldwide, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates (see section below);

- the impact of inflation;
- difficulty in repatriating foreign currency received in excess of the local currency requirements; and
- current conditions in oil producing countries such as Venezuela, Nigeria, Iran and Iraq considering their potential impact on the world markets.

Historically, economic downturn and political events have resulted in lower demand for our products and services in certain markets. The ongoing conflict in Iraq and the potential for activity from terrorist groups that the U.S. government has cautioned against have further heightened our exposure to international risks. The global economy is highly influenced by public confidence in the geopolitical environment and the situation in the Middle East continues to be highly fluid; therefore, we expect to experience heightened international risks.

Our results of operations may be significantly affected by foreign currency exchange rate risk.

We are exposed to risks due to fluctuations in currency exchange rates. By the nature of our business, we derive a substantial amount of our revenues from our international operations, subjecting us to risks relating to fluctuations in currency exchange rates. Our revenues and expenses are mainly denominated in U.S. dollar ("**USD**") so fluctuations in the exchange rate of the USD against other currencies may in the future have an effect upon our results of operations.

Our results of operations may be adversely affected because our efforts to comply with U.S. laws such as the Foreign Corrupt Practices Act (the "**FCPA**") could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law.

We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that U.S. law and regulations prohibit us from using.

Because we are registered with the U.S. Securities and Exchange Commission, we are subject to the regulations imposed by the FCPA, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our business, results of operations or financial condition. In addition, our ability to continue to work in these parts of the world discussed above could be adversely affected if we were found to have violated certain U.S. laws, including the FCPA.

If we are not able to develop or acquire new products or our products become technologically obsolete, our results of operations may be adversely affected.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. While we intend to continue committing substantial financial resources and effort to the development of new products and services, we may not be able to successfully differentiate our products and services from those of our competitors. Our clients may not consider our proposed products and services to be of value to them; or if the proposed products and services are of a competitive nature, our clients may not view them as superior to our competitors' products and services. In addition, we may not be able to adapt to evolving markets and technologies, develop new products, or achieve and maintain technological advantages.

If we are unable to continue developing competitive products in a timely manner in response to changes in technology, our businesses and operating results may be materially and adversely affected. In addition, continuing development of new products inherently carries the risk of inventory obsolescence with respect to our older products.

If we are unable to obtain patents, licenses and other intellectual property rights covering our products and services, our operating results may be adversely affected.

Our success depends, in part, on our ability to obtain patents, licenses and other intellectual property rights covering our products and services. To that end, we have obtained certain patents and intend to continue to seek patents on some of our inventions and services. While we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. In addition, effective copyright and trade secret protection may be unavailable or limited in certain countries. Litigation, which could demand significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights. Also, there can be no assurance that we can obtain licenses or other rights to necessary intellectual property on acceptable terms.

There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected.

One of our key business strategies is to acquire technologies, operations and assets that are complementary to our existing businesses. There are financial, operational and legal risks inherent in any acquisition strategy, including:

- increased financial leverage;
- ability to obtain additional financing;
- increased interest expense; and
- difficulties involved in combining disparate company cultures and facilities.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to continue to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operation.

We are subject to a variety of environmental laws and regulations, which may result in increased costs and significant liability to our business.

We are subject to a variety of governmental laws and regulations both in the United States and abroad relating to protection of the environment and the use and storage of chemicals and gases used in our analytical and manufacturing processes and the discharge and disposal of wastes generated by those processes. These laws and regulations may impose joint and several, strict liability and failure to comply with such laws and regulations could result in the assessment of damages, fines and penalties, the imposition of remedial or corrective action obligations or the suspension or cessation of some or all of our operations. Stringent laws and regulations could require us to acquire permits or other authorizations to conduct regulated activities, install and maintain costly equipment and pollution control technologies, or to incur costs or liabilities to mitigate or remediate pollution conditions caused by our operations or attributable to former operators. If we fail to control the use, or adequately restrict the discharge of, hazardous substances or wastes, we could be subject to future material liabilities including remedial obligations. In addition, public interest in the protection of the environment has increased dramatically in recent years with governmental authorities imposing more stringent and restrictive requirements. We anticipate that the trend of more expansive and stricter environmental laws and regulations will continue, the occurrence of which may require us to increase our capital expenditures or could result in increased operating expenses.

For example, federal environmental legislation proposed in the recently concluded session of the U.S. Congress and that could be re-introduced and adopted in the current session of Congress could adversely affect our business, financial condition and results of operations. This legislation could include the following:

- Climate Change. Climate change legislation establishing a "cap-and-trade" plan for greenhouse gasses ("**GHGs**") was approved by the U.S. House of Representatives in the recently concluded session of Congress. It is not possible at this time to predict whether or when the current session of Congress may act on climate change legislation. The U.S. Environmental Protection Agency ("**EPA**") also has taken recent actions to monitor and report upon or otherwise restrict emissions of GHGs. Based on recent developments, the EPA now purports to have a basis to restrict emissions of GHGs under existing federal Clean Air Act, effective January 2, 2011. Adoption and implementation of laws and regulations limiting emissions of GHGs from our equipment or operations could require us to incur costs to comply with such requirements and also could adversely affect demand for the production of oil and natural gas and thus reduce demand for the services we provide to the oil and natural gas industry.

- Hydraulic Fracturing. The U.S. Congress considered legislation in the recently concluded session to amend the federal Safe Drinking Water Act to require the disclosure of chemicals used by the oil and natural gas industry in the hydraulic fracturing process. Currently, regulation of hydraulic fracturing is primarily conducted at the state level through permitting and other compliance requirements. It is not possible at this time to predict whether or when the current session of Congress may act on hydraulic fracturing legislation. Any such legislation, if adopted, could establish an additional level of regulation and permitting at the federal level as well as require the disclosure of chemicals that are mixed with the water and sand pumped underground in the process, which disclosed information could be proprietary in nature and could be used by third parties opposing hydraulic fracturing to initiate legal proceedings alleging that specific chemicals used in the process adversely affect groundwater. Even though Core Laboratories is not a hydraulic fracturing company, it does supply and analyze chemicals used during such processes for reservoir diagnostic purposes and could be adversely affected by such legislation. In addition, the EPA has initiated a study of the potential environmental impacts of hydraulic fracturing, the results of which are anticipated to be available by late 2012, and the U.S. House of Representatives has commenced an investigation into hydraulic fracturing practices, which inquiries could result in the introduction of legislation restricting aspects of hydraulic fracturing.

We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, geologists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. We may confront significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for oil and gas. Additionally, at times there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. As a result, our business, results of operations and financial condition may be materially adversely affected.

We require a significant amount of cash to repay our indebtedness, and our ability to generate cash will depend on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures depends, in part, on our ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

No assurance can be given that we will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure that any refinancing or debt restructuring would be possible or, if possible, would be completed on favorable or acceptable terms, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Disruptions in the capital and credit markets could adversely affect our ability to refinance our indebtedness, including our ability to borrow under our existing Credit Facility. Banks that are party to our existing Credit Facility may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Because we are a Netherlands company, it may be difficult for you to sue our supervisory directors or us and it may not be possible to obtain or enforce judgments against us.

Although we are a Netherlands company, our assets are located in a variety of countries. In addition, not all members of our supervisory board of directors are residents of the same countries as other supervisory directors. As a result, it may not be possible for you to effect service of process within certain countries upon our supervisory directors, or to enforce against our supervisory directors or us judgments of courts of certain countries predicated upon civil liabilities under a country's federal securities laws. Because there is no treaty between certain countries and The Netherlands providing for the reciprocal recognition and enforcement of judgments, some countries' judgments are not automatically enforceable in The Netherlands or in the United States, where the principal market for our shares is located. In addition, there is doubt as to whether a court in one country would impose civil liability on us or on the members of our supervisory board of directors in an original action brought against us or our supervisory directors in a court of competent jurisdiction in another country and predicated solely upon the federal securities laws of that other country.

Amsterdam, The Netherlands,
May 2, 2011

/s/ David M. Demshur	/s/ Jan Willem Sodderland
David M. Demshur President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)	Jan Willem Sodderland, on behalf of Core Laboratories International B.V. sole managing director of Core Laboratories N.V.
/s/ Richard L. Bergmark	/s/ Joseph R. Perna
Richard L. Bergmark Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director	Joseph R. Perna Supervisory Director
/s/ Jacobus Schouten	/s/ Rene R. Joyce
Jacobus Schouten Supervisory Director	Rene R. Joyce Supervisory Director
/s/ Michael C. Kearney	/s/ D. John Ogren
Michael C. Kearney Supervisory Director	D. John Ogren Supervisory Director
/s/ Alexander Vriesendorp	
Alexander Vriesendorp Supervisory Director	

CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
December 31, 2010 and 2009
(In thousands of USD, except share and per share data)

	Ref.		2010		2009
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	$	104,223	$	98,784
Intangible assets	7		208,282		200,462
Investment in associates	8		695		319
Deferred income tax asset	9		46,131		62,302
Other financial assets	10		15,827		11,717
Other assets			2,091		1,545
TOTAL NON-CURRENT ASSETS			377,249		375,129
CURRENT ASSETS					
Inventories	11		33,979		32,184
Prepaid expenses and other current assets	12		15,691		13,715
Income tax receivable	12		1,457		24,889
Accounts receivable	10, 13		154,726		133,758
Cash and cash equivalents	10		133,880		181,045
TOTAL CURRENT ASSETS			339,733		385,591
TOTAL ASSETS		$	716,982	$	760,720
SHAREHOLDERS' EQUITY					
Common shares, EUR 0.02 par value in 2010 and in 2009; 200,000,000 shares authorized, 49,739,912 issued and 45,521,186 outstanding at 2010 and 51,039,912 issued and 45,973,408 outstanding at 2009		$	1,397	$	1,430
Additional paid-in capital			27,460		40,503
Retained earnings			269,162		454,734
Other reserves			(5,265)		(5,251)
Treasury shares (at cost), 4,218,726 at 2010 and 5,066,504 at 2009			(242,690)		(246,699)
			50,064		244,717
Non-controlling interest			2,849		2,390
TOTAL EQUITY	14		52,913		247,107
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	10, 17		-		207,710
Exchange option	10		-		78,446
Warrant	10		-		37,545
Income tax payable	18		5,536		16,731
Deferred income tax liabilities	9		9,323		29,792
Unearned revenues	19		553		2,739
Provisions	20, 21		36,799		33,725
TOTAL NON-CURRENT LIABILITIES			52,211		406,688
CURRENT LIABILITIES:					
Accounts payable	10, 22		44,710		33,009
Borrowings	10, 17		146,160		-
Exchange option	10		148,873		-
Warrant	10		184,039		-
Income tax payable	18		21,167		15,433
Other taxes payable	18		8,610		8,700
Payroll and social security contributions	21		28,621		24,368
Unearned revenues	19		20,180		16,528
Other accrued expenses	10, 22		9,498		8,887
TOTAL CURRENT LIABILITIES			611,858		106,925
TOTAL LIABILITIES			664,069		513,613
TOTAL EQUITY AND LIABILITIES		$	716,982	$	760,720

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED INCOME STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2010 and 2009
(In thousands of USD, except per share data)

	Ref.	2010	2009
REVENUES:			
Services		$ 605,974	$ 553,772
Sales		188,679	141,767
TOTAL REVENUES:		794,653	695,539
OPERATING EXPENSES:			
Cost of services	6,13,15,21,23	399,747	370,460
Cost of sales	6,11,13,15,23	136,555	110,579
		536,302	481,039
GROSS PROFIT		258,351	214,500
General and administrative expenses	6,7,15,23	36,163	32,589
Other (income) expense, net	24	(1,580)	(473)
OPERATING PROFIT		223,768	182,384
Variance in fair value of derivative instruments (gain) loss, net	10,25	286,808	(26,172)
Impairment (recovery) / loss on financial instrument	10,17,25	-	(17,060)
Loss on exchange of senior exchangeable notes	17,25	5,753	-
Finance income	25	(249)	(138)
Finance costs	25	16,723	16,210
Finance costs, net	25	309,035	(27,160)
Share of profit (loss) of associates	8	376	92
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		(84,891)	209,636
Income tax expense	26	60,406	60,494
PROFIT (LOSS) FOR THE YEAR		$ (145,297)	$ 149,142
Attributable to:			
Equity holders of the parent		$ (145,781)	$ 148,651
Non-controlling interest		484	491
		$ (145,297)	$ 149,142
EARNINGS PER SHARE INFORMATION:			
Basic earnings per share *	27	$ (3.25)	$ 3.24
Diluted earnings per share *	27	$ (3.02)	$ 3.19
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic *	27	44,830	45,939
Diluted *	27	48,241	46,657

* 2009 EPS numbers and weighted average common shares outstanding have been adjusted for the two-for-one stock split effective July 9, 2010

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2010 and 2009
(In thousands of USD)

	Ref.		2010		2009
Profit (loss) for the year			(145,297)		149,142
Pension actuarial gain and (loss), net of $134 and $662 tax for 2010 and 2009, respectively	14, 21	$	392	$	(1,931)
Currency translation adjustment, net of $139 and $30 tax for 2010 and 2009, respectively	14, 21		(406)		88
Net income (loss) recognized directly in equity			(14)		(1,843)
Total comprehensive income (loss) for the year		$	(145,311)	$	147,299
Attributable to:					
Equity holders of the parent		$	(145,795)	$	146,808
Non-controlling interest			484		491
		$	(145,311)	$	147,299

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2010 and 2009
(In thousands, except share data)

	Ref.	Number of Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
BALANCE, January 1, 2009		46,040,066	$ 1,430	$ 38,774	$ 329,999	$ (3,408)	$ (245,661)	$ 2,158	$ 123,292
Comprehensive income:									
Profit for the year		-	-	-	148,651	-	-	491	149,142
Other comprehensive income:									
Pension actuarial (loss)	14,21					(1,931)			(1,931)
Currency translation adjustment	14,21					88			88
Total other comprehensive income									(1,843)
Total comprehensive income									147,299
Transactions with owners:									
Stock options exercised, net of capital taxes	14	55,300	-	(1,767)	-	-	2,175	-	408
Stock-based compensation, net of awards issued	14	156,300	-	1,536	-	-	6,176	-	7,712
Tax benefit related to stock-based awards	14	-	-	1,960	-	-	-	-	1,960
Repurchases of common shares	14	(278,258)	-	-	-	-	(9,389)	-	(9,389)
Non-controlling interest – dividend	14	-	-	-	-	-	-	(259)	(259)
Reversal of non-income related taxes		-	-	-	2,500	-	-	-	2,500
Dividends paid	14	-	-	-	(26,416)	-	-	-	(26,416)
BALANCE, December 31, 2009		45,973,408	1,430	40,503	454,734	(5,251)	(246,699)	2,390	247,107
Comprehensive income:									
Profit (loss) for the year		-	-	-	(145,781)	-	-	484	(145,297)
Other comprehensive income:									
Pension actuarial gain	14,21					392			392
Currency translation adjustment	14,21					(406)			(406)
Total other comprehensive income									(14)
Total comprehensive (loss)									(145,311)
Transactions with owners:									
Stock options exercised, net of capital taxes	14	46,230	-	(1,537)	-	-	1,883	-	346
Stock-based compensation, net of awards issued	14	186,198	-	3,611	-	-	7,668	-	11,279
Tax benefit related to stock-based awards	14	-	-	1,908	-	-	-	-	1,908
Exchange of senior exchangeable notes	14	808,367		34,452	-	-	35,435	-	69,887
Repurchases of common shares	14	(1,493,017)	-	-	-	-	(92,487)	-	(92,487)
Cancellation of treasury shares	14	-	(33)	(51,477)	-	-	51,510	-	-
Non-controlling interest – dividend		-	-	-	-	-	-	(181)	(181)
Non-controlling interest contribution		-	-	-	-	-	-	156	156
Dividends paid	14	-	-	-	(39,791)	-	-	-	(39,791)
BALANCE, December 31, 2010		45,521,186	$ 1,397	$ 27,460	$ 269,162	$ (5,265)	$ (242,690)	$ 2,849	$ 52,913

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2010 and 2009
(In thousands of USD)

	Ref.	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense		$ (84,891)	$ 209,636
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	6	21,820	23,106
Amortization	7	1,230	662
Equity in (earnings) loss of associates	8	(376)	(92)
Stock-based compensation	15	11,274	7,712
Finance costs	25	16,474	16,072
(Gain) loss on sale of assets	6	(176)	90
Loss on exchange of senior exchangeable notes	17	5,753	-
Fair value (gains)/losses on other financial assets	10	(6,060)	(6,100)
Fair value (gains)/losses on derivative instruments	25	286,808	(26,172)
Changes in assets and liabilities:			
Accounts receivable	10,13	(20,968)	10,535
Inventories	11	(1,795)	2,654
Other assets		22,861	(19,355)
Accounts payable	10,22	11,701	(8,579)
Accrued expenses	10,22	2,676	4,589
Other long-term liabilities		(4,560)	24,912
Cash provided by operating activities		261,771	239,670
Interest paid		(566)	(597)
Income tax paid		(57,259)	(41,703)
Net cash provided by operating activities		203,946	197,370
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	6	(27,569)	(17,290)
Patents and other intangibles	7	(233)	(239)
Acquisitions, net of cash acquired	29	(9,000)	-
Proceeds from sale of assets	6	669	584
Non-controlling interest - (dividends)/capital contributions		(25)	(259)
Interest received	25	249	138
Net cash used in investing activities		(35,909)	(17,066)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	17	(82,251)	-
Stock options exercised	14	346	408
Repurchase of common shares	14	(92,487)	(9,389)
Dividends paid	14	(39,791)	(26,416)
Debt financing costs	17	(1,019)	-
Net cash used in financing activities		(215,202)	(35,397)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(47,165)	144,907
CASH AND CASH EQUIVALENTS, beginning of year		181,045	36,138
CASH AND CASH EQUIVALENTS, end of year		$ 133,880	$ 181,045

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2010

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a Netherlands limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 5,000 and 4,900 employees in 2010 and 2009, respectively. We are listed on the New York Stock Exchange. These consolidated financial statements were authorized for issuance by the board of directors on May 2, 2011, and are scheduled to be adopted at the Annual Meeting of Shareholders to be held on May 19, 2011.

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with Part 9 Book 2 of The Netherlands Civil Code. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. In accordance with article 402 Book 2 of The Netherlands Civil Code the income statement in the Company Financial Statements is presented in abbreviated form.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendments and interpretations to existing standards effective in 2010

The following standards, amendments, and interpretations to existing standards have been published which are mandatory for our accounting periods beginning on or after January 1, 2010 or later periods and have been applied to our financial statements:

- IFRS 3 (revised), Business Combinations, and consequential amendments to IAS 27, Consolidated and Separate Financial Statements, IAS 28 Investments in Associations, and IAS 31 Interests in Joint Ventures (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009). The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. We had no business combinations during 2010 and will apply this standard on business combinations in the future.
- IAS 1 (Amendment), Presentation of Financial Statements. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. We have classified our Senior Exchangeable Notes as well as associated derivatives as current or non-current based on the length of time until maturity.
- IAS 27 (Revised), Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009). This revision requires the effects of all transactions with non-controlling interests to be recorded in other comprehensive income if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. IAS 27 (revised) has had no impact on the current period.

Standards, amendments, and interpretations to existing standards effective in 2010 but not relevant to our operations

The following standards, amendments, and interpretations to existing standards have been published which are mandatory for our accounting periods beginning on or after January 1, 2010 or later periods but are not relevant for our operations:

- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009). IFRIC 17 standardizes the practice in the accounting treatment of distributions of non-cash assets to owners. This standard is not relevant to our operations as we do not distribute non-cash assets to owners.
- IFRIC 18, Transfers of Assets from Customers (effective for transfer of assets received on or after July 1, 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant or equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This standard is not relevant to our operations as we are not a utility company.
- IFRIC 9 and IAS 39 (Amendments), Embedded Derivatives (effective for annual periods ending on or after June 30, 2009 and shall be applied retrospectively). This amendment clarifies that an entity must assess whether an embedded derivative is required to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category; that the assessment should be made on the basis of the circumstances that existed when the entity first became a party to the contract and that, if the entity concludes that the derivative requires fair value accounting but is unable to measure the fair value of the embedded derivative separately, the entity has to continue to account for the entire instrument

at fair value through profit or loss. IFRIC 9 and IAS 39 (Amended) are not relevant to our operations as we do not have any hybrid financial assets or embedded derivatives.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after July 1, 2009). IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. IFRIC 16 is not relevant to our operations because we do not have any such hedge transactions.
- IAS 36 (amendment), Impairment of Assets (effective January 1, 2010). The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8 Operating Segments (that is, before the aggregation of segments with similar economic characteristics). This amendment is not relevant to our operations as our cash-generating units are the same as our operating segments.
- IFRS 2 (amendments), Group Cash-Settled Share-Based Payment Transactions (effective from January 1, 2010). In addition to incorporating IFRIC 8 Scope of IFRS 2, and IFRIC 11 IFRS2 – Group and Treasury Share Transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This amendment is not relevant to our operations as we do not settle obligations to suppliers with shares.
- IFRS 5 (amendment), Non-Current Assets Held for Sale and Discontinued Operations. The amendment clarifies that IFRS 5 specifies the disclosure required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. This amendment is not relevant to our operations because we have no assets held for sale nor do we have any discontinued operations.

Standards, amendments and interpretations to existing standards which are not yet effective

The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2011 or later periods that we have not early adopted:

- IFRS 9, Financial Instruments (effective for annual periods beginning on or after January 1, 2013). IFRS 9 sets out the requirements for recognizing and measuring financial assets and some contracts to buy or sell non-financial items. This standard has not yet been endorsed by the EU. We are evaluating the potential impact of this standard to our financial statements.
- Revised IAS 24 (revised), Related Party Disclosures (effective for periods beginning on or after January 1, 2011). This revision superceded IAS 24 Related Party Disclosures issued in 2003. This standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and government-related entities. We are evaluating the potential impact of this standard to our financial statements and required disclosures.

Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant to our operations

The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2011 or later periods but are not relevant to our operations:

- IAS 32 (Amendment), Financial Instruments: Presentation: Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). This amendment is to clarify that the classification of instruments that give the holders the right to acquire an entity's own equity instruments at a fixed price (rights issues) is an equity instrument regardless of the currency in which the exercise price is denominated.
- IFRIC 14 (Amendments), Prepayments of a Minimum Funding Requirements (effective for annual periods beginning on or after January 1, 2011). The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding

requirements and their interaction". Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). IFRIC 19 provides guidance on how an issuer of debt should account for a debt for equity swap.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Core Laboratories N.V. and its subsidiaries. Subsidiaries are all entities (including special purpose entities) over which we have the power to govern the financial and operating policies generally accompanying a shareholder of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether we control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to us. They are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between consolidated companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by us. The equity method of accounting is used to record our interest in investments in which we have less than a majority interest and do not exercise control but have significant influence. We use the cost method to record certain other investments in which we own less than 20% of the outstanding equity and do not exercise control or significant influence. We record non-controlling interest associated with consolidated subsidiaries that are less than 100% owned.

We use the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by us. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, we recognize any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

Transactions and Non-controlling Interests

We apply a policy of treating transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in other comprehensive income. Gains or losses on disposals to non-controlling interests are also recorded in other comprehensive income.

When we cease to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an association, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if we had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which we have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Our share of the associates' post-acquisition profits or losses is recognized in the consolidated income statement. When our share of losses in an associate equals or exceeds our interest in the associate, including any other unsecured receivables, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the associate. Accounting policies of associates have been changed where necessary to ensure consistency with our policies.

Cash Flow Statement

We have prepared the cash flow statement using the indirect method. Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits and money market investment accounts. Certain non-cash transactions have been adjusted from the cash flow statement.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Foreign Currencies

Our functional and presentation currency is the U.S. Dollar ("USD") which is the currency of the primary economic environment in which we operate. All inter-company financing, transactions and cash flows of our subsidiaries are transacted in USD. Additionally, certain significant operations transact contractual business denominated in USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment, except for land which is shown at historical cost less impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on all assets, excluding land, using the straight-line method based on the estimated useful lives of the related assets as follows:

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 10 years

Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized and depreciated over their useful life. Historical cost and accumulated depreciation applicable to assets retired or sold are removed from the accounts, and any resulting gain or loss is included in operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. We review our assets for impairment when events or changes in circumstances indicate that the net book value of property, plant and equipment may not be recovered over its remaining service life. An impairment loss is recognized for the amount by which the asset's carrying amount is higher than an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). The determination of fair value requires the estimation of future cash flows, and such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Assets that previously may have suffered an impairment are reviewed for possible reversal of the impairment.

Intangible Assets

Intangible assets include goodwill, patents, trademarks, and trade names and are measured at cost. Intangibles with finite lives are amortized using the straight-line method based on the estimated useful life of the intangible. Intangibles with indefinite lives, which consist primarily of corporate trade names, are evaluated for impairment annually. The useful lives of intangible assets range from three to thirty years.

We record goodwill as the excess of the purchase price over the fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting and is carried at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall investment balance. We test goodwill for impairment annually or more frequently if circumstances indicate that a potential impairment has occurred. Impairment losses on goodwill are not reversed. Goodwill is recorded in the cash-generating units expected to benefit from the business combination in which the goodwill arose. Groups of cash-generating units equivalent to the segment level reporting are used for the purpose of goodwill impairment testing. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Research and development expenditures are recognized in the profit and loss account as incurred. Expenses incurred for development projects are capitalized as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (i.e. it is likely that economic benefits will be realized and the expenses can be reliably estimated). Capitalized development expenses are amortized as soon as the commercial production process has commenced, with amortization being based on the estimated useful life of the asset.

Financial Instruments at Fair Value Through Profit and Loss

Derivatives are classified as financial assets or liabilities designated at fair value through profit or loss. Our derivative instruments do not qualify for hedge accounting. Changes in the fair value of the derivative instruments, as calculated using a Black-Scholes model, are recognized immediately in the income statement. Derivative liabilities consist of an exchange option related to our exchangeable notes and a warrant on our common stock. We hold one non-derivative financial asset, certain life insurance policies, which are held at fair value. The fair value is determined by the plan administrator's actuary calculation.

At each balance sheet date we assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. During 2008, the counter party to the call option filed for protection under Chapter 11 of the U.S. Bankruptcy Code and the call option was fully impaired. In 2009, the call option contract was formally terminated and the claim was subsequently sold to a third party and a recovery of $17.1 million was recognized, see Note 17, Borrowings for further discussion.

Inventories

Inventories consist of manufactured goods, materials and supplies used for sales or services to clients. Inventories are stated at the lower of cost or net realizable value, and are reflected net of valuation reserves. The cost of manufactured goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs are recorded at standard cost which approximates the first-in, first-out method.

Accounts Receivable

Trade accounts receivable are recorded initially at fair value and subsequently at amortized cost, which generally equals their invoiced amounts. The terms of invoices allow 30 days for payment to be received. Invoices outstanding greater than 30 days are past due. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables or the balance becomes greater than 180 days past due (or 365 days for major oil companies, government entities or Fortune 500 size companies). Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. A provision for impairment of trade receivables is established based on our review of this information along with our current aging of client receivables outstanding. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement in Cost of Sales or Services. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the consolidated income statement in Cost of Sales or Services. Impairment testing of trade receivables is described in Note 13, Trade and Other Receivables.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits accounts. These items are carried at cost, which approximates market value.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income as a deduction, net of tax, from the proceeds. When we repurchase our own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from other comprehensive income attributable to our equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in other comprehensive income attributable to our equity holders. We revalue our common stock at the historical rate for changes in the exchange rate from the Euro par value to the reportable currency.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

The initial fair value of the liability portion of the exchangeable notes was determined using a market interest rate for an equivalent non-exchangeable note. This amount is recorded as a liability on an amortized cost basis until extinguished on exchange or maturity of the notes. The remainder of the proceeds is allocated to the exchange option.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and Deferred Income Taxes

The current income tax payable is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where we operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns.

Deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted or substantively enacted tax rates and laws in effect for the year in which the asset is recovered or the liability is settled. We include interest and penalties from tax judgments in income tax expense.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

Pensions and Other Postretirement Benefits

We operate various pension schemes and have both a defined benefit plan and defined contribution plans. One scheme is a defined benefit plan which is funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which we pay fixed contributions into a separate entity. We have no legal or constructive obligations to pay further contributions. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

We maintain a non-contributory defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. We recognize net periodic pension costs associated with this plan in income from current operations and the liability recognized in the consolidated balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. We recognize actuarial gains and losses directly in other comprehensive income in the period in which they occur. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period. The projected benefit obligation and fair value of plan assets requires the use of actuarial assumptions and estimates which are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the Currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actual results could differ from those estimates.

Furthermore, we sponsor several defined contribution plans for the benefit of our employees. For defined contribution plans, we pay contributions to trusts that invest the employer's and participants' contributions as directed by the participants in the plan. We have no further payment obligations during the period in which the contribution was made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Accruals are recognized for termination benefits which represent future payouts guaranteed to employees upon departure from the Company. These benefits are accrued as they are earned from continuous employment with the Company. The benefits for the executive officers are accrued based on the present value of the earned benefit calculated from the terms in the employment agreement with each executive officer.

Stock-Based Compensation

We issue stock-based compensation as a form of compensation for certain employees. This is accounted for under IFRS 2, "Share-Based Payment". This statement requires compensation costs related to share-based payments, including stock options, to be recognized in the consolidated income statement based on their fair values. The expense is recognized over the requisite service period of the award.

We operate a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, we revise our estimates of the number of options that are expected to vest. We recognize the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to other comprehensive income. The proceeds received net of any directly attributable transaction costs are credited to common stock and paid-in capital when the options are exercised.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation, if the amount or time is reasonably determinable.

Trade Payables

Trade payables are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

Revenue Recognition

Revenues are recognized by all reportable segments as services are completed or as product title is transferred and are measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. All advance client payments are classified as unearned revenues until services are provided or product title is transferred. We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectability is reasonably assured. Our Reservoir Management segment records revenues from long-term contracts as services are rendered in proportion to the work performed. All known or anticipated losses on contracts are provided for currently. Revenues are recorded exclusive of taxes. Training and consulting service revenues are recognized as the services are performed.

Interest Expense / Income

Interest expense and interest income are recognized when the expense is incurred or the income is earned. The exchange feature of our senior exchangeable notes resulted in a discount which is amortized to interest expense using the effective interest method over the life of the notes.

Operational and Financial Leases

Lease contracts for which substantially all of the risks and rewards incidental to ownership of the assets does not lie with the Company are recognized as operational leases. Obligations under operational leases are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursements received from the lessor.

Earnings Per Share

We compute basic earnings per common share by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common and potential common share include additional shares in the weighted average share calculations associated with the incremental effect of dilutive employee stock options, restricted stock awards and contingently issuable shares.

3. FINANCIAL RISKS AND RISK MANAGEMENT

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates.

Price Risks

We are exposed to price risk due to changes in value related to our Exchangeable Notes and our derivative financial instruments. The fair value of these instruments is impacted, directly through a change in our stock price and indirectly through the volatility of our stock price. The exchange feature associated with the exchangeable notes and the warrant on our common stock are accounted for as derivative instruments and are carried in the balance sheet at fair value with changes in fair value being recorded directly to profit or loss. The changes in fair value result in volatility in our annual profit or loss that is indirectly associated with the changes in the market price of our own common stock. We continue to monitor our position and we have mitigated some of our price risk through a combination of: 1) repurchasing a portion of our exchangeable notes when it has been economically beneficial to do so, and 2) repurchasing and holding our common stock in anticipation of future settlement of the Exchangeable Notes. We are currently holding 4.2 million common shares in treasury as of December 31, 2010.

In valuing these derivative financial instruments, with all other variables held constant, our other comprehensive income and post tax profit for the year would have changed by the following amounts (in millions):

	2010		2009	
	Change to Other comprehensive income	**Change to Post Tax Profit**	**Change to Other comprehensive income**	**Change to Post Tax Profit**
Interest rates +/- 100 basis points	$ -/+ 4.6	$ -/+ 4.6	$ -/+ 5.2	$ -/+ 5.1
Stock price +/- 30%	-/+ 225.6	-/+ 200.1	-/+ 131.9	-/+ 72.4
Volatility +/- 30%	-/+ 2.8	-/+ 0.9	-/+ 17.5	-/+ 16.5

Currency Risks

We operate in a number of international areas which expose us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. Foreign exchange gains and losses are the result of fluctuations in the U.S. dollar against other currencies and are included in other (income) expense in the consolidated income statement. We recognized foreign exchange losses in countries where the USD weakened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD strengthened against the local currency and we had net monetary assets denominated in the local currency. We recognized foreign exchange gains in countries where the USD strengthened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD weakened against the local currency and we had net monetary assets denominated in the local currency. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD.

The following table summarizes the impact on our other comprehensive income and post-tax profit for the year if the US Dollar exchange rate changed by 20% against the listed currencies with all other variables held constant (in thousands):

	2010		2009	
	Increase 20%	**Decrease 20%**	**Increase 20%**	**Decrease 20%**
Euro	$ 200	$ (200)	$ 143	$ (143)
Pound	363	(363)	418	(418)
Canadian dollar	994	(994)	854	(854)
Mexican peso	(41)	41	134	(134)
Venezuelan Bolivar	69	(69)	231	(231)
Ruble	540	(540)	276	(276)
Total	$ 2,125	$ (2,125)	$ 2,056	$ (2,056)

The above listed currencies represent 8% and 5% of our net monetary assets on December 31, 2010 and 2009, respectively while our position in US Dollars represents 74% and 83% of our net monetary assets on December 31, 2010 and 2009, respectively. The overall increase in our exposure to an increase or decrease in foreign exchange rates at December 31, 2010 is due to an increase in our net monetary asset position in rubles, combined with a decrease in our net monetary asset position in USD. This increase in exposure was also due to an increase in operating activity along with an increase in value of the USD compared to the currencies we have exposure to.

Interest Rate Risks

Our policy on interest rate risks is aimed to manage the net financing charges due to fluctuations in market rates of interest. We analyze our interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Our Credit Facility debt carries a variable interest rate, however at December

31, 2010, we had no debt outstanding under this facility. At December 31, 2010 virtually all of our interest bearing debt relates to our exchangeable debt which has a fixed rate of interest.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All cash and cash equivalents are on deposit at commercial banks or investment firms with significant financial resources. Our trade receivables are with a variety of independent, international and national oil and gas companies. We consider our credit risk to be limited due to the creditworthiness and financial resources of these financial institutions and companies. We limit this risk by evaluating the credit history and credit worthiness using various credit agencies, such as Dun and Bradstreet, to determine if we should conclude transactions with the company. All new customers are required to be reviewed by our credit department who obtains independent credit reports and trade reports on the customer. If there is no independent rating, our credit department assesses the credit quality of the customer taking into account its financial position, past experience and other factors. In certain situations we will require a letter of credit before completing the sale. In addition, ongoing customers are periodically reviewed to ensure their financial position continues to warrant the extension of credit. The aim is to maintain a customer base where no one customer will account for a significant portion of our business. We evaluate our estimate of the allowance for doubtful accounts on an on-going basis throughout the year. In addition, we have re-evaluated our credit policy in respect to the current conditions of the credit market and have concluded no change is necessary. We had no clients who provided more than 10% of our revenues for the years ended December 31, 2010 and 2009. Our exposure to credit risk is the total balance of financial instruments that is not impaired which is $301.6 million and $322.7 million at December 31, 2010 and 2009, respectively.

Liquidity Risks

We maintain a credit facility that is used as needed for operational purposes with a group of commercial banks with significant financial resources that share in the amount outstanding on a pre-determined ratio. The balance that may be drawn under the credit facility was $125 million at December 31, 2010 and we had issued letters of credit on the credit facility for $13.9 million at December 31, 2010. No credit limits were exceeded during the reporting period. Subsequently, on April 19, 2011, the agreement was amended to increase the balance that may be drawn under the credit facility to $300 million.

The management of liquidity risk entails maintaining sufficient cash and marketable securities along with the availability of funding through our credit facility. Our financing policy is directed at establishing and maintaining an optimal financing structure that takes into account our current asset base and our investment program. From time to time, we seek access to the capital markets when external funding is required to the extent we need outside funding beyond our internally generated free cash flow in order to finance investments, potential acquisitions and repayment of debt, we have a revolving credit facility that matures in December 2015. In addition, we have outstanding $156.4 million of Senior Exchangeable Notes due 2011 ("Notes"). Management monitors our cash flow position in preparation of repaying the Notes balance at time of exchange or due date. In addition to our repayment commitments under our credit facilities and the Notes, we have non-cancelable operating lease arrangements under which we lease property including land, buildings, office equipment and vehicles.

The following table summarizes our future contractual obligations under these arrangements into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2010 Contractual Obligations (in thousands):		Total		Less than 1 year		1-3 Years		3-5 Years		More than 5 Years
Short-term debt	$	156,798	$	156,798	$	-	$	-	$	-
Operating leases		53,278		13,965		19,200		10,861		9,252
Trade payables		44,710		44,710		-		-		-
Total contractual obligations	$	254,786	$	215,473	$	19,200	$	10,861	$	9,252

At December 31, 2009 Contractual Obligations (in thousands):		Total		Less than 1 year		1-3 Years		3-5 Years		More than 5 Years
Long-term debt	$	239,852	$	597	$	239,255	$	-	$	-
Operating leases		23,930		6,682		8,809		4,706		3,733
Trade payables		33,009		33,009		-		-		-
Total contractual obligations	$	296,791	$	40,288	$	248,064	$	4,706	$	3,733

We plan on funding these obligations through existing cash balances, operating cash flows and the unused portion of our credit facility. We have no significant purchase commitments or similar obligations outstanding at December 31, 2010. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2010, for the exchange option on our Notes and warrants we sold which give the holders the right to acquire approximately up to 6.6 million of our common shares once the share price exceeds a strike price of $62.16 per share. Upon exercise of the warrants, we will deliver our common shares equal in value to the difference between the then market price and strike price. All of the warrants will expire on January 25, 2012. The exchange option on the notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at a exchange rate of 21.8578 per $1,000 principal amount of notes, which is equal to a exchange price of approximately $45.75 per share. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. See Note 17, Borrowings for further discussion.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our share repurchase and dividend programs, issue new shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the debt to capital ratio. This ratio is calculated as debt divided by the sum of cash, debt and equity.

The debt to capital ratio at December 31, 2010 and 2009 were as follows (in thousands):

		2010		2009
Total borrowings	$	156,407	$	238,658
Cash and cash equivalents		133,880		181,045
Total equity		52,913		247,107
Total cash, debt and equity	$	343,200	$	666,810
Debt to capital ratio		46%		36%

The change in the debt to capital ratio during 2010 was due primarily to the net loss in the current year, partially offset by repayment of borrowings.

Part of our capital management included the issuance of Exchangeable Notes. Separate from the Exchangeable Notes, we also sold warrants. See discussion in Liquidity Risks above for details of the warrant transaction. The maximum capital exposure under the warrant at the reporting date is 6.6

million shares and we currently hold 4.2 million shares in treasury and have 123.4 million shares available for issuance.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis and utilize our historical experience, as well as various other assumptions that we believe are reasonable in a given circumstance, in order to make these estimates. Actual results could differ from our estimates as assumptions and conditions change.

The following accounts, among others, require us to use critical estimates and assumptions:

- allowance for doubtful accounts;
- inventory reserves;
- depreciation and amortization;
- determining the fair value of financial instruments, see Note 10;
- assumptions used in determining obligations for pensions and other postretirement benefits, see Note 21;
- determining the fair value of stock-based compensation, see Note 15;
- income taxes and non-income related taxes; and
- impairment testing of long-lived assets, intangibles and goodwill.

Accounting policies relating to these accounts and the nature of these estimates are further discussed under the applicable caption. For each of these critical estimates it is at least reasonably possible that changes in these estimates will occur in the short term which may impact our financial position or results of operations.

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use a variety of methods, including using the same Black-Scholes model that was utilized to initially value our derivative financial instruments, and make assumptions that are based on market conditions existing at each balance sheet date. Our derivative instruments are fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of our stock used in the fair value estimation, as well as the use of judgment inherent in the calculation methods used to estimate the appropriate adjustments to fair value for our derivatives. Information and input from dealers are used for long-term debt and the exchange feature and related derivative instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. See sensitivity analysis in Price Risks included in Note 3, Financial Risks and Risk Management.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to us for similar financial instruments.

Pension

We maintain a non-contributory defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. As required by current accounting standards, we recognize net periodic pension costs associated with this plan in income from current operations and recognize the unfunded status of the plan, if any, as a long-term liability. In addition, we recognize as a component of other comprehensive income, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic pension cost. The projection of benefit obligation and fair value of plan assets requires the use of assumptions and estimates. Actual results could differ from those estimates. See Note 21, Pension and Other Postretirement Benefit Plans. Furthermore, we sponsor several defined contribution plans for the benefit of our employees. We expense these contributions in the period the contribution is made.

Income Taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimated Impairment of Goodwill

We annually determine whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. We calculated the recoverable amounts at December 31, 2008 and determined that no impairment was necessary. For 2009 and 2010, we used the roll-forward of the 2008 recoverable amounts, which is allowed under certain circumstances, and determined that no impairment was required for 2009 and 2010. The calculations require the use of estimates, see Note 7, Intangible Assets.

If the estimated gross margin at December 31, 2008 had been 10% lower (for example, 23% instead of 25.6%) than management's estimates, we would not have recognized any impairment of goodwill.

If the estimated pre-tax discount rate applied to the discounted cash flows had been 10% higher (for example, 12.9% instead of 11.7%) than management's estimates, we would have not recognized any impairment against goodwill.

If the estimated short term and long term growth rates applied to the discounted cash flows had been 50% lower (for example, 3% instead of 6% for short term and 2% instead of 4% for long term) than management's estimates, we would have not recognized any impairment against goodwill.

5. SEGMENT REPORTING

We operate our business in three reportable segments: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

Results for these business segments are presented below. We use the same accounting policies to prepare our business segment results as are used to prepare our Consolidated Financial Statements. We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning our segments is shown in the following table (in thousands):

	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
DECEMBER 31, 2010					
Revenues from unaffiliated customers	$ 425,829	$ 313,956	$ 54,868	$ -	$ 794,653
Inter-segment revenues	1,817	1,681	1,625	(5,123)	-
Segment income (loss)	105,225	100,557	19,423	(1,437)	223,768
Finance costs	-	-	-	16,474	16,474
Loss on exchange of senior exchangeable notes	-	-	-	5,753	5,753
Variance in fair value of derivative instruments (gain) loss, net	-	-	-	286,808	286,808
Share of profit (loss) of associates	376	-	-	-	376
Total assets	294,594	217,764	42,355	162,269	716,982
Capital expenditures	20,495	5,066	591	1,417	27,569
Intangible asset expenditures	3	3,386	44	-	3,433
Depreciation and amortization	13,988	6,392	713	1,957	23,050
DECEMBER 31, 2009					
Revenues from unaffiliated customers	$ 414,934	$ 230,652	$ 49,953	$ -	$ 695,539
Inter-segment revenues	1,076	1,424	1,866	(4,366)	-
Segment income (loss)	105,954	64,638	14,396	(2,604)	182,384
Finance costs	-	-	-	16,072	16,072
Variance in fair value of derivative instruments (gain) loss, net	-	-	-	(26,172)	(26,172)
Impairment (recovery) / loss on financial instrument	-	-	-	(17,060)	(17,060)
Share of profit (loss) of associates	92	-	-	-	92
Total assets	313,195	193,360	41,904	212,261	760,720
Capital expenditures	12,311	3,383	247	1,349	17,290
Intangible asset expenditures	10	192	37	-	239
Depreciation and amortization	14,334	5,808	700	2,926	23,768

(1) "Corporate and other" represents those items that are not directly related to a particular segment and eliminations.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and intangible assets. Unallocated assets in Corporate and Other is comprised of deferred taxation and miscellaneous assets related to the corporate function.

Capital expenditures comprise additions to property, plant and equipment.

Our general and administrative costs are allocated to the segments on a proportional basis relative to each segment's costs of sales.

Geographical Segments

We are a Netherlands company and we derive our revenues from services and product sales to clients primarily in the oil and gas industry. No single client accounted for 10% or more of revenues in any of the periods presented. The following is a summary of our operations by major location for 2010 and 2009 (in thousands):

GEOGRAPHIC INFORMATION	**United States**	**Canada**	**Europe**	**Other Countries**	**Consolidated**
DECEMBER 31, 2010					
Revenues	$ 406,823	$ 72,296	$ 141,278	$ 174,256	$ 794,653
Operating income	110,648	13,657	32,342	67,121	223,768
Non-current assets	145,863	47,383	82,319	55,553	331,118
Total assets	384,592	87,933	133,440	111,017	716,982
Capital expenditures	11,454	1,612	5,401	9,102	27,569
DECEMBER 31, 2009					
Revenues	$ 339,235	$ 54,888	$ 131,528	$ 169,888	$ 695,539
Operating income	110,996	13,903	29,808	27,677	182,384
Non-current assets	131,426	56,765	75,980	48,656	312,827
Total assets	399,089	62,874	202,925	95,832	760,720
Capital expenditures	8,717	1,362	2,933	4,278	17,290

We are domiciled in The Netherlands. The revenues from external customers in The Netherlands were $41.3 million and $40.6 million for 2010 and 2009, respectively, and the total revenue from external customers from other countries are included in the table above. Operating income and total assets associated with our corporate operations have been included in the results for the United States.

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were as follows at December 31, 2010 and 2009 (in thousands):

	Land	**Buildings**	**Machinery and Equipment**	**Construction In Progress**	**Total**
At January 1, 2009					
Historical cost	$ 5,874	$ 60,276	$ 154,406	$ 9,504	$ 230,060
Accumulated depreciation	-	(23,341)	(103,256)	-	(126,597)
Net book amount	5,874	36,935	51,150	9,504	103,463
Year ended December 31, 2009					
Opening net book amount	5,874	36,935	51,150	9,504	103,463
Additions	10	1,029	3,219	14,843	19,101
Disposals	(55)	(43)	(576)	-	(674)
Transfers	-	4,057	13,931	(17,988)	-
Depreciation expense	-	(2,722)	(20,384)	-	(23,106)
Closing net book amount	5,829	39,256	47,340	6,359	98,784
At December 31, 2009					
Historical cost	5,829	65,364	163,339	6,359	240,891
Accumulated depreciation	-	(26,108)	(115,999)	-	(142,107)
Net book amount	5,829	39,256	47,340	6,359	98,784

Year ended December 31, 2010					
Opening net book amount	5,829	39,256	47,340	6,359	98,784
Additions	3	997	3,557	23,012	27,569
Acquisitions	-	-	183	-	183
Disposals	-	(130)	(363)	-	(493)
Transfers	-	9,293	12,546	(21,839)	-
Depreciation expense	-	(1,825)	(19,995)	-	(21,820)
Closing net book amount	5,832	47,591	43,268	7,532	104,223
At December 31, 2010					
Historical cost	5,832	75,524	172,227	7,532	261,115
Accumulated depreciation	-	(27,933)	(128,959)	-	(156,892)
Net book amount	$ 5,832	$ 47,591	$ 43,268	$ 7,532	$ 104,223

Machinery and equipment included in construction in progress was $6.2 million and $3.8 million for the years ended December 31, 2010 and 2009, respectively and buildings and improvements included in construction in progress was $1.3 million and $2.5 million for the years ended December 31, 2010 and 2009, respectively. The fair value of our property, plant and equipment approximates the book value. We recorded no material impairment charges related to property, plant and equipment held for use in continuing operations during the years ended December 31, 2010 and 2009.

For the years ended December 31, 2010 and 2009, depreciation expense recognized in the income statement is as follows (in thousands):

	2010	2009
Cost of sales and services	$ 20,864	$ 22,182
General and administrative	956	924
Total depreciation expense	$ 21,820	$ 23,106

7. INTANGIBLE ASSETS

The components of intangibles as of December 31, 2010 and 2009 are as follows (in thousands):

	Goodwill	Other Intangibles	Indefinite Life Trade Names	Total
At January 1, 2009				
Cost	$ 195,181	$ 6,469	$ 3,892	$ 205,542
Accumulated amortization	-	(4,657)	-	(4,657)
Net book amount	195,181	1,812	3,892	200,885
Year ended December 31, 2009				
Opening net book amount	195,181	1,812	3,892	200,885
Additions	-	239	-	239
Amortization charge	-	(662)	-	(662)
Closing net book amount	195,181	1,389	3,892	200,462
At December 31, 2009				
Cost	195,181	6,708	3,892	205,781
Accumulated amortization	-	(5,319)	-	(5,319)
Net book amount	195,181	1,389	3,892	200,462
Year ended December 31, 2010				
Opening net book amount	195,181	1,389	3,892	200,462
Additions/acquisitions	5,617	3,433	-	9,050
Amortization charge	-	(1,230)	-	(1,230)
Closing net book amount	200,798	3,592	3,892	208,282
At December 31, 2010				
Cost	200,798	10,141	3,892	214,831
Accumulated amortization	-	(6,549)	-	(6,549)
Net book amount	$ 200,798	$ 3,592	$ 3,892	$ 208,282

The following table summarizes the gross carrying value and the related accumulated amortization of our intangibles (except for goodwill) by significant category (in thousands):

		2010		2009	
	Original life in years	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Acquired trade secrets	3-20	$ 1,676	$ 1,676	$ 1,671	$ 1,611
Acquired patents and trademarks	5-10	3,348	2,322	3,164	2,159
Agreements not to compete	3-7	4,490	1,971	1,290	998
Acquired trade names	5-30	627	580	583	551
Acquired trade names	Indefinite	3,892	-	3,892	-
Total other intangibles and trade names		$ 14,033	$ 6,549	$ 10,600	$ 5,319

For the years ended December 31, 2010 and 2009, $1.2 million and $0.7 million of amortization expense was recognized in general and administrative costs in the income statement, respectively.

Impairment

Certain intangibles, primarily related to trade names, are deemed to have an indefinite life and are not amortized. These assets are specific trade names which have been determined will be used and provide future cash flows indefinitely. These intangibles are held by the Company and are included in an impairment analysis. We performed this impairment testing at December 31, 2008 assuming a gross margin of 25.6%, a growth rate of 5.8% and a discount rate of 11.7% and no impairment was indicated. The assets and liabilities making up our cash-generating units have not changed significantly, there have been no significant events and the circumstances surrounding our cash-generating units have not changed significantly, and our detailed calculation resulted in an amount that exceeded our carrying amount of our cash-generating units substantially, therefore, no impairment losses were recorded or reversed in 2009 or 2010.

We monitor or test goodwill for impairment annually or more frequently if circumstances indicate a potential impairment. For purposes of this test, we group our cash-generating units ("CGU") to a level equivalent to our reportable segments, and compare the recoverable amount of CGU groupings to their net carrying value. Fair value less cost to sell is determined by estimating the present value of projected future cash flows discounted using our weighted average cost of capital. We performed this impairment testing at December 31, 2008 and no impairment was indicated at that time. In 2009 and 2010, we re-assessed the appropriateness of this impairment test considering the limited changes in CGU assets and liabilities, the exceeding carrying amount of our CGU, and no significant events, and therefore, no impairment has been recorded in 2009 or in 2010.

Goodwill is recorded in our reportable segments as follows (in thousands):

	2010	2009
Reservoir Description	$ 99,368	$ 99,368
Production Enhancement	83,186	77,569
Reservoir Management	18,244	18,244
Total goodwill	$ 200,798	$ 195,181

The key assumptions used for the impairment calculation at December 31, 2008 are as follows:

	Reservoir Description	Production Enhancement	Reservoir Management
Gross margin (1)	22%	32%	23%
Growth rate (2)	6%	6%	2.5%
Terminal growth rate (3)	4%	4%	4%
Discount rate (4)	11.7%	11.7%	11.7%

(1) Budgeted gross margin

(2) Average growth rate used for the next 5 years to extrapolate cash flows beyond the budget period

(3) Average growth rate used to calculate a terminal value beyond 5 years
(4) Weighted average cost of capital is used as the discount rate applied to the cash flow projections

These assumptions have been used for the analysis for each CGU grouping. Management determined the budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax. We used cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the first year are extrapolated using the estimated growth rates stated above.

8. ASSOCIATES

The investments in associates comprise the financial information of the following companies:

Name	Legal Seat	Ownership Percentage
Saybolt Tunisie	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd	Saudi Arabia	45%
Saybolt MED	Tunis, Tunisia	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	China	50%

These associates are not consolidated since we do not exercise decisive control over their operations. For Saybolt Saudi Arabia Co., Ltd, we share in the profit at 45%, however, we are responsible for 100% of the losses. At December 31, 2010, we had total receivables from these subsidiaries of $35 thousand and total payables to these subsidiaries of $0.1 million.

Associates consisted of the following (in thousands):

	Assets	Liabilities	Revenues	Profit / (Loss)
2010				
Saybolt Tunisie	495	100	669	80
Saybolt Saudi Arabia Co., Ltd	904	483	1,076	226
Saybolt MED	412	56	837	184
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	222	17	5	(51)
2009				
Saybolt Tunisie	432	103	692	137
Saybolt Saudi Arabia Co., Ltd	803	609	1,123	92
Saybolt MED	291	95	656	(95)
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	275	19	27	(46)

	2010	2009
Beginning of the year	$ 319	$ 341
Dividends	-	(114)
Share of income/ (loss)	376	92
End of the year	$ 695	$ 319

9. DEFERRED INCOME TAXES

Deferred tax assets and liabilities result from various temporary differences between the financial statement carrying amount and their tax basis. Deferred tax assets and liabilities as of December 31, 2010 and 2009 are summarized as follows (in thousands):

	2010	2009
Deferred tax assets:		
Deferred income tax asset to be recovered within 12 months	$ 12,540	$ 12,046
Deferred income tax asset to be recovered after more than 12 months	33,591	50,256
Net deferred tax asset	46,131	62,302

Deferred tax liabilities:				
Deferred income tax liability to be recovered within 12 months		(2,952)		(7,100)
Deferred income tax liability to be recovered after more than 12 months		(6,371)		(22,692)
Total deferred tax liabilities		(9,323)		(29,792)
Net deferred income tax assets, net	$	36,808	$	32,510

The gross movement on the deferred income tax account is as follows:				
Beginning of year	$	32,510	$	50,991
Income statement charge		3,358		(22,483)
Charges to other comprehensive income and reclassifications		940		4,002
End of year	$	36,808	$	32,510

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Assets	Tax Losses	Tax Credits	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2009	$ 602	$ 9,853	$ 2,191	$ 11,360	$ 25,661	$ 8,256	$ 57,923
Charged/(credited) to income statement	(524)	(2,380)	4,181	(1,279)	3,408	(3,029)	377
Charged to other comprehensive income	-	1,253	1,789	184	-	776	4,002
December 31, 2009	78	8,726	8,161	10,265	29,069	6,003	62,302
Charged/(credited) to income statement	390	(1,156)	9,850	(1,820)	(28,989)	4,614	(17,111)
Charged to other comprehensive income and reclassifications	-	-	940	-	-	-	940
December 31, 2010	$ 468	$ 7,570	$ 18,951	$ 8,445	$ 80	$ 10,617	$ 46,131

Deferred Tax Liabilities	Intangibles	Fixed Tangible Assets	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2009	$ (1,917)	$ (575)	$ -	$ -	$ -	$ (4,440)	$ (6,932)
Charged/(credited) to income statement	1,690	3,576	-	-	(28,965)	839	(22,860)
December 31, 2009	(227)	3,001	-	-	(28,965)	(3,601)	(29,792)
Charged/(credited) to income statement	31	609	-	-	28,965	(9,136)	20,469
Charged to other comprehensive income and reclassifications	-	-	-	-	-	-	-
December 31, 2010	$ (196)	$ 3,610	$ -	$ -	$ -	$ (12,737)	$ (9,323)

At December 31, 2010, we had net operating loss carry-forwards for income tax purposes in various tax jurisdictions of approximately $36.2 million. Of those carry-forwards that are subject to expiration, they will expire, if unused, $3.9 million in 2011, $4.2 million in 2012, $1.5 million in 2013, $5.1 million in 2014, $9.6 million in 2015-2017, and $11.9 million in 2018-2024. We currently do not believe the tax benefit will be realized for substantially all of the net operating loss carry-forwards mentioned above, as such we have not recognized a deferred tax asset. We recorded $0.9 million of tax charge directly to other comprehensive income relating to the tax benefit on stock-based compensation. Other deferred tax assets and liabilities are provided for revenues and expenses that may be recognized by the various tax jurisdictions in periods that differ from when recognized for financial reporting purposes.

10. FINANCIAL INSTRUMENTS BY CATEGORY

The financial instruments have been summarized below (in thousands):

		2010		2009	
	Ref.	Assets	Liabilities	Assets	Liabilities
Loan and Receivables					
Cash and cash equivalents		$ 133,880	$ -	$ 181,045	$ -
Trade receivables	13	151,926	-	129,954	-
Financial Instruments at Fair Value Through Profit and Loss					
Derivative financial instruments	17	-	184,039	-	37,545
Exchange option		-	148,873	-	78,446
Other financial assets		15,827	-	11,717	-
Other Financial Liabilities at Amortized Cost					
Trade payables		-	44,710	-	33,009
Other accrued expenses		-	9,498	-	8,887
Borrowings	17	-	146,160	-	207,710
Total		$ 301,633	$ 533,280	$ 322,716	$ 365,597

The Company's financial assets and liabilities which involve fair value measures relate to certain aspects of the Company's benefit plans and funding. On a recurring basis, we use the market approach to value certain assets and liabilities using significant other observable inputs (Level 2). We do not have any assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Gains and losses related to the fair value changes in the deferred compensation assets and liabilities are recorded in General and Administrative Expenses in the Consolidated Statement of Operations. The following table summarizes the fair value balances (in thousands):

	Fair Value Measurement at December 31, 2010			
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 15,827	$ -	$ 15,827	$ -
Liabilities:				
Derivative financial instruments	$ 184,039	$ -	$ 184,039	-
Exchange option	148,873	-	148,873	-

	Fair Value Measurement at December 31, 2009			
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 11,717	$ -	$ 11,717	$ -
Liabilities:				
Derivative financial instruments	$ 37,545	$ -	$ 37,545	$ -
Exchange option	78,446	-	78,446	-

Other financial assets are comprised of life insurance policies with cash surrender value which have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger.

All of our derivative instruments are carried on the balance sheet at fair value and changes in fair value are recorded directly through the income statement. See Note 17, Borrowings for further discussions. The full fair value of our derivative instruments are classified as current assets or liabilities since the remaining maturity of the hedged items is less than 12 months from the balance sheet date. The fair value of these instruments was calculated using a Black-Scholes model for derivative instruments. Any net gain or loss recognized is the difference in the fair value calculated using the valuation model and the value recorded in our general ledger. The significant assumptions used in determining the fair value at December 31, 2010 for the warrants and exchangeable notes equity option are as follows:

2010		Warrant		Exchangeable Notes Equity Option
Expiration date		January, 25, 2012		October, 31, 2011
Stock price at valuation date	$	89.05	$	89.05
Instrument’s strike price	$	61.59	$	45.75
Stock volatility		19.4%		22.07%
Interest rate		0.79%		0.79%

2009		Warrant		Exchangeable Notes Equity Option
Expiration date		January, 25, 2012		October, 31, 2011
Stock price at valuation date	$	59.06	$	59.06
Instrument’s strike price	$	62.32	$	46.29
Stock volatility		19.91%		22.63%
Interest rate		1.02%		1.02%

11. INVENTORIES

Inventories consisted of the following at December 31, 2010 and 2009 (in thousands):

		2010		2009
Finished goods	$	24,476	$	22,161
Parts and materials		6,727		8,756
Work in progress		2,776		1,267
Inventories, net	$	33,979	$	32,184

The cost of inventories recognized as expense and included in Cost of Sales was $86.8 million and $64.4 million for the years ended December 31, 2010 and 2009, respectively. We include freight costs incurred for shipping inventory to our clients in the Cost of Sales caption in the accompanying consolidated income statement. The balances above are net of valuation reserves of $1.9 million and $2.2 million at December 31, 2010 and 2009, respectively.

12. PREPAID AND OTHER CURRENT ASSETS AND INCOME TAX RECEIVABLE

Prepaid expenses and other current assets are comprised primarily of income tax receivable, current deferred tax assets, prepaid insurance, value added taxes and rents.

Income tax receivable relates to estimated tax pre-payments made in excess of actual tax liabilities. These receivables are due back as refunds from the respective taxing authorities.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following at December 31, 2010 and 2009 (in thousands):

		2010		2009
Trade receivables	$	151,926	$	129,954
Other receivables		6,196		7,006
Total receivables		158,122		136,960
Less - valuation reserves		3,396		3,202
Receivables, net	$	154,726	$	133,758

The carrying value of trade and other receivables approximates their fair values at December 31, 2010 and 2009.

Trade receivables that are past due 180 days for customers, are considered impaired. However, for major or national oil companies, government entities, or Fortune 500 size companies, trade receivables are not considered impaired until they are past due greater than 365 days. As of

December 31, 2010 and 2009 we had $2.0 million and $1.6 million, respectively, that were 180 days past due but not impaired. As of December 31, 2010 and 2009 there were no receivables that were 365 days past due but not impaired. The amount of the provision for impaired receivables was $3.4 million and $3.2 million for 2010 and 2009, respectively. The impaired receivables related to receivables that met the criteria to be considered impaired according to our policy. We expect to collect a portion of the impaired receivables. The aging analysis of these receivables is as follows (in thousands):

	Not Impaired		Impaired	
	2010	2009	2010	2009
Not past due	$ 86,213	$ 75,775	$ -	$ -
Up to 180 days past due	60,351	49,416	-	-
180 to 365 days past due	1,966	1,561	1,743	1,488
Over 365 days past due	-	-	1,653	1,714
Total	$ 148,530	$ 126,752	$ 3,396	$ 3,202

The carrying amount of our trade and other receivables are denominated in the following currencies (in thousands):

	2010	2009
US dollar	$ 90,219	$ 78,827
Euro	7,506	7,891
Pound	4,593	4,407
Canadian dollar	18,652	14,747
Ruble	1,811	1,798
Other currencies	35,341	29,290
Total	$ 158,122	$ 136,960

Movements in the allowance on trade receivables are as follows (in thousands):

	2010	2009
At January 1,	$ 3,202	$ 3,535
Provision for receivable impairment (recoveries)	1,444	545
Receivables written off as uncollectible	(928)	(943)
Other [1]	(322)	65
At December 31,	$ 3,396	$ 3,202

(1) Comprised primarily of differences due to changes in the exchange rate.

The additions to and recoveries from provisions for impaired receivables have been included in Cost of Sales or Services in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering any of the outstanding balance.

The other classes of receivables within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. We do not hold any collateral as security on receivables.

14. EQUITY

Stock Split

At our annual meeting on June 10, 2010, the shareholders approved an amendment to increase the authorized shares of our common stock from 100 million to 200 million and to increase the authorized shares of our preference stock from 3 million to 6 million. In addition, shareholders approved the two-for-one stock split authorized by the Supervisory Board and thereby reduced the par value of each share from EUR 0.04 to EUR 0.02. As a result of the stock split, shareholders of record on June 30, 2010 received an additional share of common stock for each common share held. The stock split was effected on July 8, 2010. All references in the consolidated financial statements and the accompanying notes to common shares, share prices, per share amounts and stock plans have been restated retroactively for the stock split.

Share capital

The authorized share capital of the Company as at December 31, 2010 amounts to EUR 4 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each.

Issued and paid in share capital amounts to $28.9 million and consists of 49,739,912 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $242.7 million and consists of 4,218,726 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2010 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance as at January 1, 2010	51,039,912	5,066,504	45,973,408
Issue of ordinary shares	-	(232,428)	232,428
Issue of ordinary shares for exchange of Notes	-	(808,367)	808,367
Cancellation of treasury shares	(1,300,000)	(1,300,000)	-
Repurchased own shares	-	1,493,017	(1,493,017)
Balance as at December 31, 2010	49,739,912	4,218,726	45,521,186

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On June 10, 2010 at our annual shareholder's meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until December 10, 2011. The shareholders authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which may only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they become due or pursuant to our warrants. The cancellation of shares had also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2010, we have repurchased 32,453,473 shares for an aggregate purchase price of approximately $726.2 million, or an average price of $22.38 per share and have cancelled 26,835,494 shares at a cost of $425.3 million. During the twelve months ended December 31, 2010, we repurchased 1,493,017 of our common shares for $92.5 million, at an average price of $61.95 per share which included rights to 52,271 shares valued at $3.7 million, or $71.33 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 550,765 shares at a total cost of approximately $49.8 million.

At the annual meeting of shareholders on June 10, 2010, the shareholders approved the cancellation of 1.3 million shares of our common stock then held as treasury stock. These treasury shares were cancelled on September 2, 2010, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

For the year ended December 31, 2010, we issued out of treasury stock 46,230 shares relating to the exercise of stock options, 186,198 shares relating to the vesting of restricted stock and 808,367 shares for the early exchange of $82.3 million of our Notes.

Dividends

Cash dividends of $0.05 per share were paid in March, May, August and November of 2009. Cash dividends of $0.06 per share were paid in February, May, August, and November of 2010. In addition, special cash dividends of $0.375 per share and $0.65 per share were paid in August 2009 and 2010, respectively. The total dividends paid in 2010 were $39.8 million. On February 25, 2011, we increased our dividend and paid a quarterly dividend of $0.25 per share of common stock to shareholders of record on January 25, 2011.

The declaration and payment of future dividends will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. Dividend distributions to be paid to shareholders are recognized as a liability in the Balance Sheet in the period in which they are declared but not paid.

Because we are a holding company that conducts substantially all of our operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

Other Reserves

Other Reserves is comprised of adjustments directly to other comprehensive income.

		Pension		Translation		Total
Balance at January 1, 2009	$	(3,539)	$	131	$	(3,408)
Pension adjustment		(1,931)		-		(1,931)
Currency translation adjustment		-		88		88
Balance at December 31, 2009		(5,470)		219		(5,251)
Pension adjustment		392		-		392
Currency translation adjustment		-		(406)		(406)
Balance at December 31, 2010	$	(5,078)	$	(187)	$	$ (5,265)

15. STOCK-BASED COMPENSATION

We have granted stock options and restricted stock awards under two stock incentive plans: the 2007 Long-Term Incentive Plan (the "**Plan**") and the 2006 Nonemployee Director Stock Incentive Plan (the "Director Plan "). Awards under the following two compensation programs have been granted pursuant to the Plan: (1) the Performance Share Award Program ("**PSAP**") and (2) the Restricted Share Award Program ("**RSAP**").

Since the inception of the Plan in 1995 until 2001, we awarded stock options as the primary form of equity compensation. In 2001, we reassessed the form of award and elected to begin the use of restricted share grants which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas stock options may have limited perceived value and may not be as affective in retaining and motivating employees when the current value of our stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares as no stock options were granted during 2010.

We issue shares from either treasury stock or authorized shares upon the exercise of options or lapsing of vesting restrictions on restricted stock. We have issued 46,230 shares and 186,198 shares out of treasury stock relating to the exercise of stock options and the vesting of restricted stock, respectively. We do not use cash to settle equity instruments issued under stock-based compensation awards.

2007 Long-term Incentive Plan

On April 2, 2007, the 1995 Long-Term Incentive Plan was amended, restated and renamed as the 2007 Long-Term Incentive Plan. The primary changes effected by the 2007 amendment and restatement was to (a) extend the period during which awards may be granted under the Plan to February 13, 2017, (b) require all stock options awarded under the Plan to have an exercise price per share that is at least equal to the fair market value of a common share as of the date of grant of the option (subject to adjustment under certain circumstances, such as upon a reorganization, stock split, recapitalization, or other change in our capital structure), (c) provide that stock appreciation rights may be granted under the Plan, (d) prohibit the repricing of stock options awarded under the Plan, (e) provide that no amendment to the Plan that would require shareholder approval pursuant to the requirements of the New York Stock Exchange or any exchange on which we are listed will be effective prior to approval of our shareholders, and (f) expand the performance goals enumerated under the Plan upon which restricted share awards may be based. The amendment and restatement of the Plan does not increase the number of common shares subject to the Plan. The Plan provides for a maximum of 10,800,000 common shares to be granted to eligible employees. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the PSAP and RSAP. We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success over a longer time horizon by personally benefitting through the ownership of our common shares and/or rights. At December 31, 2010, approximately 703,851 shares were available for the grant of new awards under the Plan.

Performance Share Award Program

On April 1, 2010, certain executives were awarded rights to receive an aggregate of 90,000 common shares if our calculated return on invested capital ("**ROIC**"), as defined in the PSAP, is in the top decile of the Bloomberg Peer Group at the end of the three year performance period, which began on January 1, 2010 and ends on December 31, 2012. Unless there is a change in control as defined in the PSAP, none of these awards will vest if the specified performance target is not met as of the last day of the performance period. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $5.9 million over a 33-month period that began on April 1, 2010, of which $1.6 million has been recognized in 2010. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 24 months.

Restricted Share Award Program

In 2004, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors approved the RSAP to attract and retain the best employees, and to better align employee interests with those of our shareholders. Under this arrangement we have awarded grants totaling 142,070 shares in 2010. Each of these grants awarded in 2010 has a vesting period of principally six years and vests ratably on an annual basis. There are no performance accelerators for early vesting for these awards. Awards under the RSAP are classified as an equity award and recorded at the grant-date fair value and the compensation expense is being recognized over the expected life of the award. As of December 31, 2010, there was $13.5 million of unrecognized total stock-based compensation relating to nonvested RSAP awards. The unrecognized compensation expense is expected to be recognized over an estimated weighted-average amortization period of 41 months. We have recognized compensation expense of $8.9 million and $6.8 million in 2010 and 2009, respectively. We have recognized a tax benefit from the vesting of the RSAP of $2.0 million in 2009.

2006 Nonemployee Director Stock Incentive Plan

The Director Plan provides common shares for grant to our eligible Supervisory Directors. The maximum number of shares available for award under this plan is 1,400,000 common shares. On June 28, 2006, the 1995 Nonemployee Director Stock Option Plan was amended, restated and renamed as the 2006 Nonemployee Director Stock Incentive Plan. The primary change effected by the 2006 amendment was to eliminate the automatic, formula grant of stock options under the prior plan and to replace that formula approach with the discretionary right of the Supervisory Board to grant stock options, restricted shares, or any combination thereof. Only nonemployee Supervisory Directors are eligible for these equity-based awards under the Director Plan. As of December 31, 2010, approximately 577,513 shares were available for issuance under the Director Plan

Performance Share Award Program

On August 15, 2007, we awarded rights relating to an aggregate of 24,000 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on August 15, 2007 and ended on August 15, 2010. The performance target for this award was based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equaled or exceeded the pre-determined target ROE of 50% at the end of the three-year performance period. If our ROE for the performance period did not meet the target ROE but equaled or exceeded 40%, then the number of shares issued would be interpolated based on the terms of the agreement. This arrangement was recorded as an equity award that required us to recognize compensation expense based on the probability of the performance target being achieved. Compensation expense totaling $1.2 million was recognized over a three-year period that began on August 15, 2007, of which, $0.2 million, and $0.4 million was recognized in 2010 and 2009, respectively. In August 2010, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors determined that the performance target criteria had been met relating to rights to 24,000 shares. We issued these 24,000 common shares on August 23, 2010 and, simultaneously, the participants surrendered 4,185 common shares to settle any personal tax liabilities which may result from the award, as permitted by the agreement. We recorded these surrendered shares as treasury stock with an aggregate cost of $0.3 million, at $78.34 per share.

On July 15, 2008, we awarded rights relating to an aggregate of 8,904 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2008 and ends on July 15, 2011. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the pre-determined target ROE of 200% at the end of the three-year performance period. If our ROE for the performance period does not meet the target ROE but equals or exceeds 160%, then the number of shares to be issued would be interpolated based on the terms of the agreement. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2008, of which, $0.2 million and $0.2 million have been recognized in 2010 and 2009, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 7 months.

On July 15, 2009, we awarded rights relating to an aggregate of 13,884 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2009 and ends on July 15, 2012. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the returns earned by members of the S&P 500 Oil & Gas Equipment & Services index, with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2009, of which, $0.2 million and $0.1 million has been recognized in 2010, and 2009, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 19 months.

On April 1, 2010, we awarded rights relating to an aggregate of 9,180 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on January 1, 2010 and ends on December 31, 2012. The performance target for this award is based on a calculated ROIC, as defined in the agreement, with full vesting occurring if our ROIC is in the top decile of the Bloomberg Peer Group at the end of the performance period. Unless there is a change in control, as defined in the PSAP, none of the awards will vest if the specified performance target is not met as of the last day of the performance period. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a 33-month period that began on April 1, 2010, of which, $0.2 million has been recognized in 2010. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 24 months.

Nonvested restricted share awards as of December 31, 2010 and changes during the year were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2008	661,404	$ 45.25
Granted	260,984	43.79
Vested	(156,300)	41.11
Forfeited	(16,600)	48.82
Nonvested at December 31, 2009	749,488	45.52
Granted	241,250	77.96
Vested	(186,198)	44.24
Forfeited	(14,050)	45.30
Nonvested at December 31, 2010	790,490	$ 55.73

The fair value of the nonvested restricted stock awards at December 31, 2010 was $70.4 million.

Stock Options

The following table presents the change in outstanding stock options under the Plan and the Director Plan for the years ended December 31, 2010 and 2009. All options outstanding at December 31, 2010 are fully vested.

	Shares	Range of Exercise Prices	Weighted Average Exercise Price
Balance as of December 31, 2008	241,902	$ 0.005 - 12.50	$ 4.79
Options granted	-	-	-
Options exercised	(55,300)	5.13 - 12.50	7.39
Options forfeited	(82,930)	0.005	0.01
Balance as of December 31, 2009	103,672	4.42 - 12.50	7.24
Options granted	-	-	-
Options exercised	(46,230)	4.42 - 11.50	7.50
Options forfeited	(2,000)	9.69	9.69
Balance as of December 31, 2010	55,442	$ 4.42 - 12.50	$ 6.93

The fair value of the outstanding stock options at December 31, 2010 was $4.9 million. All stock options expire 10 years from date of grant. The weighted average life remaining for the stock options outstanding at December 31, 2010 was 1.0 years. The following table presents the amount of stock options set to expire in the respective years.

Year	Number of Options
2011	40,600
2012	2,342
2013	8,500
2014	2,000
2015	2,000

The total intrinsic value of options exercised during 2010 and 2009 were $2.7 million and $1.7 million, respectively.

For the years ended December 31, 2010 and 2009, stock-based compensation expense recognized in the income statement is as follows (in thousands):

		2010		2009
Cost of sales and services	$	7,040	$	5,121
General and administrative		4,234		2,591
			$	
Total stock-based compensation expense	$	11,274		7,712

16. PREFERENCE SHARES

We have 6,000,000 preference shares authorized by our shareholders with a par value of EUR 0.02. At both December 31, 2010 and 2009, there were zero preference shares issued or outstanding.

17. BORROWINGS

In 2006, Core Laboratories LP, a wholly owned subsidiary of Core Laboratories N.V., issued $300 million aggregate principal amount of Senior Exchangeable Notes due October 31, 2011 ("**Notes**") to qualified institutional buyers. The Notes bear interest at a rate of 0.25% per year paid on a semi-annual basis and are fully and unconditionally guaranteed by Core Laboratories N.V. The Notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at a current exchange rate of 21.8578 per $1,000 principal amount of Notes, subject to anti-dilution adjustments. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares or cash. The exchange component is separated from the note and recorded as a derivative with fair value changes through the income statement. The note without the exchange option is initially recorded at fair value and subsequently stated at amortized cost. The initial fair value was calculated using a market interest rate for an equivalent non-exchangeable note. At December 31, 2010, $156.4 million of the Notes were outstanding and trading at 197% of their face value. At December 31, 2009, $238.7 million of the Notes were outstanding and trading at 134% of their face value.

The Notes excluding the exchange option recorded in the consolidated balance sheet are calculated as follows:

		2010		2009
Face value of the exchangeable notes	$	156,407	$	238,658
Discount on exchangeable notes		(8,864)		(29,546)
Net value of exchangeable notes		147,543		209,112
Deferred debt acquisition costs		(1,383)		(1,402)
Borrowings, net	$	146,160	$	207,710

The exchange option recorded in the consolidated balance sheet is as follows:

		2010		2009
Exchange option at January 1	$	78,446	$	72,612
Fair value changes (note 25)		140,314		5,834
Exchange option exercised during year		(69,887)		-
Exchange option at December 31	$	148,873	$	78,446

Under the terms of our Notes the early exchange option for the holders of our Notes was enabled in the fourth quarter of 2010, as it was in the second and third quarters of 2010. The criteria for the early exchange option were not met during 2009. We received 21 requests during 2010 to exchange 82,251 Notes, which were settled during the year for $82.3 million in cash and 808,367 shares of our common stock, all of which were treasury shares. As a result, the related fair value of the exchange option of $69.9 million, which is included in the balance sheet at the date of exchange, is reclassified to equity and the related amortized cost value of the note of $76.5 million is extinguished resulting in a loss of $5.8 million. This loss is separately disclosed on the Consolidated Income Statement.

As part of the issuance of the Notes, we entered into an exchangeable senior note hedge transaction in October 2006 (the "**Call Option**") through one of our subsidiaries with Lehman Brothers OTC Derivatives Inc. ("**Lehman OTC**") whereby Lehman OTC was obligated to deliver to us an amount of shares required to cover the shares issuable upon conversion of the Notes. On October 3, 2008, Lehman OTC filed for protection under Chapter 11 of the U.S. Bankruptcy Code and at that time the value of the Call Option was deemed to be fully impaired. On September 3, 2009, the subsidiary involved in the Call Option filed a proof of claim in the Lehman OTC bankruptcy case related to the Call Option hedge transaction in the amount of $90.1 million. The Call Option contract was formally terminated on December 4, 2009. Subsequently, on December 22, 2009, we sold our claim to a third party for a cash payment of $17.1 million which was recorded to Impairment (Recovery)/ Loss on Financial Instrument on the Consolidated Income Statement in 2009.

In 2006, we sold warrants that give the holders the right to acquire up to 6.6 million of our common shares at a strike price of $62.16 per share that will settle in January 2012. The warrants will be net settled with whole shares of Core Laboratories N.V. common stock, with fractional shares being settled with cash. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and recognize subsequent changes in fair value in the consolidated income statement. The fair value of the warrants was $184.0 million and $37.5 million at December 31, 2010 and 2009, respectively.

We maintain a revolving credit facility (the "**Credit Facility**") that allowed for an aggregate borrowing capacity of $125.0 million at December 31, 2010. The Credit Facility also provided an option at December 31, 2010 to increase the commitment under the Credit Facility to $200.0 million, if certain conditions are met. Subsequently, on April 19, 2011, the agreement was amended increasing the aggregate borrowing capacity to $300 million with an option to increase the commitment to $350 million. The Credit Facility bears interest at variable rates from LIBOR plus 1.75% to a maximum of LIBOR plus 2.50%. Any outstanding balance under the Credit Facility is due in December 2015 when the Credit Facility matures. Interest payment terms are variable depending upon the specific type of borrowing under this facility. Our available capacity is reduced by outstanding letters of credit and performance guarantees and bonds totaling $13.9 million at December 31, 2010 relating to certain projects in progress. Our available borrowing capacity under the Credit Facility at December 31, 2010 was $111.1 million.

The terms of the Credit Facility require us to meet certain financial covenants, including, but not limited to, certain operational and cash flow ratios. We believe that we are in compliance with all such covenants contained in our credit agreement and will be able to continue to remain in compliance with all covenants. All of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

The carrying amounts of our borrowings are denominated in US Dollars.

18. INCOME AND OTHER TAX PAYABLE

Long-term income tax payable relates to tax exposures for tax obligations including potential interest and penalties in various taxing jurisdictions. Short-term income tax payable relates to tax obligations in various tax jurisdictions.

Other taxes payable relates to various local non-income tax obligations.

19. UNEARNED REVENUE

Revenues are recognized by all reportable segments as services are completed or as product title is transferred and are measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. All advance client payments are classified as unearned revenues until services are provided or product title is transferred. We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectability is reasonably assured. Our Reservoir Management segment records revenues from long-term contracts as services are rendered in proportion to the work performed. All known or anticipated losses on contracts are provided for currently. Revenues are recorded exclusive of taxes. Training and consulting service revenues are recognized as the services are performed.

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The components of provisions for 2010 are as follows (in thousands):

	Termination Benefits	Deferred Compensation	Pension	Other	Total
At January 1, 2010	**$** 7,638	$ 16,865	$ 5,059	$ 4,163	$ 33,725
Charged / (credited) to the income statement:					
Additional provisions	1,349	5,279	-	7,620	14,248
Used during the year	(237)	(902)	(193)	(9,842)	(11,174)
At December 31, 2010	**$** 8,750	$ 21,242	$ 4,866	$ 1,941	$ 36,799

Termination Benefits

Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $5.0 million at December 31, 2010. The remaining $3.8 million balance is for the non-executive employees of the Company. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Pension

The unfunded pension liability as of December 31, 2010 was $4.9 million. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Other

Other provisions consist of amounts accrued related to certain non-income related taxes, claims from clients, and amounts due under certain service agreements and contractual commitments.

Claims from clients occur from disputes that may arise from the providing of services. These are investigated and resolved once a determination is made. The timing of any potential settlement varies for each claim.

In 2007, we revised our estimate of a contingent liability associated with non-income related taxes, and as a result a charge to Retained Earnings and an accrual to the Provisions of $5.0 million were recorded in the Consolidated Balance Sheet. As a result of finalizing a settlement agreement for $2.5 million, we released the remaining $2.5 million of the contingent liability to Retained Earnings during the second quarter of 2009.

21. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Defined Benefit Plan

We provide a noncontributory defined benefit pension plan covering substantially all of our Dutch employees ("**Dutch Plan**") who were hired prior to 2007 based on years of service and final pay or career average pay, depending on when the employee began participating. Employees are immediately vested in the benefits earned. We fund the future obligations of the Dutch Plan by purchasing investment contracts from a large multi-national insurance company. The investment contracts are purchased annually and expire after five years. Each year, as a contract expires, it is replaced with a new contract that is adjusted to include changes in the benefit obligation for the current year and redemption of the expired contract. We make annual premium payments, based upon each employee's age and current salary, to the insurance company. The costs related to the Dutch Plan are included in Cost of Services on the consolidated income statement.

The following table summarizes the change in the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2010 and 2009 (in thousands):

	2010	2009
Defined Benefit Obligation:		
Defined benefit obligation at beginning of year	$ 29,699	$ 24,610
Service cost	1,225	1,084
Interest cost	1,424	1,386
Benefits paid	(503)	(484)
Administrative expenses	(269)	(276)
Actuarial (gain)/ loss, net	1,565	2,710
Unrealized (gain)/ loss on foreign exchange	(2,253)	669
Defined benefit obligation at end of year	$ 30,888	$ 29,699
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	$ 24,640	$ 21,187
Expected return on plan assets	451	673
Actuarial gain (loss) on plan assets	1,547	234
Employer contributions	2,026	2,713
Benefits paid	(503)	(484)
Administrative expenses	(269)	(276)
Unrealized gain (loss) on foreign exchange	(1,870)	593
Fair value of plan assets at end of year	$ 26,022	$ 24,640
Over (under)-funded status of the plan at end of the year	$ (4,866)	$ (5,059)
Accumulated Benefit Obligation	$ 25,908	$ 24,599

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligation at December 31, 2010 and 2009:

	2010	2009
Weighted average assumed discount rate	5.40%	5.25%
Weighted average rate of compensation increase	3.00%	3.00%
Future pension increase	2.00%	2.00%

The discount rate used to determine our projected benefit obligation at December 31, 2010 was increased from 5.25% to 5.40%. The increase in the discount rate was consistent with a general stabilizing of long-term interest rates in Europe, including The Netherlands.

The components of net periodic pension cost under this plan for the years ended December 31, 2010 and 2009 included:

	2010	2009
Service cost	$ 1,225	$ 1,084
Interest cost	1,424	1,386
Expected return on plan assets	(451)	(673)
Net periodic pension cost	$ 2,198	$ 1,797

The net periodic pension cost of $2.2 million and $1.8 million for the years ended December 31, 2010 and 2009, respectively was recognized in Cost of Services in the consolidated Income statement.

This net periodic pension cost was calculated using the following assumptions:

	2010	2009
Weighted average assumed discount rate	5.25%	5.75%
Expected long-term rate of return on plan assets	5.25%	5.75%
Weighted average rate of compensation increase	3.00%	3.00%

Plan assets at December 31, 2010 and 2009 consisted of insurance contracts with returns comparable with governmental debt securities. Our expected long-term rate of return assumptions are based on the average yield on government bonds in the Netherlands. Dutch law dictates the minimum requirements for pension funding. Our goal is to meet these minimum funding requirements, while our insurance carrier invests to minimize risks associated with future benefit payments.

Our 2011 minimum funding requirements are expected to be approximately $1.8 million. Our estimate of future annual contributions is based on current funding requirements, and we believe these contributions will be sufficient to fund the plan.

	2010	2009	2008	2007	2006
Defined benefit obligation	$ 30,888	$ 29,699	$ 24,610	$ 24,352	$ 23,984
Plan assets	26,022	24,640	21,187	27,136	23,375
Surplus/(deficit)	(4,866)	(5,059)	(3,423)	2,784	(609)
Experience adjustments on plan liabilities	326	835	28	78	69
Experience adjustments on plan assets	1,547	234	334	933	46

Expected benefit payments under this plan for the next five years are as follows (in thousands):

2011	$ 603
2012	985
2013	1,083
2014	1,180
2015	1,200

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in The Netherlands.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date, is as follows:

	2010	2009
Male	20.7	17.9
Female	24.0	21.0

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2010	2009
Male	22.5	19.7
Female	24.9	21.8

Defined Contribution Plans

We maintain four defined contribution plans (the "**Defined Contribution Plans**") for the benefit of eligible employees in Canada, The Netherlands, the United Kingdom, and the United States. In accordance with the terms of each plan, we and our participating employees contribute up to specified limits and under certain plans, we may make discretionary contributions in accordance with the Defined Contribution Plans. For the years ended December 31, 2010 and 2009, we expensed approximately $4.6 million and $4.9 million respectively, for our contributions and our additional discretionary contributions to the Defined Contribution Plans.

Deferred Compensation Arrangements

We have entered into deferred compensation contracts for certain key employees and an outside director. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. The charge to expense for officer deferred compensation in 2010 and 2009 was approximately $1.2 million and $1.1 million, respectively. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

We have adopted a non-qualified deferred compensation plan that allows certain highly compensated employees to defer a portion of their salary, commission and bonus, as well as the amount of any reductions in their deferrals under the deferred compensation plan for employees in the United States (the "**Deferred Compensation Plan**"), due to certain limitations imposed by the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"). The Deferred Compensation Plan also provides for employer contributions to be made on behalf of participants equal in amount to certain forfeitures of, and/or reductions in, employer contributions that participants could have received under the 401(k) Plan in the absence of certain limitations imposed by the Internal Revenue Code. Employer contributions to the Deferred Compensation Plan vest ratably over a period of five years. Contributions to the plan are invested in equity and other investment fund assets, and carried on the balance sheet at fair value. The benefits under these contracts are fully vested and payment of benefits generally commences as of the last day of the month following the termination of services except that the payment of benefits for select executives generally commences on the first working day following a six month waiting period following the date of termination. Employer contributions to the deferred compensation plan were $0.2 million and $0.2 million for the years ended December 31, 2010 and 2009, respectively.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Termination Benefits

We have provided termination benefits to certain executives that provide salary and medical benefits for their post employment period. This liability is recorded in Provisions. See Note 31, Directors' Compensation for further discussion.

22. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses represent short term liabilities arising out of normal business activities which will be settled within twelve months. The stated value recorded on the consolidated balance sheet represents the fair value.

23. EMPLOYEE BENEFIT EXPENSE

Employee benefit expenses are comprised of salaries, bonuses and other compensation. For the years ended December 31, 2010 and 2009, employee expense recognized in the income statement is as follows (in thousands):

		2010		2009
Wages and salaries	$	218,624	$	199,615
Social security costs		43,240		38,489

Stock based compensation		11,274		7,712
Total employee expense	$	273,138	$	245,816

Included in social security costs is the expenses related to our employee benefit plans as described in Note 21, Pensions and Other Postretirement Benefits.

For the years ended December 31, 2010 and 2009, employee expense recognized in the income statement is as follows (in thousands):

		2010		2009
Cost of sales and services	$	250,372	$	225,131
General and administrative		22,766		20,685
Total employee expense	$	273,138	$	245,816

We had approximately 5,000 and 4,900 employees in 2010 and 2009, respectively.

24. OTHER (INCOME) EXPENSE, NET

The components of other expense (income), net, are as follows (in thousands):

		Year Ended		
		2010		2009
(Gain) loss on sale of assets	$	(176)	$	90
Foreign exchange (gain) loss		1,032		(331)
Rent and royalty (income)		(1,550)		(1,358)
Other		(886)		1,126
Total other (income) expense, net	$	(1,580)	$	(473)

In 2010, we sold our minority investment in a technology company acquired in 2001, resulting in a gain of $0.8 million.

In April, 2010, we recorded a Euro-denominated income tax receivable in The Netherlands. Payment was received in June after the Euro fell 9% resulting in an FX loss of $1.4 million. During 2009, most foreign currencies gained versus the USD as compared to 2008 when the USD strengthened significantly against most other currencies. Virtually all of the foreign currency gains experienced in 2009 were offset by our foreign currency losses related to the devaluation of the Venezuela Bolivar ("**VEB**").

Foreign exchange gains and losses are summarized in the following table (in thousands):

		Year Ended		
(Gains) losses by currency		**2010**		**2009**
Australian Dollar	$	(135)	$	(438)
British Pound		390		(106)
Canadian Dollar		(711)		(1,686)
Euro		1,788		(81)
Russian Ruble		(6)		421
Venezuelan Bolivar		(267)		1,335
Other currencies		(27)		224
Total (gains) losses	$	1,032	$	(331)

In Venezuela in mid-2010, several large commercial banks began operating the Translation System for Foreign Currency Denominated Securities ("**SITME**") to replace the parallel market rate as the new freely traded rate. Management determined that the appropriate rates to use for remeasuring the financial statements at December 31, 2009 and 2010 were the parallel market rate and the SITME rate, respectively. Using the parallel market rate in 2009, we recognized a devaluation of our net monetary assets resulting in a foreign exchange loss of approximately $1.3 million. At December 31, 2010, our net monetary assets denominated in VEB in Venezuela were $0.8 million. We continue our efforts to de-emphasize our operations and financial position in this country.

25. FINANCE COSTS

The components of finance costs for 2010 and 2009 are as follows (in thousands):

		2010		2009
Variance in fair value of derivative instruments:				
Warrant	$	146,494	$	(32,006)
Exchange option (note 17)		140,314		5,834
Impairment (recovery) / loss on financial instrument		-		(17,060)
Bank borrowings		906		383
Exchangeable notes		15,817		15,827
Finance costs		303,531		(27,022)
Loss on exchange of senior exchangeable notes		5,753		-
Finance income		(249)		(138)
Net finance costs	$	309,035	$	(27,160)

Finance costs consist of interest expense on borrowings on bank debt and exchangeable notes, financial leases, amortization of discount on exchangeable notes and amortization of debt issuance costs.

26. INCOME TAXES

The components of income tax expense for 2010 and 2009 are as follows (in thousands):

		2010		2009
Current tax	$	57,048	$	38,011
Deferred tax		3,358		22,483
Income tax expense	$	60,406	$	60,494

The differences in income tax expense computed using The Netherlands statutory income tax rate of 25.5% in 2010 and 2009 and our income tax expense as reported in the accompanying consolidated income statement for 2010 and 2009 are as follows (in thousands):

		2010		2009
Profit (loss) before tax	$	(84,891)	$	209,636
Tax at The Netherlands income tax rate		(21,647)		53,457
International earnings taxed at rates other than The Netherlands statutory rate		(4,530)		4,387
Non-deductible expenses and permanent differences, net		76,796		(4,362)
Convertible Notes		11,988		-
Tax attributes realized		75		1,564
State and provincial taxes		2,598		4,989
Other		(4,874)		459
Income tax expense from continuing operations	$	60,406	$	60,494

Non-deductible expenses and permanent differences include the impact of various expenses disallowed under local tax law including the change in the fair value of the warrants which had an impact of $37.4 million and $8.2 million for 2010 and 2009, respectively, and the change in the fair value of the convertible debt feature which amounted to $36.8 million for 2010 and nil for 2009. Included in "Other" is the reversal in 2010 of $8.1 million in tax liabilities provided over the period 2007-2009 as a result of a recently concluded audit of prior year returns. The liability reversal reflects the impact of positions sustained in that audit as they relate to tax returns for years remaining open for audit.

27. EARNINGS PER SHARE

The following table summarizes the calculation of weighted average common shares outstanding used in the computation of diluted earnings per share (in thousands):

	For the Year Ended December 31,	
	2010	2009
Weighted average basic common shares outstanding	44,830	45,939
Effect of dilutive securities:		
Stock options	57	115
Contingent shares	40	31
Restricted stock and other	585	378
Senior exchangeable notes	1,700	194
Warrants	1,029	-
Weighted average diluted common and potential common shares outstanding	48,241	46,657

In prior years, we excluded the effect of anti-dilutive shares associated with the exchangeable senior note hedge from the calculation of the diluted weighted average shares. In December 2009, the exchangeable note hedge was terminated.

In 2006, we sold warrants that give the holders the right to acquire up to 6.6 million of our common shares at a strike price of $62.16 per share that will settle in January 2012. The warrants will be net settled with whole shares of Core Laboratories N.V. common stock, with fractional shares being settled with cash. Included in the table above are 1,029,000 shares which were added to the share count for the year ended December 31, 2010 because the average share price exceeded the strike price of the warrants. These shares were included in calculating the impact to our dilutive earnings per share. The warrants have subsequently been purchased by a third party. See Note 17, Borrowings for additional information.

28. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business in which we have established liabilities to cover. It is not anticipated that any material liabilities will arise from these contingent liabilities.

During the year ended December 31, 2010, we had fire incidents at two separate facilities resulting in the loss of portions of the buildings, as well as some of the laboratory equipment. In 2010, we filed claims with our insurance carrier for reimbursement of these costs. We are still in the process of determining the extent of our loss, but we expect that the insurance proceeds will be adequate to recover our costs.

In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The present value of the long-term liability recorded for the benefits due upon severing the employment of these employees is approximately $5.0 million at December 31, 2010.

We do not maintain any off-balance sheet debt or other similar financing arrangements nor have we formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

Scheduled minimum rental commitments under non-cancelable operating leases at December 31, 2010, consist of the following (in thousands):

2011	$	13,965
2012		10,875
2013		8,325
2014		6,034
2015		4,827
Thereafter		9,252
Total commitments	$	53,278

Operating lease commitments relate primarily to rental of equipment and office space. Rental expense for operating leases, including amounts for short-term leases with nominal future rental commitments, was approximately $12.6 million and $14.4 million for the years ended December 31, 2010 and 2009, respectively.

29. ACQUISITIONS

In January 2010, we acquired fracture diagnostics assets for $9.0 million in cash. The acquisition was recorded in the Production Enhancement business segment and resulted in an increase of $5.6 million in goodwill and an increase of $3.2 million in intangible assets. The intangible assets will be amortized over a period of 36 to 60 months.

The acquisition of these assets did not have a material impact on our Consolidated Balance Sheet or Consolidated Statements of Operations.

30. AUDIT FEES

Set forth below is a summary of the total fees paid to our independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2010 and 2009. These fees consisted of (in thousands):

	For the Year Ended December 31, 2010	2009
Audit fees	$ 2,593	$ 2,575
Audit related fees	257	263
Tax fees	301	136
All other fees	63	46
Total	$ 3,214	$ 3,020

31. DIRECTORS' AND NON-EMPLOYEE DIRECTORS' REMUNERATIONS

The following table summarizes, with respect to our Supervisory Directors, information relating to the compensation earned for services rendered in all capacities during the fiscal year 2010.

Name and Principal Position	Year	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation on Earnings	All Other Compen-sation (2)	Total
David M. Demshur	2010	$ 700,000	$ 492,284	$ 1,225,000	$ 852,000	$ 9,962	$ 3,279,246
President, Chief Executive Officer and Chairman of the Supervisory Board	2009	656,000	-	600,000	184,000	9,973	1,449,973
Richard L. Bergmark	2010	425,000	299,134	531,250	831,000	10,018	2,096,402
Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director	2009	400,000	120,902	250,000	184,000	9,981	964,883
Alexander Vriesendorp (3)	2010	-	137,176	-	-	47,500	184,676
Supervisory Director	2009	-	148,084	-	-	50,500	198,584
Jacobus Schouten (3)	2010	-	137,176	-	-	47,500	184,676
Supervisory Director	2009	-	148,084	-	-	49,000	197,084
John Ogren (3)	2010	-	137,176	-	-	59,000	196,176
Supervisory Director	2009	-	148,084	-	-	57,500	205,584
Michael Kearney (3)	2010	-	137,176	-	-	68,500	205,676
Supervisory Director	2009	-	148,084	-	-	68,500	216,584
Joseph Perna (3)	2010	-	137,176	-	297,000	56,500	490,676
Supervisory Director	2009	-	148,084	-	(66,000)	55,000	137,084
Rene Joyce (3)	2010	-	137,176	-	-	65,500	202,676
Supervisory Director	2009	-	148,084	-	-	68,500	216,584

(1) The amounts included in the "Stock Awards" column include the dollar amount of compensation expense we recognized for the fiscal year ended December 31, 2010. The awards for which

compensation expense was recognized consists of restricted shares granted in 2006 and 2007 for our employee Supervisory Directors, Performance Restricted Shares granted in 2010 for our employee Supervisory Directors and Performance Restricted Shares granted in 2007, 2008, 2009 and 2010 for our non-employee Supervisory Directors. See "Equity Incentive Compensation" or Note 15, Stock-Based Compensation for a description of the material features of these awards. No options were awarded to our named executive officers in 2010. None of our non-employee Supervisory Directors had any option awards outstanding as of December 31, 2010.

(2) Amounts for employee Supervisory Directors consist of our matching contributions and contributions through our retirement plans and amounts paid under certain insurance plans. Amounts for non-employee Supervisory Directors consist of fees paid to outside directors for service on the Supervisory Board and related committees.

(3) Each of our non-employee Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2010: Joyce, 5,328; Kearney, 5,328; Ogren, 5,328; Perna, 5,328; Schouten, 5,328; and Vriesendorp, 5,328.

Retainer/Fees

Each non-employee Supervisory Director was paid the following amounts during fiscal 2010:

- a base annual retainer, payable semiannually in arrears, in amount of $40,000;
- and an additional amount for the following positions:
- for our Audit Committee chairman, an additional $15,000;
- for our Compensation Committee chairman, an additional $10,000;
- for our Nominating and Governance Committee chairman, an additional $9,000;
- $1,500 per meeting of the Supervisory Board at which the individual is present in person;
- $1,500 per meeting for each committee meeting at which the individual is present in person; and
- reimbursement for all out-of-pocket expenses incurred in attending any Supervisory Board or committee meeting.

2006 Nonemployee Director Stock Incentive Plan

The following table shows the restricted performance shares that have been awarded to each of our non-employee directors under our 2006 Non-Employee Director Stock Incentive Plan:

Date of Award	Restricted Performance Shares per Director
August 15, 2007	4,000
July 15, 2008	1,484
July 15, 2009	2,314
April 1, 2010	1,530

A restricted performance share is an unvested right to receive a share of our common stock at such time or times described below. Each award is subject to the terms of our 2006 Non-Employee Director Stock Incentive Plan and an award agreement, the terms of which are materially identical for each award recipient.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares will vest based on our return on equity, which is defined in the award agreement as a percentage determined by dividing (1) one-third of our aggregate earnings before interest and income taxes for the performance period that, in the case of the 2008 awards, began on July 15, 2008 and ends on July 15, 2011, and, in the case of the 2009 awards, began on July 15, 2009 and ends on July 15, 2012, by (2) total shareholders' equity as of the last day of the performance period. Specifically: (a) if our return on equity ("**ROE**") for the performance period equals or exceeds the second target, the award recipients will fully vest in their restricted performance shares; (b) if our return on equity for the performance period is less than the second target but equal to or greater than the first target, the award recipients will vest in an incremental amount of their restricted performance shares, and (c) if our return on equity for the performance period is less than the first target, the award recipients will not vest in the restricted performance shares. The first and second targets for our 2007 and 2008 grants are as follows:

Date of Award	First ROE Target	Second ROE Target
August 15, 2007	40%	50%
July 15, 2008	160%	200%

The restricted performance shares awarded in 2009 are based upon our ROE compared to the returns earned by the members of the S&P 500 Oil & Gas Equipment & Services Index with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return, respectively.

On April 1, 2010, we made a grant to the non-employee directors which matched the criteria for the performance shares awarded the executives in the amount of $100,000, divided by the closing price of Company stock on March 31, 2010, rounded upwards to the nearest whole share for a total of 1,530 shares each. Assuming the satisfaction of certain performance goals is achieved, the performance shares will vest at the end of a three-year performance period that began on January 1, 2010 (the "**2010 Performance Period**"). The restricted performance shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the 2010 Performance Period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

We anticipate that we will make grants in 2011 in the amount of shares equal to $150,000 per director, calculated upon the share price as of March 31, 2011, rounded upwards to the nearest whole share. The restricted shares will vest, without performance criteria, at the end of a three-year vesting period that will begin on April 1, 2011, subject to action taken by the Compensation Committee and the Board to take into account the Board Succession Plan.

In the event of an award recipient's death prior to the last day of the performance period, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death) prior to the last day of the performance period, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2006 Non-Employee Director Stock Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Other Arrangements

Mr. Perna was one of our officers until his retirement on March 1, 1998. He participates in the Group SERP. Please see "Supplemental Executive Retirement Plan" below for a discussion of the terms of that plan.

Elements of Compensation

Base Salary

Base salary is the fixed annual compensation we pay to an executive for performing specific job responsibilities. It represents the minimum income an executive may receive in any given year. We target base salaries to result in annual salaries in the normal market range of our peer group for executives having similar responsibilities. The Compensation Committee may adjust salaries based on its annual review of the following factors:

- the individual's experience and background;
- the individual's performance during the prior year;
- the benchmark salary data;
- the general movement of salaries in the marketplace; and
- our financial and operating results.

As a result of these factors, a particular executive's base salary may be above or below the median at any point in time. Messrs. Demshur and Bergmark received a 6.7% and 6.3% merit increase in 2010, respectively, in each case, as a result of our financial performance and the returns experienced by our shareholders. The new approved salary levels for 2010 base salaries were as follows: Mr. Demshur, $700,000; and Mr. Bergmark, $425,000. For 2011, the Compensation Committee has approved an increase in base salaries for our executives as follows: Mr. Demshur, $800,000; and Mr. Bergmark, $450,000.

Non-Equity Incentive Compensation

The Compensation Committee determines the terms under which the annual incentive compensation will be paid to executive officers. The purpose of these awards is to:

- share our success with employees;
- provide a financial incentive to focus on specific performance targets;
- reward employees based on individual and team performance;
- promote a sense of shared accomplishment among employees; and
- encourage employees to continually improve our financial and operating performance and thereby create shareholder value.

Under our annual incentive plan, the Compensation Committee has the discretion to set goals and objectives that it believes are consistent with creating shareholder value, including financial measures, operating objectives, growth goals and other measures. The Compensation Committee also considers individual achievement. The maximum award opportunity is established as a percentage of salary for each executive officer based upon a review of the competitive data for that officer's position, level of responsibility and ability to impact our financial success. The Compensation Committee designs these awards so that cash incentive compensation will approximate the market median when individual and corporate strategic objectives are achieved and will exceed the market median when performance plans are exceeded. Annual incentive awards are designed to put a significant portion of total compensation at risk.

For fiscal 2010, the Compensation Committee determined that the annual incentive compensation will be at the discretion of the committee, provided that the Company attains certain minimum diluted earnings per share results for the year. For 2010, the minimum U.S. GAAP diluted earnings per share that must have been attained was $2.66 per share before any discretionary incentive award could be made. Further, any such award was set at a maximum of 1.75 times annual salary for Mr. Demshur and 1.5 times annual salary for Mr. Bergmark.

Under the annual incentive plan, a target award opportunity is established as a percentage of salary for each executive officer based upon a review of the competitive data for that officer's position, level of responsibility and ability to impact our financial success. The target award opportunity for each of Messrs. Demshur and Bergmark is 87.5% and 62.5% respectively. Under Messrs. Demshur's and Bergmark's employment agreements, each of Messrs. Demshur and Bergmark is entitled to receive amounts of up to 175% and 125%, respectively. These percentages result in two times our target amounts, which we believe are consistent with amounts provided to similarly situated executives by companies in our peer group.

Execution of our business strategy in 2010 was focused on maximizing returns on invested capital and generating free cash flow which ultimately provided shareholder returns which outperformed our industry. As a result, our U.S. GAAP diluted earnings per share were $3.00, which exceeded our minimum performance targets for 2010 of $2.66 per share. Based upon this performance in 2010, our executives were awarded bonuses as follows: Mr. Demshur, $1,255,000 and Mr. Bergmark, $531,250.

Equity Incentive Compensation

We currently administer long-term incentive compensation awards through our LTIP. Specifically, we encourage share ownership by awarding long-term equity incentive awards under two programs, consisting of the Restricted Share Award Program, or "**RSAP**" and the Performance Share Award Program, or "**PSAP**". We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success by personally benefiting through the ownership of our common shares and/or rights, which recognize growth, development and financial success over a longer time horizon.

We use restricted share grants as our primary form of equity compensation, which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas other forms of equity compensation, such as stock options, may have limited perceived value and may do little to retain and motivate employees when the current value of the company's stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares.

Our Compensation Committee, based on recommendations from our Chief Executive Officer, determines the amount and terms of our long-term incentive awards by periodically reviewing competitive market data and each executive's long-term past performance, ability to contribute to our future success, and time in the current job. The Committee takes into account the risk of losing the executive to other employment opportunities and the value and potential for appreciation in our shares. The number of shares previously granted or vested pursuant to prior grants is not typically a factor that is used when determining subsequent grants to an executive officer. The subcommittee considers the foregoing factors together and subjectively determines the appropriate magnitude of the award. As a result of the two named executive officers declining RSAP awards in 2009 and 2010, RSAP equity incentives were not part of their total compensation.

The Committee awards restricted shares and performance restricted shares that vest over a period of years. Restricted share awards vest based on an employee's continued employment over a period of time. The Committee determines the appropriate length of the vesting period which for most restricted shares is at a rate of 1/6 per year over a period of six years. Performance restricted shares vest if we achieve certain performance goals generally over a three-year period, which allow us to compensate our employees as we meet or exceed our business objectives.

We have no program, plan or practice to time the grant of restricted shares or performance shares to executives in coordination with material non-public information.

Restricted Share Award Program

Restricted Share awards are subject to continued employment, and one-sixth of the shares vest each year for six years on the anniversary of the date of grant. Full vesting will occur if an executive officer's employment is terminated because of death or disability or upon the occurrence of a change in control if the executive officer has been continuously employed by us from the date of the grant until the change in control. No performance accelerators for early vesting exist within this award. Compensation expense relating to these awards, which we recognized for financial accounting purposes during fiscal 2010, is reflected in Stock Awards in the Summary Compensation Table.

For 2008 through 2011, Messrs. Demshur, and Bergmark, at their request, have not had grants of RSAP based awards.

Performance Share Award Program

Under the PSAP, our executive officers are awarded rights to receive a pre-determined number of common shares if certain performance targets are met, as defined in the applicable agreements for the respective three-year period. The following discussion relates to the PSAP awards granted in 2010.

On April 1, 2010, we made grants of 90,000 performance shares to our executive officers and others at the discretion of the Chief Executive Officer for 2010. Assuming the recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved, these awards vest at the end of a three-year performance period that began on January 1, 2010 (the "**2010 Performance Period**"). In 2010, the long-term incentive guideline used to make awards was 2.75 times 2009 base salary for Mr. Demshur and 2.00 times 2009 base salary for Mr. Bergmark.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares will vest assuming a recipient's continued employment (or death or disability while employed) and the satisfaction of certain performance goals is achieved. The restricted performance shares will vest only upon the Company's return on invested capital being in the top decile of the Company's peers as published by Bloomberg at the end of the respective performance period and the shares shall fully vest if that criterion is met. If it is not met, then no shares shall vest and the award shall be forfeited. The criterion may not be reset.

In the event of an award recipient's death or disability prior to the last day of the performance periods, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death or disability) prior to the last day of the performance periods, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2007 Long-Term Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Health and Welfare Benefits

We offer a standard range of health and welfare benefits to all employees, including our executive officers. These benefits include medical, prescription drug and dental coverages, life insurance, accidental death and dismemberment, long-term disability insurance and flexible spending accounts. Our plans do not discriminate in favor of our executive officers.

401(k)

We offer a defined contribution 401(k) plan to substantially all of our employees in the United States. We provide this plan to assist our employees in saving some amount of their cash compensation for retirement in a tax efficient manner. Participants may contribute up to 60% of their base and cash incentive compensation, subject to the current limits under the Internal Revenue Code of 1986, as amended (the "Code"). We match employee contributions under this plan up to the first 4% of the participant’s contribution and may make additional discretionary contributions. For plan year 2010, we contributed an additional 2% of the admissible compensation for each eligible employee, including our executive officers, into the plan to acknowledge the outstanding efforts of our employees. We have not yet determined the amount of such discretionary contributions for 2011.

Deferred Compensation Plan

Through our subsidiary, Core Laboratories LP, we have adopted a nonqualified deferred compensation plan that permits certain employees, including all executive officers, to elect to defer all or a part of their cash compensation (base, annual incentives and/or commissions) from us until the termination of their status as an employee. Participating employees are eligible to receive a matching deferral under the nonqualified deferred compensation plan that compensates them for contributions they could not receive from us under the 401(k) plan due to the various limits imposed on 401(k) plans by the U.S. federal income tax laws.

The employer matching contributions vest at a rate of 20% per year over a period of 5 years. Discretionary employer contributions may also be made on behalf of participants in the plan and are subject to discretionary vesting schedules determined at the time of such contributions. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plan are forfeited upon a participant’s termination of employment to the extent they are not vested at that time.

Supplemental Executive Retirement Plans

In 1998, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan, referred to as the "**Group SERP**", for the benefit of certain key employees and outside directors. The Group SERP was established to provide additional retirement income for certain of our then-executive officers and death benefits to the officers' designated beneficiaries as a reward for the executive officer's prior contributions and future efforts to our success and growth. Richard Bergmark, David Demshur and Joseph Perna, a former officer and current director, participate in the Group SERP.

Other Perquisites and Personal Benefits

We do not offer any perquisites or other personal benefits to any executive with a value over $10,000 beyond those discussed above.

We believe in the importance of providing attractive intangible benefits to all employees such as open and honest communications, ethical business practices, and a safe work environment.

Executive Compensation Policies

Share Retention Guidelines

In 2010, the Committee approved stock ownership requirements for the CEO to own our common shares equal in value to at least five times his annual base salary and for the CFO and COO to own common shares equal in value to at least three times their annual base salary. Alignment with shareholder interests is reflected in current stock ownership among the named executive officers, the value of which ranges from approximately 35 to 57 times annual base salary based on the closing price of our common stock on December 31, 2010, as reflected in the beneficial ownership table provided in "Ownership of Securities — Securities Ownership by Certain Beneficial Owners and Management." They reflect a significant personal investment in us by the same executives responsible for determining the future success of the organization and the return to shareholders.

Employment Agreements and Change in Control Agreements

We maintain employment agreements with our three executive officers to ensure they will perform their roles for an extended period of time. These agreements are described in more detail below. These agreements provide for severance compensation to be paid if the employment of the executives is terminated under certain conditions, such as following a change in control, termination by Messrs. Demshur and Bergmark for any reason or termination by us for any reason other than upon their death or disability, for "cause" or upon a material breach of a material provision of his employment agreement, each as defined in the agreements.

The employment agreements between us and our named executive officers and the related severance provisions are designed to meet the following objectives:

Change in Control

As part of our normal course of business, we engage in discussions with other companies about possible collaborations and/or other ways in which the companies may work together to further our respective long-term objectives. In addition, many larger, established companies consider companies at similar stages of development to ours as potential acquisition targets. In certain scenarios, the potential for merger or being acquired may be in the best interests of our shareholders. We provide severance compensation if an executive's employment is terminated following a change in control transaction to promote the ability of our senior executives to act in the best interests of our stockholders even though their employment could be terminated as a result of the transaction.

Termination without Cause

If we terminate the employment of an executive officer without cause as defined in the applicable agreement, we are obligated to continue to pay him certain amounts as described in greater detail below. We believe these payments are appropriate because the terminated executive is bound by confidentiality, non-solicitation and non-compete provisions covering two years after termination and because we and the executive have a mutually agreed to severance package that is in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in our and our shareholders' best interests.

Employment Agreements

Our executive employment agreements include provisions governing the payment of severance benefits if employment is terminated by the executive for any reason or by the Company for any reason other than (1) death or disability, (2) for cause, or (3) the executive's material breach of a material provision of the employment agreement. In such event, our executive severance benefits will be comprised of:

(a) the payment of a lump-sum amount equal to the sum of:

- Ÿ 200% of his base salary as in effect immediately prior to the termination; and
- Ÿ two times 45% of the maximum annual incentive bonus he could have earned pursuant to his employment agreement;

(b) provision of a benefits package for the executive and his spouse and dependent children consisting of medical, hospital, dental, disability and life insurance benefits at least as favorable as those benefits provided to the executive and his spouse and dependent children immediately prior to termination, for as long as the executive and his spouse or dependent children are living;

(c) the provision of outplacement services at a cost not to exceed 100% of the executive's annual base salary as in effect immediately prior to the termination;

(d) the full and immediate vesting and exercisability of all of his outstanding stock options, which options shall remain exercisable for the greater of (1) three months following such termination, or (2) the period provided in the plan or plans pursuant to which such stock options were granted.

For purposes of calculating the lifetime medical benefits, we assume the following:

- a discount rate of 5.50%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2010 Applicable Mortality Table for Lump Sums under the Pension Protection Act of 2006 (PPA);
- a current medical trend of 7.8% per annum, decreasing in accordance with a schedule over time to 6.10% in 2015 and 5.80% in 2035;
- that medical benefits are to be coordinated with Medicare such that premiums will be reduced by 50% for ages 65 and older; and
- that the health plan is fully insured and community rated and will continue to be so in the future.

For purposes of calculating the welfare benefits, we assume the following:

- the basic life insurance benefit was valued as a whole life premium a discount rate of 5%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2010 Applicable Mortality Table for Lump Sums under PPA;
- the accidental death and disability coverage was valued at 11.3% of the value of basic life insurance benefit, per the current premium ratio and this benefit was assumed to continue beyond age 65; and
- the long-term disability premium was escalated to 4% at age 65, reflecting the age-related incidence of disability as well as increased administrative costs; no value is attributed to the benefit beyond age 65, as long-term disability coverage is rarely available once employment ends.

If the executive's employment is terminated as a result of death or disability, the executive (if living), his spouse, and/or his dependent children, as applicable, will be entitled to the benefits described under clause (b) and (d) above.

If the executive's employment is terminated for any reason within three years following a change in control, the executive will be entitled to the same benefits described above except that certain outstanding stock options shall remain exercisable for the greater of (i) one year following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted and the lump-sum payment described in clause (a) above shall be equal to three times the sum of:

- his base salary as in effect immediately prior to his termination of employment; and
- the greater of (A) 45% of the maximum annual incentive bonus he could have earned pursuant to his employment contract for the year in which his employment terminates or (B) the highest annual bonus he received in the three fiscal years ending prior to the fiscal year in which occurred the change in control.

The employment agreements generally use the following terms:

"**Cause**" means the executive has been convicted of any felony or a misdemeanor involving moral turpitude.

"**Change in Control**" means a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company if (i) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% or more of the common equity of the resulting entity, (ii) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% of the voting securities of the resulting entity, or (iii) the persons who were members of the Supervisory Board of Directors immediately prior to the transaction are not the majority of the board of the resulting entity immediately after the transaction. A Change in Control also occurs when (i) there is shareholder approval of a plan of dissolution or liquidation of the Company, (ii) any person or entity acquires or gains ownership of control of more than 30% of the combined voting power of outstanding securities of the Company or resulting entity, or (iii) a change in the composition of the Board of Directors the results of which are that fewer than a majority of the supervisory directors are incumbent directors.

Each executive's employment agreement contains a standard confidentiality and non-solicitation provision and requires that the executive not compete with the business conducted by the Company at any time during the period that he is employed by the Company and for the two-year period thereafter unless his employment with the Company is terminated by him for good reason, or by the Company for cause. Notwithstanding, the post-employment noncompetition and non-solicitation restrictions terminate upon a change in control of the Company.

Upon a change in control, our executive officers may be subject to certain excise taxes pursuant to Section 4999 of the U.S. Tax Code ("**Code**") (which imposes a 20% excise tax on certain excess parachute payments). In such case, we have agreed to pay each of our executive officers a gross-up payment such that, after the payment of any income, excise or other tax on the gross-up payment, the executive officer retains an amount sufficient to pay all excise taxes pursuant to Section 4999 of the Code.

The calculation of the Section 4999 gross-up amounts described above is based upon an excise tax rate under Section 4999 of 20%, a 35% federal income tax rate and a 1.45% Medicare tax rate. For purposes of the gross-up calculations, we have assumed that (1) no amounts will be discounted as attributable to reasonable compensation, (2) all cash severance payments are contingent on a change in control (although we believe there may be a viable position to the contrary with respect to at least a portion of the cash severance payments), and (3) we could rebut the presumption required under applicable regulations that the restricted shares granted in 2007 were contingent upon a change in control.

The tax gross-up payment described above will be payable to the executive for any excise tax incurred under Section 4999 of the Code regardless of whether his employment is terminated. However, the amount of the gross-up payment will change based upon whether the executive's employment with us is terminated because the amount of compensation subject to the Section 4999 excise tax will change.

A copy of the Company's Compensation Committee charter may be found on the Company's website, at http://www.corelab.com/corporate/governance.aspx.

32. RELATED PARTIES

In 2010 and 2009, 52,271shares valued at $3.7 million and 42,258 shares valued at $1.8 million, respectively, were surrendered to the Company pursuant to the terms of a stock-based compensation plan, in settlement by the participants of their exercise cost in the stock options and their personal tax burdens that may result from the issuance of common shares under this arrangement. These shares were surrendered at the then current market price on the date of settlement. See Note 15, Stock-Based Compensation and Note 31, Directors' Remuneration. We had no other significant related party transactions for the year ended December 31, 2010.

The following table lists subsidiaries of the parent company that are included in the consolidated group:

Name	Legal Seat	Ownership %
Core Laboratories Resources N.V.	Curacao, The Kingdom of the Netherlands	100%
Core Laboratories International Licensing N.V.	Curacao, The Kingdom of the Netherlands	100%
Core Laboratories International Trading N.V.	Curacao, The Kingdom of the Netherlands	100%
Core Laboratories (U.S.) Interests Holdings Inc.	Delaware, United States	100%
Core Laboratories Holding Inc.	Delaware, United States	100%
Core Laboratories Middle East Services B.V.	Rotterdam, The Netherlands	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Canada Ltd.	Alberta, Canada	100%
PT Corelab Indonesia	Jakarta, Indonesia	70%
Core Laboratories SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Australia PTY LTD	Perth, Australia	100%
Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
Core Laboratories Sales N.V.	Curacao, The Kingdom of the Netherlands	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%
Core Laboratories Coöperatief U.A.	Amsterdam, The Netherlands	100%
Corelab Nigeria Limited	Lagos, Nigeria	100%
Core Laboratories Venezuela S.A.	Caracas, Venezuela	100%
Core Laboratories Corporate Holding B.V.	Amsterdam, The Netherlands	100%
Corelab Brasil Ltda.	Rio de Janeiro, Brazil	100%
Abdullah Fuad Core Laboratory Company	Dammam, Saudi Arabia	51%
Core Laboratories Holdings LLC	Delaware, United States	100%
Core Laboratories LLC	Delaware, United States	100%
Saybolt International B.V.	Rotterdam, The Netherlands	100%
Saybolt Holding B.V.	Rotterdam, The Netherlands	100%
Saybolt Denmark A/S	Copenhagen, Denmark	100%
Saybolt van Duyn GmbH	Essen, Germany	100%
Saybolt España S.A.	Madrid, Spain	100%
Saybolt Estonia Ltd.	Tallinn, Estonia	100%
Saybolt Finland Oy	Hamina, Finland	100%
Saybolt Italia S.R.L.	Siracusa, Italy	100%

Name	Legal Seat	Ownership %
Saybolt Malta Ltd.	Kalafran, Malta	100%
Saybolt Greece, Ltd.	Athens, Greece	100%
Saybolt (Portugal) Inspeccao de Produtos Petroliferos, Limitada.	Lisbon, Portugal	100%
Saybolt South Africa PTY LTD	Cape Town, South Africa	73%
Saybolt Sweden AB	Gothenburg, Sweden	100%
Saybolt United Kingdom Limited	Purfleet, United Kingdom	100%
SP TOO Saybolt Kazakhstan	Aktau, Kazakhstan	100%
Saybolt de Mexico S.A. de C.V.	Coatzacoalcos, Mexico	100%
Saybolt LP	Delaware, United States	100%
Core Laboratories Panama, S.A.	Panama City, Panama	100%
E.W. Saybolt & Co. (Cayman) Ltd.	Georgetown, Grand Cayman	100%
Saybolt Analyt Holding B.V.	Rotterdam, The Netherlands	100%
ZAO Saybolt Eurasia	Moscow, Russian Federation	100%
Saybolt• Ukraine	Odessa, Ukraine	100%
Saybolt - Bulgaria Ltd.	Bourgas, Bulgaria	100%
UAB Saybolt-Baltija	Klaipeda, Lithuania	100%
Saybolt Latvia	Ventspils, Latvia	100%
Saybolt St. Eustatius	St. Eustatius, The Netherlands	100%
Saybolt Bahamas Ltd.	Freeport, Bahamas	100%
Saybolt de Costa Rica, S.A.	San Jose, Costa Rica	99%
Saybolt de Colombia Ltda.	Barranquilla, Colombia	95%
Saybolt Aruba N.V.	San Nicolas, Aruba	100%
Saybolt Bonaire N.V.	Bonaire, The Netherlands	100%
Saybolt Caribbean N.V.	San Nicolas, Aruba	100%
Saybolt Curacao N.V.	Curacao, The Kingdom of the Netherlands	100%
Saybolt Trinidad & Tobago Ltd.	Marabella, Trinidad	100%
Saybolt Eastern Hemisphere B.V.	Rotterdam, The Netherlands	100%
Saybolt Malaysia SDN BHD	Kuala Lumpur, Malaysia	49%
PT Citra Wosaji Indonesia	Jakarta, Indonesia	65%
Saybolt Nederland B.V.	Rotterdam, The Netherlands	100%
Beheersmaatschappij Hett Scheur BV	Rotterdam, The Netherlands	100%
Core Laboratories El Salvador S.A. de C.V.	San Salvador, El Salvador	100%
Saybolt Belgium N.V.	Antwerp, Belgium	100%
Saybolt (Tianjin) Meteorology & Inspection Co., Ltd.	Tianjin, China	100%
Core Lab Science and Technology (Beijing) Co Ltd.	Beijing, China	100%
Saybolt Latin America B.V.	Rotterdam, The Netherlands	100%
Core Laboratories Angola Limitada	Luanda, Angola	100%
Saybolt Inspection Services India Private Limited	Mumbai, India	100%
Saybolt Inspection Services Kazakhstan LLP	Aktau, Kazakhstan	100%
Saybolt (Singapore) PTE LTD	Singapore, Singapore	100%
Core Laboratories (Hong Kong) Limited	Hong Kong, China	100%
Quantoil Ltd.	London, United Kingdom	100%
E.W. Saybolt & Co. S.A.	Panama City, Panama	100%
Saybolt Surveillance and Laboratory Services Joint Stock Corporation	Istanbul, Turkey	100%
Saybolt Inspection Romania S.R.L.	Constanta, Romania	100%
Owen Oil Tools LP	Delaware, United States	100%
Owen Oil Tools de Mexico, S.A. de C.V.	Tabasco, Mexico	100%
Owen Compliance Services, Inc.	Delaware, United States	100%
Owen de Mexico S.A. de C.V.	Mexico City, Mexico	100%
Owen Oil Tools (U.K.) Ltd.	Croydon, United Kingdom	100%
Owen Oil Tools de Argentina, S.A.	Buenos Aires, Argentina	100%
Core Laboratories LLP	Aktau, Kazakhstan	100%

Name	Legal Seat	Ownership %
ZAO Petroleum Analysts	Moscow, Russian Federation	100%
Tianjin Saybolt Bohai Inspection Co., Ltd.	Tianjin, China	65%
Saybolt Test OOO	Bashkortostan, Russian Federation	100%
Saybolt Armenia	Yerevan, Armenia	100%
Core Lab de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Operations S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Mexican Interest S.A. de C.V.	Mexico City, Mexico	100%
ProTechnics de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Services S.A. de C.V.	Mexico City, Mexico	100%
Stim-Lab, Inc.	Oklahoma, United States	100%
Core Laboratories Global N.V.	Curacao, The Kingdom of the Netherlands	100%
CTC Pulsonic Nigeria Limited	Lagos, Nigeria	80%
Production Enhancement Corporation	Delaware, United States	100%
PENCOR International Ltd.	Jersey, Channel Islands	100%
Coreton Limited	Croydon, United Kingdom	100%
Labton Limited	London, United Kingdom	100%
FE & FEFH Holdings, Inc.	Alberta, Canada	100%
Saybolt Tunisie SarL	Tunis, Tunisia	49%
Saybolt Med S.A.	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd.	Jubail, Saudi Arabia	45%
Core Laboratories Malta Holding Limited	Valletta, Malta	99%
Core Laboratories Malta Limited	Valletta, Malta	99%
Saybolt Maroc	Mohammedia, Morocco	49%
Shanghai SIC - Saybolt Commodities Surveying Co., Ltd.	Beijing, China	50%
Core Laboratories Asia Pacific SDN BHD	Kuala Lampur, Malaysia	100%
Saybolt Azerbaijan	Baku, Azerbaijan	100%
Hani LLC	Muscat, Oman	100%

The following table lists subsidiaries of the parent company that are not included in the consolidated group:

Name	Legal Seat	Ownership %
Saybolt Tunisie SarL	Tunis, Tunisia	49%
Saybolt Med S.A.	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd.	Jubail, Saudi Arabia	45%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	Beijing, China	50%

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2010 and 2009
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.		2010		2009
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	3	$	591,593	$	649,026
Deferred income tax asset	4		2,801		2,951
Other assets	3		3,209		2,829
TOTAL NON-CURRENT ASSETS			597,603		654,806
CURRENT ASSETS					
Prepaid expenses and other current assets			12,103		11,809
Receivables from subsidiaries			21,488		39,934
Accounts receivable			10		-
Cash and cash equivalents			11,162		73,998
TOTAL CURRENT ASSETS			44,763		125,741
TOTAL ASSETS		$	642,366	$	780,547

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2010 and 2009
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Note		2010		2009
SHAREHOLDERS' EQUITY					
Common shares, EUR 0.02 par value in 2010 and 2009; 200,000,000 shares authorized, 49,739,912 issued and 45,521,186 outstanding at 2010 and 51,039,912 issued and 45,973,408 outstanding at 2009		$	1,205	$	1,317
Additional paid-in capital			27,460		40,503
Retained earnings			269,162		454,734
Other reserves			(5,073)		(5,138)
Treasury shares (at cost), 4,218,726 at 2010 and 5,066,504 at 2009			(242,690)		(246,699)
TOTAL EQUITY	5		50,064		244,717
Provisions	7		45,726		44,781
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term payable to subsidiaries	8		52,663		198,961
Derivative financial instrument	9		-		37,545
TOTAL NON-CURRENT LIABILITIES			52,663		236,506
CURRENT LIABILITIES:					
Accounts payable			336		506
Payables to subsidiaries	8		307,248		249,425
Derivative financial instrument	9		184,039		-
Income tax payable			-		1,988
Other accrued expenses			2,290		2,624
TOTAL CURRENT LIABILITIES			493,913		254,543
TOTAL LIABILITIES			546,576		491,049
TOTAL EQUITY, PROVISIONS AND LIABILITIES		$	642,366	$	780,547

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
INCOME STATEMENT
For the Years Ended December 31, 2010 and 2009
(In thousands of USD)

	Ref.		2010		2009
Stand alone company net income (loss) after taxation		$	(120,290)	$	50,310
Profit (loss) from subsidiaries after tax	3		(25,491)		98,341
Result after taxation		$	(145,781)	$	148,651

The accompanying notes are an integral part of these Financial Statements.

1. GENERAL

The description of the Company's activities and the group structure, as included in the notes to the consolidated financial statements, also apply to the Company-only financial statements. We have 15 employees in 2010.

In accordance with article 402 Book 2 of the Dutch Civil Code the Income Statement is presented in abbreviated form.

2. ACCOUNTING PRINCIPLES

General

For the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Core Laboratories N.V. applies the option provided in Section 2:362 (8) of The Netherlands Civil Code. The accounting principles as described in the notes to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**"), also apply to the Parent Company-only financial statements, unless indicated otherwise.

Core Laboratories N.V. has opted to apply the accounting principles used in the consolidated financial statements to the Company financial statements according to Section 2:362 (8) of The Netherlands Civil Code. This provides a clearer presentation of the Company financial statements. Shareholders' equity and results of operations in the Company financial statements will remain equal to shareholders' equity and results of operations (less non-controlling interest) in the consolidated financial statements, which is generally accepted according to Dutch practice.

Investments in Subsidiaries

Investments in affiliates and other companies over which Core Laboratories N.V. exercises predominant control or over which it has predominant control are valued at net equity value, the basis of the accounting principles as applied by the consolidated financial statements. Non-controlling interests with an equity deficit are carried at nil. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

In determining the net equity value, the transitional rules are taken into account for determining the values and the accounting principles of the first application of the IFRS principles applied in the consolidated financial statements.

3. FINANCIAL ASSETS

Investments in Subsidiaries

(in thousands)		2010		2009
Book value at January 1:	$	649,026	$	543,433
Capital contribution/ (transfers)		-		14
Dividends		(34,259)		-
(Reduction of) / additional negative net asset value stated at nil		2,317		7,238
Net income from subsidiaries		(25,491)		98,341
Book value at December 31:	$	591,593	$	649,026

For a listing of directly and indirectly held subsidiaries that are included in the financial fixed assets as investments in affiliates, see Note 32 of the Notes to the consolidated financial statements.

Other assets

Life insurance policies with cash surrender value have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value. The fair value is determined by the plan administrator's actuary calculation and the changes in the fair value are recognized through profit and loss.

4. INCOME TAXES

Core Laboratories N.V. and its wholly owned Dutch subsidiaries constitute a fiscal entity. As a result of the fiscal entity, the Company is liable for the fiscal entity's income tax liabilities of the entire fiscal entity. Income taxes are allocated to the companies within the fiscal entity on the basis of their taxable income. For a reconciliation of the effective tax rate with the statutory rate see Note 26, Income Taxes to Consolidated Financial Statements.

The deferred tax assets at December 31, 2010 relate to tax credits.

Deferred Tax Assets		**Severance Liability**		**Tax Credits**		**Other**		**Total**
December 31, 2008	$	776	$	1,665	$	(58)	$	2,383
Charged/(credited) to income statement		(776)		1,286		58		568
December 31, 2009		-		2,951		-		2,951
Charged/(credited) to income statement		-		(150)		-		(150)
December 31, 2010	$	-	$	2,801	$	-	$	2,801

5. EQUITY

Stock Split

At our annual meeting on June 10, 2010, the shareholders approved an amendment to increase the authorized shares of our common stock from 100 million to 200 million and to increase the authorized shares of our preference stock from 3 million to 6 million. In addition, shareholders approved the two-for-one stock split authorized by the Supervisory Board and thereby reduced the par value of each share from EUR 0.04 to EUR 0.02. As a result of the stock split, shareholders of record on June 30, 2010 received an additional share of common stock for each common share held. The stock split was effected on July 8, 2010. All references in the consolidated financial statements and the accompanying notes to common shares, share prices, per share amounts and stock plans have been restated retroactively for the stock split.

Share capital

The authorized share capital of the Company as at December 31, 2010 amounts to EUR 4 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each.

Issued and paid in share capital amounts to $28.7 million and consists of 49,739,912 issued and 45,521,186 outstanding ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $242.7 million and consists of 4,218,726 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2010 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance as at January 1, 2010	51,039,912	5,066,504	45,973,408
Issue of ordinary shares	-	(232,428)	232,428
Issue of ordinary shares for exchange of Notes	-	(808,367)	808,367
Cancellation of treasury shares	(1,300,000)	(1,300,000)	-
Repurchased own shares	-	1,493,017	(1,493,017)
Balance as at December 31, 2010	49,739,912	4,218,726	45,521,186

The movement in shareholders' equity is as follows (in thousands):

	Common Shares	Additional Paid-In Capital	Accumulated Earnings	Other Reserves	Repurchased Shares	Total Shareholders' Equity
BALANCE, December 31, 2009	$ 1,317	$ 40,503	$ 454,734	$ (5,138)	$ (246,699)	$ 244,717
Stock options exercised	-	(1,537)	-	-	1,883	346
Stock-based awards issued	-	3,611	-	-	7,668	11,279
Tax charge of stock awards issued	-	1,908	-	-	-	1,908
Exchange of senior exchangeable notes	-	34,452	-	-	35,435	69,887
Repurchases of common shares	-	-	-	-	(92,487)	(92,487)
Cancellation of treasury shares	(33)	(51,477)	-	-	51,510	-
Dividends paid	-	-	(39,791)	-	-	(39,791)
Currency translation adjustment	(79)	-	-	79	-	-
Pension adjustment	-	-	-	(14)	-	(14)
Net income (loss)	-	-	(145,781)	-	-	(145,781)
BALANCE, December 31, 2010	$ 1,205	$ 27,460	$ 269,162	$ (5,073)	$ (242,690)	$ 50,064

Our functional currency is the U.S. dollar. However, the par value of our common stock is denominated in Euros. We have recorded a cumulative translation adjustment related to the value of our common stock of $79,000 related to this re-measurement, as indicated in the movement schedule above using an exchange rate of 1.3234 U.S. Dollars per Euro.

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On June 10, 2010 at our annual shareholder’s meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until December 10, 2011. The annual meeting authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which may only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they become due or pursuant to our warrants. The cancellation of shares had also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2010, we have repurchased 32,453,473 shares for an aggregate purchase price of approximately $726.2 million, or an average price of $22.38 per share and have cancelled 26,835,494 shares at a cost of $425.3 million. During the twelve months ended December 31, 2010, we repurchased 1,493,017 of our common shares for $92.5 million, at an average price of $61.95per share which included rights to 52,271 shares valued at $3.7 million, or $71.33 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 550,765 shares at a total cost of approximately $49.8 million.

At the annual meeting of shareholders on June 10, 2010, the shareholders approved the cancellation of 1.3 million shares of our common stock then held as treasury stock. These treasury shares were cancelled on September 2, 2010, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

Stock options exercised in 2010 relate to our long-term incentive plan and were exercised at the request of certain employees.

At December 31, 2010, the Company has outstanding stock options of 55,442 shares at exercise prices ranging from $4.42 to $12.50 awarded to employees with a weighted average contractual life of 1.0 years.

Dividends

In February, April, July and October 2010, we declared and paid quarterly $0.06 per share of common stock dividends. In addition to the quarterly cash dividends, a special non-recurring cash dividend of $0.65 per share of common stock was also paid in August 2010. The total dividends paid in 2010 were $39.8 million. On February 25, 2011, we paid a quarterly dividend of $0.25 per share of common stock to shareholders of record on January 25, 2011.

6. PREFERENCE SHARES

We have 6,000,000 preference shares authorized by our shareholders with a par value of EUR 0.02. At both December 31, 2010 and 2009, there were zero shares issued or outstanding.

7. PROVISIONS

All of the provisions are of a long-term nature and are specified as follows (in thousands):

	Deferred Compensation	Consolidated Subsidiaries	Income Tax Payable	Other	Total
At January 1, 2010	$ 6,046	$ 33,813	$ 650	$ 4,272	$ 44,781
Charged / (credited) to the income statement:					
Additional provisions	269	114	-	748	1,131
Used during the year	(156)	-	(30)	-	(186)
At December 31, 2010	$ 6,159	$ 33,927	$ 620	$ 5,020	$ 45,726

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires.

Consolidated Subsidiaries

Consolidated subsidiaries represent provisions for subsidiaries which have an equity deficit. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

Income Tax Payable

Income Tax Payable represents an accrual for uncertain tax positions relating to tax returns under audit.

Other

Other includes termination benefits. Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $5.0 million at December 31, 2010.

8. PAYABLES TO SUBSIDIARIES

Liabilities of a long-term nature due greater than 5 years are specified as follows (in thousands):

		Long Term Intercompany Liability
At January 1, 2010	$	198,961
Charged / (credited) to the income statement:		
Additions		11,500
Release/payments		(157,798)
Transfers from short-term inter-company liability:		-
At December 31, 2010	$	52,663

The outstanding balance accrues interest at the rate of LIBOR plus 0.5%, quarterly.

The short term payables to subsidiaries are associated with corporate cash management activities, and do not have defined payment terms and are payable at the discretion of the Company. Additionally, the Company could acquire cash from its subsidiaries through dividends at its discretion as there are no restrictions.

9. DERIVATIVE FINANCIAL INSTRUMENTS

In 2006, we sold warrants that give the holders the right to acquire up to 6.6 million of our common shares at a strike price of $62.16 per share that will settle in January 2012. The warrants will be net settled with whole shares of Core Laboratories N.V. common stock, with fractional shares being settled with cash. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and will recognize subsequent changes in fair value in the consolidated income statement.

The fair value of the warrants, which, to our knowledge, are not traded in an active market, is determined by using valuation techniques. We use the same Black-Scholes model that was utilized to initially value our derivative financial instrument and make assumptions that are based on the market conditions existing at each balance sheet date. This derivative instrument is fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of the Company's stock used in the fair value estimation, as well as the use of judgment inherent in the calculation methods used to estimate the appropriate adjustments to fair value for our derivatives. The fair value of the warrants was $184.0 million and $37.5 million at December 31, 2010 and 2009, respectively. See Notes 10 and 17 in the Consolidated Financial Statements for further discussion.

10. BORROWINGS

We maintain a revolving credit facility (the "**Credit Facility**") that allowed for an aggregate borrowing capacity of $125.0 million at December 31, 201. The Credit Facility also provided an option at December 31, 2010 to increase the commitment under the Credit Facility to $200.0 million, if certain conditions are met. Subsequently, on April 19, 2011, the agreement was amended increasing the aggregate borrowing capacity to $300 million with an option to increase the commitment to $350 million. The Credit Facility bears interest at variable rates from LIBOR plus 1.75% to a maximum of LIBOR plus 2.50%. The Credit Facility matures in December 2015 and requires interest payments only until maturity. These interest payments are based on the interest period selected. Our available capacity is reduced by outstanding letters of credit and performance guarantees and bonds totaling $13.9 million at December 31, 2010 relating to certain projects in progress. Our available borrowing capacity under the Credit Facility at December 31, 2010 was $111.1 million.

The terms of the Credit Facility require us to meet certain financial covenants, including, but not limited to, certain operational and cash flow ratios. We believe that we are in compliance with all such covenants contained in our credit agreement and will be able to continue to remain in compliance with all covenants. All of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

11. RELATED PARTIES

For related party discussions, see Note 32 of the Consolidated Financial Statements.

12. SUPERVISORY DIRECTORS

For a discussion of Supervisory Director remuneration and related party transactions, see Notes 31 and 32 to the Notes to Consolidated Financial Statements.

/s/ David M. Demshur David M. Demshur President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)	/s/ Jan Willem Sodderland Jan Willem Sodderland, on behalf of Core Laboratories International B.V. sole managing director of Core Laboratories N.V.
/s/ Richard L. Bergmark Richard L. Bergmark Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director	/s/ Joseph R. Perna Joseph R. Perna Supervisory Director
/s/ Jacobus Schouten Jacobus Schouten Supervisory Director	/s/ Rene R. Joyce Rene R. Joyce Supervisory Director
/s/ Michael C. Kearney Michael C. Kearney Supervisory Director	/s/ D. John Ogren D. John Ogren Supervisory Director
/s/ Alexander Vriesendorp Alexander Vriesendorp Supervisory Director	

Amsterdam, The Netherlands,
May 2, 2011

Other information

1 Auditor's Report

The Auditor's report is included on page F-196.

2 Statutory Appropriation of Income

The Articles of Incorporation of the Company provide that the results for the year are subject to the disposition of the shareholders decided upon at the Annual Meeting of Shareholders. Income is expected to be fully included in retained earnings.

Proposed appropriation of results

The Board of Supervisory Directors proposes to reduce retained earnings in the amount of $(145.8) million from net income (loss). The Company expects to utilize available earnings generated by our operations for the development and growth of the business, to repurchase our exchangeable notes along with share repurchases under our share repurchase program and to pay dividends. The determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, income tax treatment of payments, general business conditions and such other factors we may deem relevant. Because Core Laboratories N.V. is a holding company that conducts substantially all of its operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

3 Branches

The consolidated financial statements include the financial information for the following branch locations:

Name	Legal Seat
Core Laboratories International B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
Core Laboratories International B.V. - Colombia Branch	Bogota, Colombia
Core Laboratories International B.V. - Pakistan Branch	Karachi, Pakistan
Core Laboratories International B.V. - India Branch	Mumbai, India
Core Laboratories International B.V. - Dubai Branch	Dubai, United Arab Emirates
Core Laboratories International B.V. - Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Ecuador Branch	Quito, Ecuador
Core Laboratories LP - China Rep Office	Beijing, China
Core Laboratories Sales N.V. - Mexico Branch	Villahermosa, Mexico
Saybolt LP Virgin Islands Branch	St. Croix, USVI
Saybolt LP Puerto Rico Branch	Guayanilla, Puerto Rico
Saybolt International B.V. - Bahrain Branch	Manama, Bahrain
Saybolt International B.V. - Kuwait Branch	Mangaf, Kuwait
Saybolt International B.V. - Yemen Branch	Aden, Yemen
Saybolt Analyt Holding B.V. - Turkmenistan	Turkenbashi, Turkmenistan
Saybolt Analyt Holding B.V. - Georgia Rep. Office	Batumi, Georgia
Saybolt Analyt Holding B.V. Rep. Office	Moscow, Russia
Saybolt West Indies N.V. - Jamaica Branch	Jamaica
Saybolt Tianjin M&I Company - Xiamen Branch	Xiamen, China
Saybolt Tianjin M&I - Zhuhai Branch	Zhuhai, China
Saybolt Med SA - Mauritian Branch	Mauritius
EW Saybolt & Co SA - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Shanghai SIC - Saybolt Commodities Surveying Co Ltd -	Shanghai, China

Name	Legal Seat
Shanghai Branch	
Saybolt Eastern Hemisphere BV - Taiwan Branch	Taiwan
Owen Oil Tools LP - Thailand Branch	Songkhla, Thailand
Production Enhancement Corporation Trinidad Branch	Trinidad
Pencor International Ltd. Sakhalinsk Branch	Sakhalin, Russia Federation
Pencor International Ltd. Kazakhstan Branch	Atyrau, Kazakhstan

4 Subsequent Events

On April 19, 2011, Core Laboratories N.V. and Core Laboratories LP amended its Fifth Amended and Restated Credit Agreement (henceforth referred to as the "**Amended Credit Agreement**") with various financial institutions which are parties to the Amended Credit Agreement (collectively, the "**Lenders**"), and Bank of America, N.A. as administrative agent for the Lenders and as a letter of credit issuing bank.

The Amended Credit Agreement primarily includes the following changes:

- Increases the aggregate borrowing commitment under the existing credit facility from $125 million to $300 million;
- In addition, the Amended Credit Agreement provides an option to increase the commitment under the credit facility to $350 million, if certain conditions are met.

Independent auditor's report

To the General Meeting of Shareholders and the Board of Supervisory Directors of Core Laboratories N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 as set out on pages 22 to 81 of Core Laboratories N.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2010, the consolidated and company income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Annual report of the directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Annual report of the directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Annual report of the directors, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, May 2, 2011
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2009 UNDER IFRS

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Report for December 31, 2009

Herengracht 424
1017 BZ Amsterdam
The Netherlands

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

Annual Report of the Directors
(including the Corporate Governance Statement)

Currency - United States Dollars ("**$**")

General

Core Laboratories N.V. ("Core Laboratories", "Company", "we", "our" or "us") is a Netherlands limited liability company publicly traded in the United States on the New York Stock Exchange. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries.

Business Strategy

Our business strategy is to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the services and products offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

Development of New Technologies, Services and Products

We conduct research and development to meet the needs of our clients who are continually seeking new services and technologies to lower their costs of finding, developing and producing oil and gas. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, oil and gas producers have, on a proportional basis, increased expenditures on technology services to improve their understanding of the reservoir and increase production of oil and gas from their producing fields. We intend to continue concentrating our efforts on services and technologies that improve reservoir performance and increase oil and gas recovery.

International Expansion of Services and Products

Another component of our business strategy is to broaden the spectrum of services and products offered to our clients on a global basis. We intend to continue using our worldwide network of offices to offer many of our services and products that have been developed internally or obtained through acquisitions. This allows us to enhance our revenues through efficient utilization of our worldwide network.

Acquisitions

We continually review potential acquisitions to add key services and technologies, enhance market presence or complement existing businesses.

Marketing and Sales

We market and sell our services and products through a combination of sales representatives, technical seminars, trade shows and print advertising. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices. Our Business Development group manages a Large Account Management Program to better serve our largest and most active clients by meeting with key personnel within their organization to ensure the quality of our products and services are meeting their expectations and we are addressing any issues or needs in a timely manner.

Research and Development

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Patents and Trademarks

We believe our patents, trademarks and other intellectual property rights are an important factor in maintaining our technological advantage, although no one patent is considered essential to our success. Typically, we will seek to protect our intellectual technology in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. In addition to patents, in many instances we protect our trade secrets through confidentiality agreements with our employees and our clients.

International Operations

We operate facilities in more than 50 countries. Our non-U.S. operations accounted for approximately 52% and 50% of our revenues from operations during the years ended December 31, 2009 and 2008, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects in foreign oilfields.

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our contracts are denominated in a currency other than the U.S. dollar to an amount generally equal to the expenses expected to be incurred in such foreign currency. However, the ultimate decision as to the proportion of the foreign currency component within a contract usually resides with our clients. Consequently, we are not able to always eliminate our foreign currency exposure. We have not historically engaged in and are not currently engaged in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations.

Environmental Regulation

We are subject to stringent governmental laws and regulations pertaining to protection of the environment and the manner in which chemicals and gases used in our analytical and manufacturing processes are handled and generated wastes are disposed. Consistent with our quality assurance and control principles, we have established proactive environmental policies for the management of these chemicals and gases as well as the handling and recycling or disposal of wastes resulting from our operations. Compliance with these laws and regulations may require the acquisition of permits for regulated activities, capital expenditures to limit or prevent emissions and discharges, and special precautions for disposal of certain wastes. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and even the issuance of injunctive relief. The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or cleanup requirements could have a material adverse effect on our operations and financial position. For instance, the adoption of laws or implementing regulations with regard to climate change that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business.

Our analytical and manufacturing processes involve the handling and use of numerous chemicals and gases as well as the generation of wastes. If any spills or releases of these chemicals, gases, and wastes were to occur at our facilities or at offsite locations where they are transported for disposal, we could be subject o environmental liability, which may be strict, joint and several, for the costs of cleaning up chemicals and wastes released into the environment and for damages to natural resources. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by such spills or releases. If such actions were to occur, we could be required to remove previously disposed wastes, remediate environmental contamination, and undertake measures to prevent future contamination. While we believe that we are in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on us, we cannot give any assurance that this trend will continue in the future.

Competition

The businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our product and service lines, we face competition in each of these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, client service, pricing, industry trends and general economic trends.

Reliance on the Oil and Gas Industry

Our business and operations are substantially dependent upon the condition of the global oil and gas industry. Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial position, results of operations or cash flows.

The oil and gas industry is highly cyclical and has been subject to significant economic downturns at various times as a result of numerous factors affecting the supply of and demand for oil and natural gas, including the level of capital expenditures of the oil and gas industry; the level of drilling activity; the level of production activity; market prices of oil and gas; economic conditions existing in the world; interest rates and the cost of capital; environmental regulations; tax policies; political requirements of national governments; coordination by the Organization of Petroleum Exporting Countries ("**OPEC**"); cost of producing oil and natural gas; and technological advances.

Personnel

We have approximately 4,900 employees. We have maintained similar workforce levels from 2008 and expect to generally maintain the same workforce levels in the future, subject to market conditions and the impact on our business.

Results of Operations

Our business units have been aggregated into three complementary segments:

- *Reservoir Description*: Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

General Overview and Future Outlook

We provide services and design and produce products which enable our clients to evaluate reservoir performance and increase oil and gas recovery from new and existing fields. These services and products are generally in higher demand when our clients are investing capital in exploration and development efforts to explore new fields or to increase productivity in existing fields. Our clients' investment in capital expenditure programs tends to correlate to oil and natural gas commodity prices. During periods of higher prices, our clients generally invest more in capital expenditures and, during periods of lower commodity prices, they tend to invest less. Accordingly, the level of capital expenditures by our clients impacts the demand for our services and products.

In 2007, prices for crude oil climbed throughout the year reaching record highs which continued to drive the increase in the oilfield service sector activity levels. Prices for crude oil continued their rapid climb through the first half of 2008 reaching an all time high before quickly declining the second half of the year to 2004 levels due to a decrease in demand driven by the economic downturn. During 2009, prices for crude remained low, but climbed through the year returning to mid-2007 levels by year-end.

Prices for natural gas continued to increase through the first half of 2008 as general oil market conditions in the United States improved along with a continued increase in global demand which contributed to increasing the price for natural gas as well as its derivative crude-oil products and petrochemical products. Later in 2008, as the downturn in the economy began, commodity prices began a downward slide due primarily from a decline in demand. Natural gas prices continued to decline during the first quarter of 2009 before showing a gradual but steady improvement through the last quarters of the year returning to a level slightly higher than at the beginning of the year as the economy began to show signs of recovery.

For most of 2008, global demand for oil and gas and drilling activity were at the highest levels in over twenty years. In the second half of 2008, the financial market crisis and beginnings of a global economic recession led to a decrease in demand for oil and gas and oilfield activity in North America began to decline as oil and gas companies reduced their spending levels. As a result, the North American rig count began to fall dramatically in late 2008 and in 2009, the average rig count in North America was down over 40% as prices for oil and gas were also down significantly from recent years. However, oil and gas prices began to increase in the second half of 2009 and the North American rig count began to rise slightly in the last quarter of 2009. Industry activity levels outside of North America did not experience these same reductions that North America did in the latter part of 2008, however in 2009 the international market activity also declined as the global demand for energy weakened.

In 2008, the higher industry wide activity levels resulted in increased revenues for us in 2008 across all of our business segments. Despite the significant decrease in the global demand for the energy industry's products and services in 2009, our 2009 annual revenues only decreased by 11%. In North America, our 2009 sales revenues declined by 16%, a much lower rate than the 42% decrease in the average North American rig count from 2008 to 2009. The increase in North American activity in the fourth quarter of 2009 as well as our improved penetration of international markets throughout the year helped to mitigate the impact of lower industry-wide demand levels for some of our products and services during 2009. Additionally, our operating income was only down 13% as we were able to reduce costs and substantially maintain our overall margins. Revenues in 2009 for our Reservoir Description segment, which is not as sensitive to North America drilling activity, decreased slightly by 5% due to the downturn in the global economy; however, operating income increased due to our cost reduction efforts. Our Production Enhancement revenues and operating income for 2009 decreased primarily due to the sharp decline in the North American drilling activity; however, the segment performed strong when compared to the decrease in the average North American rig count. The results for our Reservoir Management group showed a modest decrease as our customer's spending levels decreased in 2009, but still performed well primarily due to the success of our multi-client reservoir studies.

We continue our efforts to expand our market presence by opening facilities in strategic areas and realizing synergies within our business lines. We believe our market presence provides us a unique opportunity to service customers who have global operations in addition to the national oil companies.

We have established internal earnings targets that are based on current market conditions existing at the time our targets were established. Based on recent developments, we believe that the current level of activities, workflows, and operating margins outside North America will grow slightly and that North American activity levels will gradually increase in response to natural gas prices stabilizing. In addition, the North American rig count has recently increased slightly.

We expect to meet ongoing working capital needs, capital expenditure requirements and funding of our share repurchase program, from a combination of cash on hand, cash flow from operating activities and available borrowings under our revolving credit facility.

Net revenues for the years ended 2009 and 2008 were $695.5 million and $780.8 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 80% and 77% of our revenues from operations for the years ended December 31, 2009 and 2008, respectively. We manufacture products primarily in two facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 20% and 23% of our revenues from operations for the years ended December 31, 2009 and 2008, respectively.

We recorded operating income of $182.4 million and $209.1 million for the years ended December 31, 2009 and 2008, respectively.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We incur costs as part of internal research and development and these costs are charged to expense as incurred. We intend to continue committing financial resources and effort to the development and acquisition of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies.

Investments

Fixed assets are comprised of tangible fixed assets and intangible fixed assets. During 2009 and 2008, fixed assets increased $17.5 million and $31.3 million respectively. We expect to add an additional $20 million to $25 million in 2010.

Results of Operations

Segment Revenues

	For the Years Ended December 31,		
(USD in thousands)	**2009**	**% Change**	**2008**
Reservoir Description	$ 414,934	(4.7%)	$ 435,425
Production Enhancement	230,652	(21.3%)	293,017
Reservoir Management	49,953	(4.7%)	52,394
Total Revenues	$ 695,539	(10.9%)	$ 780,836

Segment Operating Income

	For the Years Ended December 31,		
(USD in thousands)	**2009**	**% Change**	**2008**
Reservoir Description	$ 105,954	5.8 %	$ 100,136
Production Enhancement	64,638	(30.2 %)	92,603
Reservoir Management	14,396	(10.1 %)	16,007
Corporate and other[1]	(2,604)	(863.6 %)	341
Operating income	$ 182,384	(12.8 %)	$ 209,087

1. "Corporate and other" represents those items that are not directly related to a particular segment.

Reservoir Description

Revenues for our Reservoir Description segment decreased by 4.7% in 2009 compared to 2008. The revenue decrease in 2009 was the result of a significant decline in oil and gas prices and drilling activity from record highs in 2008, which affected demand for some of the services in this segment. Due to our significant international operations and projects such as our reservoir rock and reservoir fluids characterisation projects, this segment has continued to improve its operating income and margins despite the recent downturn experienced throughout the industry. During 2009, we have experienced increased demand for our services in the Middle East and Asia-Pacific and for our continued large scale core analyses studies as well as crude oil and derived petroleum products characterisation studies on a global basis. Other areas that continue to provide revenue growth are the continued expansion of worldwide deepwater projects in West Africa, Brazil and the Gulf of Mexico and the North American gas shale plays in the Eagle Ford, Haynesville, Muskwa and other active fields.

Operating income and operating income margin increased in 2009 from 2008 due to continued emphasis on higher value and thus higher margin services on internationally-based development and production-related crude oil projects, in addition to the de-emphasis of the more cyclical exploration-related projects.

Production Enhancement

Revenues for our Production Enhancement segment decreased 21.3% in 2009 compared to 2008, primarily due to the significant decline in North American drilling activity. However, during this period, where the average rig count for North America has dropped 42%, we have maintained our focus on high-end well completion and stimulation programs, which has resulted in improved market penetration and client acceptance of our well perforating and completion products and our fracture diagnostic services and our concentrated focus on the Haynesville, Marcellus, and Eagle Ford Shale developments. As a result, we have been able to moderate the decline in our revenues versus the declining drilling activity levels when comparing year over year. The downward trend in the North America rig count that started in the latter half of 2008 appears to have stabilized.

Operating income for this segment decreased to $64.6 million in 2009 from $92.6 million in 2008, a decrease of 30.2%. The decrease in margins in 2009 was primarily driven by the significant decline in North American drilling activities, and as a result, we have reduced manufacturing levels which has negatively impacted the efficiency of our manufacturing operations. Additionally, reduced demand in North America has decreased margins due to pressure on pricing; however, this has been partially offset by our continued market penetration of higher-margin services including our proprietary and patented fracture diagnostic technologies, such as our SpectraScan™ and recently introduced SpectraChem® Plus+ tracer service coupled with an on-going emphasis on controlling costs.

Reservoir Management

Revenues for our Reservoir Management segment decreased to $50.0 million in 2009 from $52.4 million in 2008. This decline was a result of lower demand for our permanent well monitoring instrumentation in Canada oil sands and our decision to stop selling these systems in Venezuela. We continued to focus our growth on the continuation of our multi-client reservoir studies, especially studies pertaining to unconventional gas reservoirs, to partially offset reduced demand for our reservoir monitoring systems. Additional studies recently initiated include the expansion of our unconventional natural gas reservoir studies to different regions in North America, deepwater studies off the coasts of Brazil and West Africa, and a study on the petroleum potential of offshore Vietnam. Significant studies in 2009 and 2008 were Reservoir Characterisation and Production Properties of Gas Shales and Geological, Petrophysical, and Geomechanical Properties of Tight Gas Sands and several other proprietary studies.

Operating income for this segment decreased $1.6 million in 2009 over 2008, a decrease of 10.1%. The decrease was primarily due to the decline in sales of our reservoir monitoring systems.

Corporate and Other

Operating expenses for Corporate and Other are expenses not directly related to a particular segment. In 2009 and 2008, the overall expense not relating to a particular segment was minimal. These expenses pertain to the operation of all of the segments as a combined group.

Liquidity and Capital Resources

We have historically financed our activities through cash on hand, cash flows from operations, bank credit facilities, equity financing and the issuance of debt. Cash flow from operating activities provides the primary source of funds to finance operating needs, capital expenditures and our share repurchase program. If necessary, we supplement this cash flow with borrowings under bank credit facilities to finance some capital expenditures and business acquisitions. As we are a Netherlands holding company, we conduct substantially all of our operations through subsidiaries. Our cash flow is largely dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us.

The following table summarizes cash flows from continuing operations for the years ended December 31, 2009 and 2008:

(USD in thousands)	**Years Ended December 31,**	
	2009	**2008**
Cash provided by/(used in):		
Operating activities	$ 197,370	$ 162,960
Investing activities	(17,066)	(37,824)
Financing activities	(35,397)	(114,615)
Net change in cash and cash equivalents	$ 144,907	$ 10,521

The increase in cash flow from operating activities in 2009 compared to 2008 was primarily due to continued strong collections of receivables, approximately $9 million of advance payments from customers and an increase in deferred tax liabilities, and lower cash taxes paid.

Cash flow used in investing activities decreased $20.8 million in 2009 over 2008 due to reduced capital expenditures and acquisition activity. Capital expenditures made in 2009 and 2008 were for replacement of existing equipment and for expansion by adding equipment, instrumentation, and infrastructure in growing markets.

Cash flow used in financing activities in 2009 decreased $79.2 million compared to 2008 due to a reduction in the repurchase of our common shares and senior exchangeable notes. During the year ended December 31, 2009, we repurchased 139,129 of our common shares at a cost of $9.4 million while in the year ended December 31, 2008 we repurchased 294,305 of our common shares at a cost of $31.7 million. During the year ended December 31, 2008, we repurchased $61.3 million of senior exchangeable notes while we made no repurchases of these notes in 2009.

We expect our investment in capital expenditures to be approximately $20 million to $25 million in 2010 which will be used to fund our growth through the purchase of instrumentation, tools and equipment as well as building out infrastructure along with expenditures to replace obsolete or worn-out instrumentation, tools and equipment and to consolidate certain facilities to gain operational efficiencies. In addition, we plan to continue to (i) repurchase our common shares on the open market through our stock repurchase program, (ii) repurchase our Notes, (iii) pay a dividend or (iv) acquire complimentary technologies. Our ability to continue these programs depends on, among other things, market conditions and our ability to generate free cash flow.

Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

The treasury shares reported in our balance sheet as of December 31, 2009 are held by our subsidiary Core Laboratories LP.

Due to the low inflationary rates in 2009 and 2008, the impact of inflation on our results of operations was insignificant.

Significant Events

In 2006, a wholly owned subsidiary issued $300 million aggregate principal amount of Senior Exchangeable Notes due 2011 ("**Notes**"). As part of the issuance of the Notes, we entered into an exchangeable senior note hedge transaction (the "**Call Option**") through one of our subsidiaries with Lehman Brothers OTC Derivatives Inc. ("**Lehman OTC**") whereby Lehman OTC is obligated to deliver to us an amount of shares required to cover the shares issuable upon conversion of the Notes. On October 3, 2008, Lehman OTC filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Call Option was fully impaired and $121.8 million was recognized through the consolidated income statement. On September 3, 2009, the subsidiary involved in the Call Option filed a proof of claim in the Lehman OTC bankruptcy case related to the Call Option hedge transaction in the amount of $90.1 million. The note hedge contract was formally terminated on December 4, 2009. Subsequently, on December 22, 2009, we sold our claim to a third party for a cash payment of $17.1 million which was recorded to Impairment (Recovery) / Loss on Financial Instrument on the Consolidated Income Statement.

Board Structure

We have a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which must consist of at least one member under our articles of association. Under Dutch law, the Supervisory Board's duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board currently consists of eight Supervisory Directors. The Supervisory Directors are expected to exercise oversight of management with our interests in mind. The Supervisory Board is divided into three classes, with each class subject to re-election every third year by the shareholders at the annual meeting.

The Management Board's sole member is Core Laboratories International B.V. As a Managing Director, Core Laboratories International B.V.'s duties include overseeing the management of Core Laboratories N.V., consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval.

Supervisory Director Independence

In connection with determining the independence of each Supervisory Director, the Board inquired as to any transactions and relationships between each Supervisory Director and his or her immediate family and us and our subsidiaries, and reviewed and discussed the results of such inquiry. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that a Supervisory Director is independent, under the standards set forth by the Dutch Corporate Governance Code (the "**Dutch Code**"). Under the Dutch Code, the Supervisory Board is to be composed of members who are able to act critically and independently of each other and of the Management Board. As a result of this review, after finding no material transactions or relationships, the board affirmatively determined that each of Messrs. Joyce, Kearney, Ogren, Perna, Schouten and Vriesendorp are independent under the applicable standards described above.

Supervisory Board Meetings

The Supervisory Board held four meetings in 2009. Each Supervisory Director attended at least 75% of the Supervisory Board meetings and all committee meetings on which each Supervisory Director serves. Under our Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. We expect each of our Supervisory Directors to attend our 2010 annual meeting as our current policy requires Supervisory Director attendance at the annual meeting.

Our Nonemployee Supervisory Directors have met separately in executive session without any members of management present. The Chairman of the Nominating and Governance Committee is the presiding Supervisory Director at each such session. If any of our Nonemployee Supervisory Directors were to fail to meet the applicable criteria for independence, then our independent Supervisory Directors would meet separately at least once a year.

Committees of the Supervisory Board

The Supervisory Board has three standing committees, the identities, memberships and functions of which are described below:

Audit Committee

The current members of the Audit Committee of our Supervisory Board are Messrs. Kearney (Chairman), Joyce and Perna. The Audit Committee's principal functions include making recommendations concerning the engagement of the independent public accountants, reviewing with the independent public accountants the plan and results of the engagement, approving professional services provided by the independent public accountants and reviewing the adequacy of our internal accounting controls. Each member of the Audit Committee is independent by the corporate governance standards set forth by the Dutch Code. Each member of the Audit Committee is financially literate and Mr. Kearney qualifies as an audit committee financial expert. The Audit Committee held five meetings in 2009.

The Audit Committee operates under a written charter. A copy of the Audit Committee charter may be found on the Company's website, at www.corelab.com/coporate/governance.aspx.

Compensation Committee

The current members of the Compensation Committee of our Supervisory Board are Messrs. Ogren (Chairman), Joyce and Perna. The Compensation Committee's principal functions include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer and our senior executive officers, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the whole Supervisory Board for approval. On February 28, 2003, our Supervisory Board established an Options Subcommittee consisting of Messrs. Ogren (Chairman) and Joyce, which was renamed the Equity Awards Subcommittee in 2006. The Equity Awards Subcommittee's principal function is to review and approve awards made pursuant to our Long Term Incentive Plan. The Compensation Committee held one meeting in 2009 and the Equity Awards Subcommittee held two meetings in 2009.

The Compensation Committee periodically retains a consultant to provide independent advice on executive compensation matters and to perform specific project-related work. The consultant reports directly to the committee, which pre-approves the scope of the work and the fees charged. The Committee indicates to the consultant the role that management has in the analysis of executive compensation, such as the verification of executive and Company information that the consultant requires. In 2009, the Compensation Committee retained Stone Partners, Inc. to advise it on various compensation matters.

The Compensation Committee operates under a written charter. A copy of the Compensation Committee charter may be found on the Company's website, at www.corelab.com/coporate/governance.aspx.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee are Messrs. Joyce (Chairman), Schouten and Vriesendorp. The Nominating and Governance Committee's principal functions include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Each member of the Nominating and Governance Committee is independent. The Nominating and Governance Committee held two meetings in 2009. A copy of the Nominating and Governance Committee Charter may be found on the Company's website, at http://www.corelab.com/corporate/governance.aspx.

Qualifications of Supervisory Directors

When identifying Supervisory Director nominees, the Nominating and Governance Committee may consider, among other factors: the person's reputation, integrity and independence (under applicable Dutch Code standards); the person's skills and business, government or other professional acumen, bearing in mind the composition of the Board of Supervisory Directors and the current state of the Company and the industry generally at the time of determination; and the number of other public companies for which the person serves as director and the availability of the person's time and commitment to us. In the case of current Supervisory Directors being considered for re-nomination, the Nominating and Corporate Governance Committee will also take into account the Supervisory Director's tenure as a member of our Board of Supervisory Directors; the Supervisory Director's history of attendance at meetings of the Board of Supervisory Directors and committees thereof; and the Supervisory Director's preparation for and participation in such meetings.

Supervisory Director Nomination Process

The Nominating and Governance Committee, the Chairman of the Supervisory Board, the Chief Executive Officer, or a Supervisory Director identifies a need to add a new board member that meets specific criteria or to fill a vacancy on the board. The Nominating and Governance Committee also reviews the candidacy of existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board. The Nominating and Governance Committee also considers recommendations for nominees for directorships submitted by shareholders as provided below.

If a new board member is to be considered, the Nominating and Governance Committee initiates a search by seeking input from other Supervisory Directors and senior management, and hiring a search firm, if necessary. An initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Supervisory Board are identified by and/or presented to the Nominating and Governance Committee, which ranks the candidates. Members of the Nominating and Governance Committee review the qualifications of prospective candidate(s), and the Chairman of the Supervisory Board, the Chief Executive Officer, and all other Supervisory Board members have the opportunity to review the qualifications of prospective candidate(s).

Shareholders seeking to recommend Supervisory Director candidates for consideration by the Nominating and Governance Committee may do so by writing to our Secretary, giving the recommended candidates' name, biographical data and qualifications. The Nominating and Governance Committee will consider all candidates submitted by shareholders within the time period set forth.

The Nominating and Governance Committee recommends to the Supervisory Board the nominee(s) from among the candidate(s), including existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board, and new candidates, if any, identified as described above.

The nominee(s) are nominated by the Supervisory Board.

Related Person Transactions

Related person transactions have the potential to create actual or perceived conflicts of interest between us and our directors and executive officers or their immediate family members. Under its charter, the Audit Committee is charged with the responsibility of reviewing with management and the independent public accountants (together and/or separately, as appropriate) insider and affiliated party transactions and potential conflicts of interest. The Audit Committee has delegated authority to review transactions involving employees, other than our executive officers, to our general counsel. We identify such transactions by distributing questionnaires annually to each of our directors, officers and employees.

In deciding whether to approve a related person transaction the following factors may be considered:

- information about the goods or services proposed to be or being provided by or to the related party or the nature of the transactions;
- the nature of the transactions and the costs to be incurred by us or payments to us;
- an analysis of the costs and benefits associated with the transaction and a comparison of comparable or alternative goods or services that are available to us from unrelated parties;
- the business advantage we would gain by engaging in the transaction; and
- an analysis of the significance of the transaction to us and to the related party.

To receive approval, the related person transaction must be on terms that are fair and reasonable to us, and which are as favorable to us as would be available from non-related entities in comparable transactions. The Audit Committee requires that there is a Company business interest supporting the transaction and the transaction meets the same Company standards that apply to comparable transactions with unaffiliated entities. The Audit Committee has adopted a written policy that governs the approval of related person transactions.

There were no transactions that occurred during fiscal year 2009 in which, to our knowledge, we were or are a party, in which the amount involved exceeded $120,000, and in which any director, director nominee, executive officer, holder of more than 5% of our common shares or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest. During the year, there have been no conflicts of interest between us and the executive management, the Supervisory Board or with any affiliated person or entity.

Compensation Committee Interlocks and Insider Participation

During 2009, no executive officer served as:

- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee;
- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our Supervisory Directors; or
- a director of another entity, one of whose executive officers served on our Compensation Committee or the board of directors of one of our subsidiaries.

Joseph R. Perna, a member of our Compensation Committee, was an officer of our Company until his retirement on March 1, 1998.

Communications with Directors; Website Access to Our Corporate Documents

Shareholders or other interested parties can contact any Supervisory Director or committee of the Board of Supervisory Directors by directing correspondence to them in care of Mark F. Elvig, Secretary, in care of Core Laboratories LP, 6316 Windfern Road, Houston, Texas 77040. Comments or complaints relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee.

Our Internet address is www.corelab.com. Our Corporate Governance Guidelines, our Code of Ethics, our Code of Business Conduct and the charters of our Supervisory Board committees are available on our website. We will also furnish printed copies of such information free of charge upon written request to our Investor Relations department.

Corporate Governance

General

The Company is subject to corporate governance requirements in the Netherlands. The management board of the Company supports the principles and best practice provisions of corporate governance set out in the Dutch Corporate Governance Code ("**DCGC**") as amended in December, 2008 and effective for January 1, 2009. Pursuant to the DCGC, the Company has to state in its Annual Report whether it complies with the principles and best practice provisions of the DCGC and, if it does not comply, to explain the reasons for this non-compliance.

Compliance with the Dutch Corporate Governance Code

The Company applies the major part of the principles and provisions of the DCGC, in so far as they are applicable, with the exceptions listed hereafter.

Where reference is made in the DCGC to reports, profiles or other documents, such documentation may not exist; however, the principles of the DCGC are being followed - subject to deviations as explained below - and the information to be contained in such reports, profiles and other documentation is set-out in the Company's Proxy Statement, which is inter alia published on the Company's website at http://www.corelab.com/corporate/SEC.aspx.

Best practice provision I.1

The corporate governance structure of the Company is not explained in a separate chapter of the Dutch annual report. Pursuant to the Rule 303A.09 of the New York Stock Exchange ("**NYSE**"), the Company has adopted Corporate Governance Guidelines, which are described in the Company's Proxy Statement. In addition, a copy of the Corporate Governance Guidelines is available on the Company's website at http://www.corelab.com/corporate/governance.aspx.

Best practice provision II.1.1

The sole managing director of the Company is Core Laboratories International B.V. The composition of the management board of the latter company changes from time to time. Certain members of the management board of Core Laboratories International B.V. have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities.

Best practice provisions II.1.2, II.1.10, and II.1.11

The decisions mentioned in these best practice provisions will normally be submitted to the supervisory board by officers of the Company.

Paragraph II.2 and the relevant Best practice provisions

The sole member of the management board of the Company is Core Laboratories International B.V., an entity to which no remuneration is paid. With regards to remuneration paid to the supervisory directors of Core Laboratories N.V., a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company's proxy statement as required by Item 402(g) of Regulation S-K of the U.S. securities laws as well as later in this annual report. In addition, with regard to the executive officers of the Company, the Compensation Committee Report, which is contained in the Proxy Statement, describes the objective of the Company's remuneration program, as well as the principle components of the Company's remuneration for those individuals. The Company also discloses in its proxy statement, as required by U.S. securities laws, the types and amount of cash and non-cash remuneration awarded to its executive officers.

Best practice provision II.2.5

New York Stock Exchange rules do not prescribe to retain shares granted to management board members without financial consideration for a period of at least five years or until at least the end of the employment, if this period is shorter. Therefore the grant of shares to managing directors has not been made subject to such restrictions.

Best practice provision II.2.8

In respect of the dismissal of a senior executive officer, as is customary in our industry, each of the Company's senior executive officers has an employment contract that regulates the termination of the officer's employment and the termination compensation due to that officer. Those employment agreements are filed with the U.S. Securities and Exchange Commission and made publicly available. In addition, the Company describes the material terms of those employment agreements in its annual proxy statement, which is provided to all shareholders as well as being described later in this annual report.

Best practice provision II.3.1

The Company does comply with this provision except where gifts are concerned; the Company's policy requires disclosure to the Company's compliance officer and to the General Counsel of any substantial gift. The gift is then reviewed to see if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision II.3.4

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10).

Best practice provision III.1.2

Reference is made to the remarks in relation to best practice provision I.1.

Best practice provision III.1.3

The information mentioned in this provision is or will be provided in the Corporate Governance Guidelines.

Best practice provision III.1.5

In respect of the administration concerning the attendance of the supervisory board members, under the Company's Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the supervisory board and the committees of which the supervisory director is a member. The Company does require its supervisory directors to attend annual meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the Securities Exchange Act, the Company discloses its policy with regard to supervisory board members' attendance at annual meetings in its proxy statement.

Best practice provision III.2.1, III.2.2 and III.2.3

The Company publishes a statement on the independence (using the SEC's definition thereof) of its supervisory directors in the proxy materials mailed out annually to its shareholders. Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Best practice provision III.3.5 and III.3.6

The Company does not have a retirement schedule for the supervisory board. The composition of the supervisory board changes from time to time. However, certain supervisory board members have been in office since the incorporation of the Company and could remain to be supervisory board members (provided our shareholders continue to re-elect such supervisory board member) in order to ensure the Company's senior management and supervisory board retain the benefit of their experience.

Best practice provision III.4.1 and III.4.4

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the supervisory board to elect a vice-chairman.

Best practice provision III.4.2

In respect of this corporate structure requirement, the Company's CEO acts as chairman of the supervisory board. The CEO has been a supervisory director of the Company since 1994 and was subsequently appointed as chairman for his importance to the Company, and for his experience and knowledge of the business of the Company.

Best practice provision III.5.2

The Company publishes a report of each of the supervisory board committees in the proxy materials mailed out annually to its shareholders. Therefore, the Company does not include such a reference in its Dutch annual report.

Best practice provision III.5.10

The Company's compensation committee does review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company's CEO and non-employee supervisory board members. Also, the Company's compensation committee reviews and evaluates the policy on the remuneration of the Company's senior executives. The remuneration report of the compensation committee is subject to approval by the supervisory board. Additionally, the Company complies with New York Stock Exchange Rule 303A(5)(b)(i) which governs the composition of the Company's compensation committee and requires the committee have a charter that addresses certain topics.

Best practice provision III.6.5

With regard to the policy of the supervisory board concerning conflicts of interest between board members and the Company, the Company's policy is described in its code of business conduct and ethics for directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10).

The Company's supervisory board has drawn up policies concerning ownership of and transactions in Company securities by management board members, but does not have a policy regarding ownership and transactions in securities issued by third party companies. To the extent that investments do constitute a conflict of interest, both the New York Stock Exchange rules and Company policy provide that the director should disclose the conflict and should not take any actions that are inconsistent with their fiduciary duties.

Best practice provision III.7.1

As is customary in the industry in which we compete, the Company does grant annual equity compensation to supervisory board members. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of supervisory directors with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company’s proxy statement as required by Item 402 of Regulation S-K.

Best practice provision III.7.2

U.S. securities laws do not require directors to retain shares for a particular length of time. While the Company had historically granted options to supervisory board members that had a one year vesting requirement it has moved to granting performance-based restricted stock that require the Company to meet or exceed certain targets over a three-year performance period before any of the awarded shares will vest.

Best practice provision IV.1.1

Pursuant to statutory obligations, current dismissals require a majority vote by the shareholders.

Best practice provision IV.1.4

The Company does not have a policy with regard to additions on reserves and dividends. It decides what reserves are appropriate on a case by case basis in accordance with International Financial Reporting Standards ("IFRS"). Evaluation of dividends is done by the senior executive management of the Company, in consultation with the audit committee of the supervisory board.

Best practice provision IV.3.4

The Company does convene meetings with analysts and investors periodically throughout the year and conducts these meetings in compliance with Regulation FD of the U.S. securities law, which prohibits the selective disclosure of any material non-public information.

Best practice provision IV.3.6

A proxy which contains all the facts and circumstances relevant for approvals to be granted by the general meeting of the shareholders is annually mailed out to the Company's shareholders. If under U.S. law additional information should be provided, such information will be provided by additional mailing and/or on the website as the case may be.

Best practice provision IV.3.10

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does include on the first quarterly report on Form 10-Q following the date of such meeting a summary of the actions taken at the shareholder meeting.

Best practice provision IV.3.11

The Company does not have specific existing or potential anti-takeover measures in place.

Best practice provision IV.3.12

Proxies for the Annual Meeting of Shareholders can be given to Mark Elvig, Jan Willem Sodderland, Jaap Stoop or T. Mark Kelly with power of substitution, who may not be independent third parties but who will vote on these powers as directed by the shareholders.

Best practice provision IV.3.13

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to New York Stock Exchange Rule 17 CFR Part 243 Regulation FD (**Fair Disclosure**). The Company has posted on its website, the Company’s Code of Business Conduct and Ethics, including policies on Insider Trading and Confidentiality as well as the Company’s Code of Ethical Conduct for Senior Financial Officers and Managers.

Best practice provision V.2.3

The audit committee is responsible for the supervision of the independence of the auditors and does conduct an assessment of the functioning of the external auditor. In addition, the Company complies with Section 10A(m)(6) of the Securities Exchange Act which requires the audit committee, in its capacity as a committee of the supervisory board of directors, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which requires additional requirements regarding the composition and independence of the audit committee.

Best practice provision V.4.1

The external auditor of the Company has a separate meeting with the audit committee shortly after or before the supervisory board meeting to discuss the report of the auditor and to approve the financial statements. The Company does comply with Section 10A(m)(6) of Securities Exchange Act.

Risk Management Approach & Financial Reporting Risks – Best practice provisions II.1.4 and II.1.5

Our management is responsible for ensuring that the Company complies with all relevant legislation and regulations. It is responsible for proper financing of the Company and the management of the risks that the Company is facing. It reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. Within the Company, risk management forms an integral part of business management. The Company's risk and control policy is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal requirements and by safeguarding the reliability of the financial reporting and its disclosures. The Company's risk management approach is embedded in the periodic business planning and review cycle. With respect to financial reporting a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting. On the basis of risk assessments, operating division and business management determines the risks related to the achievement of business objectives and appropriate risk responses in relation to business processes and objectives.

Our management is responsible for internal control in the Company and has implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore the system is designed to ensure compliance with relevant laws and regulations. The Company has designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which recommendations are aimed at providing a reasonable level of assurance.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses. The most important risks identified, as well as the structure of the aforesaid risk management and internal control system, are discussed in the Risk Factors section below. Significant changes and improvements in the Company's risk management and internal control system are disclosed below and have been discussed with the Supervisory Board's Audit Committee and the external auditor.

Internal representations received from management, regular management reviews, reviews of the design and implementation of the Company's risk management approach and reviews in business and functional audit committees are integral parts of the Company's risk management approach. See Management's Report on Internal Control over Financial Reporting in the section below for additional discussion on management's assessment of our internal controls.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliances with rules and regulations.

In view of all of the above the Board of Management believes that it is in compliance with the requirements of recommendations II.1.4 and II.1.5 of the Dutch Corporate Governance Code, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof.

General Meeting of Shareholders

The functioning and the powers of the General Meeting of Shareholders is also governed by the SEC rules since the Company 's shares are listed on the New York stock exchange.

Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2009 at the reasonable assurance level.

Our management does not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent all errors and all fraud. Further, the design of disclosure controls and internal control over financial reporting must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of and with the participation of our Chief Executive Office and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth in Internal Control • Integrated Framework issued by COSO. Based on this assessment using these criteria, our management determined that our internal control over financial reporting was effective as of December 31, 2009.

Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our fiscal period ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. Although it *is not possible to identify all factors, these risks and uncertainties include the risk factors discussed below.*

Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations.

The oil and gas industry is highly cyclical and demand for the majority of our oilfield products and services is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. There are numerous factors affecting the supply of and demand for our products and services, which include, but are not limited to:

- general and economic business conditions;
- market prices of oil and gas and expectations about future prices;
- cost of producing oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by OPEC;
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- the physical effects of climatic change, including adverse weather conditions;
- civil unrest in oil producing countries;
- level of consumption of oil, gas and petrochemicals by consumers;
- the adoption of legal requirements relating to climate change that lower the demand for petroleum-based fuels;
- changes in existing laws or regulations;
- the business opportunities (or lack thereof) that may be presented to and pursued by us; and
- availability of services and materials for our clients to grow their capital expenditures.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could adversely affect our operating results.

In the last few months of 2008, the market price of oil and natural gas decreased significantly and disruptions and instability in the global financial markets resulted in a significant reduction in the general availability of funds to companies from the equity and debt capital markets and other credit markets. During 2009, the market prices for oil and gas remained at depressed levels for most of the year when compared to average prices for 2007 and 2008 and average rig counts in North America were greatly reduced from 2008 levels. Many of our customers reduced their capital expenditure in 2009 and may continue to maintain their capital expenditures at reduced levels in 2010. This may result in less growth opportunities for our oilfield products and services and cause downward pressure on the prices we charge or the level of work that we do for our clients. A significant or prolonged reduction in demand for oilfield services could adversely affect our operating results.

We depend on the results of our international operations, which expose us to risks inherent in doing business abroad.

We conduct our business in over 50 countries; business outside of the United States accounted for approximately 52% and 50% of our revenues during the years ended December 31, 2009 and 2008, respectively. Not included in the foregoing percentages are significant levels of our revenues recorded in the U.S. that are sourced from projects on foreign oilfields. Our operations are subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes, seizure, detention, nationalization and expropriations of assets;

- interpretation of tax statutes and requirements of taxing authorities worldwide, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates;
- the impact of inflation;
- difficulty in repatriating foreign currency received in excess of the local currency requirements; and
- current conditions in oil producing countries such as Venezuela, Nigeria, Iran and Iraq considering their potential impact on the world markets.

Historically, economic downturn and political events have resulted in lower demand for our products and services in certain markets. The ongoing conflict in Iraq and the potential for activity from terrorist groups that the U.S. government has cautioned against have further heightened our exposure to international risks. The global economy is highly influenced by public confidence in the geopolitical environment and the situation in the Middle East continues to be highly fluid; therefore, we expect to experience heightened international risks.

Our results of operations may be significantly affected by foreign currency exchange rate risk.

We are exposed to risks due to fluctuations in currency exchange rates. By the nature of our business, we derive a substantial amount of our revenues from our international operations, subjecting us to risks relating to fluctuations in currency exchange rates. For example, as a result of devaluation of the Venezuelan Bolivar, we recognized a foreign exchange loss of approximately $1.3 million in the fourth quarter of 2009. See Note 24, Other Expense (Income) for additional discussion of the Venezuela currency devaluation. Our revenues and expenses are mainly denominated in U.S. dollar ("USD"). Fluctuations in the exchange rate of the USD against such other currencies may in the future have an effect upon our results of operations.

Our results of operations may be adversely affected because our efforts to comply with U.S. laws such as the Foreign Corrupt Practices Act (the "FCPA") could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law.

We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or using other methods that U.S. law and regulations prohibit us from using.

Because we are registered with the U.S. Securities and Exchange Commission, we are subject to the regulations imposed by the FCPA, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our business, results of operations or financial condition. In addition, our ability to continue to work in those parts of the world discussed above could be adversely affected if we were found to have violated certain U.S. laws, including the FCPA.

If we are not able to develop or acquire new products or our products become technologically obsolete, our results of operations may be adversely affected.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. While we intend to continue committing substantial financial resources and effort to the development of new products and services, we may not be able to successfully differentiate our products and services from those of our competitors. Our clients may not consider our proposed products and services to be of value to them; or if the proposed products and services are of a competitive nature, our clients may not view them as superior to our competitors' products and services. In addition, we may not be able to adapt to evolving markets and technologies, develop new products, or achieve and maintain technological advantages.

If we are unable to continue developing competitive products in a timely manner in response to changes in technology, our businesses and operating results may be materially adversely affected. In addition, continuing development of new products inherently carries the risk of inventory obsolescence with respect to our older products.

If we are unable to obtain patents, licenses and other intellectual property rights covering our products and services, our operating results may be adversely affected.

Our success depends in part on our ability to obtain patents, licenses and other intellectual property rights covering our products and services. To that end, we have obtained certain patents and intend to continue to seek patents on some of our inventions and services. While we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. In addition, effective copyright and trade secret protection may be unavailable or limited in certain countries. Litigation, which could demand significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights. Also, there can be no assurance that we can obtain licenses or other rights to necessary intellectual property on acceptable terms.

There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected.

One of our key business strategies is to acquire technologies, operations and assets that are complementary to our existing businesses. There are financial, operational and legal risks inherent in any acquisition strategy, including:

- increased financial leverage;
- ability to obtain additional financing;
- increased interest expense; and
- difficulties involved in combining disparate company cultures and facilities.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to continue to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operation.

We are subject to a variety of environmental laws and regulations, which may result in increased costs and significant liability to our business.

We are subject to a variety of governmental laws and regulations both in the United States and abroad relating to protection of the environment and the use and storage of chemicals and gases used in our analytical and manufacturing processes and the discharge and disposal of wastes generated by those processes. These laws and regulations may impose joint and several, strict liability and failure to comply with such laws and regulations could result in the assessment of damages, fines and penalties, the imposition of remedial or corrective action obligations or the suspension or cessation of operations. Stringent laws and regulations could require us to acquire permits or other authorizations to conduct regulated activities, install and maintain costly equipment and pollution control technologies, or to incur other significant environmental-related expenses. If we fail to control the use, or adequately restrict the discharge of, hazardous substances or wastes, we could be subject to future material liabilities including remedial obligations. In addition, public interest in the protection of the environment has increased dramatically in recent years with governmental authorities imposing more stringent and restrictive requirements. We anticipate that the trend of more expansive and stricter environmental laws and regulations will continue, the occurrence of which may require us to increase our capital expenditures or could result in increased operating expenses.

The U.S. Senate and House of Representatives are currently considering bills, entitled "Fracturing Responsibility and Awareness of Chemicals Act," or FRAC Act, to amend the federal Safe Drinking Water Act, or the SDWA, to repeal an exemption from regulation for hydraulic fracturing. Among other things, the FRAC Act proposes to amend the definition of "underground injection" in the SDWA to encompass hydraulic fracturing activities. If enacted, such a provision could require hydraulic fracturing operations to meet permitting and financial assurance requirements, adhere to certain construction specifications, fulfill monitoring, reporting and recordkeeping obligations, and meet plugging and abandonment requirements. The FRAC Act also proposes to require the reporting and public disclosure of chemicals used in the fracturing process, which could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. Although the legislation is still being developed, if it were enacted it could have an adverse effect on our operations.

We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, geologists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. We may confront significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for oil and gas. Additionally, at times there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. As a result, our business, results of operations and financial condition may be materially adversely affected.

We require a significant amount of cash to repay our indebtedness, and our ability to generate cash will depend on many factors beyond our control.

Our ability to refinance our indebtedness, and to fund planned capital expenditures depends, in part, on our ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

No assurance can be given that we will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure that any refinancing or debt restructuring would be possible or, if possible, would be completed on favorable or acceptable terms, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Disruptions in the capital and credit markets could adversely affect our ability to refinance our indebtedness, including our ability to borrow under our existing Credit Facility. Banks that are party to our existing Credit Facility may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Because we are a Netherlands company, it may be difficult for you to sue our supervisory directors or us and it may not be possible to obtain or enforce judgments against us.

Although we are a Netherlands company, our assets are located in a variety of countries. In addition, not all members of our supervisory board of directors are residents of the same countries as other supervisory directors. As a result, it may not be possible for you to effect service of process within certain countries upon our supervisory directors, or to enforce against our supervisory directors or us judgments of courts of certain countries predicated upon civil liabilities under a country's federal securities laws. Because there is no treaty between certain countries and The Netherlands providing for the reciprocal recognition and enforcement of judgments, some countries' judgments are not automatically enforceable in The Netherlands or in the United States, where the principal market for our shares is located. In addition, there is doubt as to whether a court in one country would impose civil liability on us or on the members of our supervisory board of directors in an original action brought against us or our supervisory directors in a court of competent jurisdiction in another country and predicated solely upon the federal securities laws of that other country.

Amsterdam, The Netherlands,
April 1, 2010

/s/ David M. Demshur
David M. Demshur
President, Chief Executive Officer and

Supervisory Director (Principal Executive Officer)

/s/ Jan Willem Sodderland
Jan Willem Sodderland, on behalf of
Core Laboratories International B.V.
sole managing director of Core Laboratories N.V.

/s/ Richard L. Bergmark
Richard L. Bergmark
Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director

/s/ Joseph R. Perna
Joseph R. Perna
Supervisory Director

/s/ Jacobus Schouten
Jacobus Schouten
Supervisory Director

/s/ Rene R. Joyce
Rene R. Joyce
Supervisory Director

/s/ Michael C. Kearney
Michael C. Kearney
Supervisory Director

/s/ D. John Ogren
D. John Ogren
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
December 31, 2009 and 2008
(In thousands of USD, except share and per share data)

	Ref.	2009	2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	$ 98,784	$ 103,463
Intangible assets	7	200,462	200,885
Investment in associates	8	319	341
Deferred income tax asset	9	62,302	57,923
Other financial assets	10	11,717	7,614
Other assets		1,545	885
TOTAL NON-CURRENT ASSETS		375,129	371,111
CURRENT ASSETS			
Inventories	11	32,184	34,838
Prepaid expenses and other current assets	12	13,715	14,648
Income tax receivable	12	24,889	2,676
Accounts receivable	10, 13	133,758	144,293
Cash and cash equivalents	10	181,045	36,138
TOTAL CURRENT ASSETS		385,591	232,593
TOTAL ASSETS		$ 760,720	$ 603,704
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.04 par value in 2009 and in 2008; 100,000,000 shares authorized, 25,519,956 issued and 22,986,704 outstanding at 2009 and 25,519,956 issued and 23,020,033 outstanding at 2008		$ 1,430	$ 1,430
Additional paid-in capital		40,503	38,774
Retained earnings		454,734	329,999
Other reserves		(5,251)	(3,408)
Treasury shares (at cost), 2,533,252 at 2009 and 2,499,923 at 2008		(246,699)	(245,661)
		244,717	121,134
Non-controlling interest		2,390	2,158
TOTAL EQUITY	14	247,107	123,292
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	10, 17	207,710	192,336
Conversion option	10	78,446	72,612
Derivative financial instrument	10	37,545	69,552
Income tax payable	18	16,731	7,670
Deferred income tax liabilities	9	29,792	6,932
Unearned revenues	19	2,739	5,679
Provisions	20, 21	33,725	29,642
TOTAL NON-CURRENT LIABILITIES		406,688	384,423
CURRENT LIABILITIES:			
Accounts payable	10, 22	33,009	41,588
Income tax payable	18	15,433	-
Other taxes payable	18	8,700	8,248
Payroll and social security contributions	21	24,368	28,637
Unearned revenues		16,528	7,932
Other accrued expenses	10, 22	8,887	9,584
TOTAL CURRENT LIABILITIES		106,925	95,989
TOTAL LIABILITIES		513,613	480,412
TOTAL EQUITY AND LIABILITIES		$ 760,720	$ 603,704

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED INCOME STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2009 and 2008
(In thousands of USD, except per share data)

	Ref.	2009	2008
REVENUES:			
Services		$ 553,772	$ 597,695
Sales		141,767	183,141
		695,539	780,836
OPERATING EXPENSES:			
Cost of services	6,13,15,21,23	370,460	404,777
Cost of sales	6,11,13,15,23	110,579	131,035
		481,039	535,812
GROSS PROFIT		214,500	245,024
General and administrative expenses	6,7,15,23	32,589	34,239
Other expense (income), net	24	(473)	1,698
OPERATING PROFIT		182,384	209,087
Variance in fair value of derivative instruments (gain) loss, net	10,25	(26,172)	(77,043)
Impairment (recovery) / loss on financial instrument	10,17,25	(17,060)	121,840
Gain on repurchase of senior exchangeable notes	17,25	-	(16,549)
Finance income	25	(138)	(848)
Finance costs	25	16,210	18,714
Finance costs, net	25	(27,160)	46,114
Share of profit (loss) of associates	8	92	300
PROFIT BEFORE INCOME TAX EXPENSE		209,636	163,273
Income tax expense	26	60,494	19,339
PROFIT FOR THE YEAR		$ 149,142	$ 143,934
Attributable to:			
Equity holders of the parent		$ 148,651	$ 143,592
Non-controlling interest		491	342
		$ 149,142	$ 143,934
EARNINGS PER SHARE INFORMATION:			
Basic earnings per share	27	$ 6.47	$ 6.24
Diluted earnings per share	27	$ 6.37	$ 6.00
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	27	22,969	23,008
Diluted	27	23,328	23,944

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2009 and 2008
(In thousands of USD)

	Ref.	2009	2008
Pension actuarial gain and (loss), net of $662 and $1,809 tax for 2009 and 2008, respectively	14, 21	$ (1,931)	$ (5,285)
Currency translation adjustment, net of $30 and $27 tax for 2009 and 2008, respectively	14, 21	88	78
Net (loss) income recognized directly in equity		(1,843)	(5,207)
Profit for the year		149,142	143,934
Total recognized income for the year		$ 147,299	$ 138,727
Attributable to:			
Equity holders of the parent		$ 146,808	$ 138,385
Non-controlling interest		491	342
		$ 147,299	$ 138,727

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2009 and 2008
(In thousands, except share data)

	Ref.	Number of Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-Controlling Interest	Total Share-Holders' Equity
BALANCE, January 1, 2008		23,065,949	$ 1,524	$ 109,681	$ 263,261	$ 1,799	$ (339,596)	$ 1,486	$ 38,155
Stock options exercised, net of capital taxes	14	85,989	3	(1,800)	-	-	2,964	-	1,167
Stock-based compensation, net of awards issued	14	162,400	7	4,780	-	-	2,477	-	7,264
Tax charge related to stock-based awards	14	-	-	(2,966)	-	-	-	-	(2,966)
Repurchases of common shares	14	(294,305)	-	-	-	-	(31,740)	-	(31,740)
Cancellation of common shares	14	-	(104)	(70,921)	(49,209)	-	120,234	-	-
Non-controlling interest – dividend		-	-	-	-	-	-	330	330
Dividends paid	14	-	-	-	(27,645)	-	-	-	(27,645)
Total Comprehensive income		-	-	-	143,592	(5,207)	-	342	138,727
BALANCE, December 31, 2008		23,020,033	1,430	38,774	329,999	(3,408)	(245,661)	2,158	123,292
Stock options exercised, net of capital taxes	14	27,650	-	(1,767)	-	-	2,175	-	408
Stock-based compensation, net of awards issued	14	78,150	-	1,536	-	-	6,176	-	7,712
Tax benefit related to stock-based awards	14	-	-	1,960	-	-	-	-	1,960
Repurchases of common shares	14	(139,129)	-	-	-	-	(9,389)	-	(9,389)
Non-controlling interest – dividend		-	-	-	-	-	-	(259)	(259)
Reversal of non-income related taxes	20	-	-	-	2,500	-	-	-	2,500
Dividends paid	14	-	-	-	(26,416)	-	-	-	(26,416)
Total Comprehensive income		-	-	-	148,651	(1,843)	-	491	147,299
BALANCE, December 31, 2009		22,986,704	$ 1,430	$ 40,503	$ 454,734	$ (5,251)	$ (246,699)	$ 2,390	$247,107

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2009 and 2008
(In thousands of USD)

	Ref.	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expense		$ 209,636	$ 163,273
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	6	23,106	21,063
Amortization	7	662	664
Equity in (earnings) loss of associates	8	(92)	(300)
Stock-based compensation	15	7,712	7,264
Finance costs	25	16,072	17,866
Gain on sale of assets	6	90	(2,015)
Gain on repurchase of senior exchangeable notes	17	-	(16,549)
Fair value (gains)/losses on other financial assets	10	(6,100)	5,818
Fair value (gains)/losses on derivative instruments	10	(26,172)	(77,043)
Impairment loss on financial instrument	10,17	-	121,840
Changes in assets and liabilities:			
Accounts receivable	10,13	10,535	(5,258)
Inventories	11	2,654	(5,475)
Other assets		(19,355)	(353)
Accounts payable	10,22	(8,579)	1,454
Accrued expenses	10,22	4,589	(2,051)
Other long-term liabilities		24,912	(10,394)
Cash provided by operating activities		239,670	219,804
Interest paid		(597)	(763)
Income tax paid		(41,703)	(56,081)
Net cash provided by operating activities		197,370	162,960
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	6	(17,290)	(30,950)
Patents and other intangibles	7	(239)	(354)
Acquisitions, net of cash received	29	-	(11,536)
Proceeds from sale of assets	6	584	3,798
Non-controlling interest - (dividends)/capital contributions		(259)	370
Interest received	25	138	848
Net cash used in investing activities		(17,066)	(37,824)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	17	-	(61,397)
Proceeds from debt borrowings	17	-	5,000
Stock options exercised	14	408	1,167
Repurchase of common shares	14	(9,389)	(31,740)
Dividends paid	14	(26,416)	(27,645)
Net cash used in financing activities		(35,397)	(114,615)
NET CHANGE IN CASH AND CASH EQUIVALENTS		144,907	10,521
CASH AND CASH EQUIVALENTS, beginning of year		36,138	25,617
CASH AND CASH EQUIVALENTS, end of year		$ 181,045	$ 36,138

The accompanying notes are an integral part of these Consolidated Financial Statements.

CORE LABORATORIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2009

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a Netherlands limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 4,900 and 5,000 employees in 2009 and 2008, respectively. We are listed on the New York Stock Exchange. These consolidated financial statements were authorized for issuance by the board of directors on April 1, 2010, and are scheduled to be adopted at the Annual Meeting of Shareholders to be held on June 10, 2010.

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description:* Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement:* Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management:* Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**") and with Part 9 Book 2 of The Netherlands Civil Code. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. In accordance with article 402 Book 2 of The Netherlands Civil Code the income statement in the Company Financial Statements is presented in abbreviated form.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendments and interpretations to existing standards effective in 2009

The following standards, amendments, and interpretations to existing standards have been published which are mandatory for our accounting periods beginning on or after January 1, 2009 or later periods and have been applied to our financial statements:

- Improvements to IFRSs (April, 2009). Amendments to IFRSs and the related Bases for Conclusions and guidance made in the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. None of these amendments had any impact on our accounts.
- IFRS 2 (Amendment), Share-based Payment: Vesting Conditions and Cancellations (effective for annual periods beginning on or after January 1, 2009). This amendment clarifies that vesting conditions are restricted to service conditions and non-market performance conditions, and specifies that all cancellations should receive the same accounting treatment. We applied IFRS 2 (Amended) starting January 1, 2009, and this amendment did not impact our accounts.
- IFRS 3 (Revised), Business Combinations Phase II (effective July 1, 2009). This amendment is to enhance the relevance, reliability and comparability of the information that an entity's financial statements provide about a business combination and its effects. We applied IFRS 3 (Revised) prospectively, starting July 1, 2009.
- IFRS 7 (Amendment), Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after January 1, 2009). This amendment is intended to improve disclosures about fair value measurements and liquidity risk management associated with financial instruments. The changes in disclosures have been made and are not deemed to be material.
- IAS 1 (Amendment), Presentation of Financial Statements: A Revised Presentation (effective for annual periods beginning on or after January 1, 2009). This revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. We applied IAS 1 (Amended) beginning January 1, 2009.

Standards, amendments, and interpretations to existing standards effective in 2009 but not relevant to our operations

The following standards, amendments, and interpretations to existing standards have been published which are mandatory for our accounting periods beginning on or after January 1, 2009 or later periods but are not relevant for our operations:

- IFRS 1 and IAS 27 (Amendment), Cost of an Investment on First-Time Adoption (effective for annual periods beginning on or after January 1, 2009). This amendment provides an additional method for valuing subsidiaries, jointly controlled entities and associates upon initial adoption of IFRS. This amendment is not applicable to our operations because we have already adopted IFRS.
- IAS 23 (Amendment), Borrowing Costs (effective for annual periods beginning on or after January 1, 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. IAS 23 (Amended) is currently not applicable to us as we have no qualifying assets.
- IAS 32 and IAS 1 (Amendment), Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after January 1, 2009). As amended, IAS 32 will now require entities to classify the following types of financial instruments as equity, provided that those instruments have particular features and meet specific conditions: 1) Puttable financial instruments; 2) Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only upon liquidation. IAS 32 (Amended) and IAS 1 (Amended) are not relevant to our operations as we do not have the financial instruments mentioned in 1) and 2) above.
- IAS 39 (Amendment), Reclassification of Financial Assets: Effective Date and Transition (effective on or after July 1, 2008). The objective of the Standard is to establish principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell

non-financial items. We applied IAS 39 (Amended) beginning January 1, 2009 and it is not relevant to our operations.

- IFRIC 9 and IAS 39 (Amendments), Embedded Derivatives (effective for annual periods ending on or after June 30, 2009 and shall be applied retrospectively). This amendment clarifies that an entity must assess whether an embedded derivative is required to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category; that the assessment should be made on the basis of the circumstances that existed when the entity first became a party to the contract and that, if the entity concludes that the derivative requires fair value accounting but is unable to measure the fair value of the embedded derivative separately, the entity has to continue to account for the entire instrument at fair value through profit or loss. IFRIC 9 and IAS 39 (Amended) are not relevant to our operations as we do not have any hybrid financial assets or embedded derivatives.
- IFRIC 13, Customer Loyalty Programs (effective for annual periods beginning on or after July 1, 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to our operations because none of our companies operate any loyalty programs.
- IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2009). IFRIC 15 applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. IFRIC 15 is not relevant to our operations because we are not involved in the real estate industry.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after October 1, 2008). IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. IFRIC 16 is not relevant to our operations because we do not have any such hedge transactions.
- IFRIC 18, Transfers of Assets from Customers (effective for transfers on or after July 1, 2009). IFRIC 18 applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. IFRIC 18 is not relevant to our operations as we do not have any transactions of this nature.

Standards, amendments and interpretations to existing standards that have been early adopted

The following standards, amendments, and interpretations to existing standards have been published and have been early adopted:

- IFRS 8, Operating Segments (effective for annual periods beginning on or after January 1, 2009) was early adopted in 2008. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The adoption of IFRS 8 did not result in any changes to our segment disclosures and did not have any impact on the allocation of goodwill.

Standards, amendments and interpretations to existing standards which are not yet effective

The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2010 or later periods that we have not early adopted:

- IAS 27 (Amendment), Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009). The objective of this standard is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. We are currently evaluating the impact of this amendment to our financial position.

- IFRS 9, Financial Instruments (effective for annual periods beginning on or after January 1, 2013). IFRS 9 sets out the requirements for recognizing and measuring financial assets and some contracts to buy or sell non-financial items. We are evaluating the potential impact of this standard to our financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant to our operations

The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2010 or later periods but are not relevant to our operations:

- IAS 32 (Amendment), Financial Instruments: Presentation: Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). This amendment is to clarify that the classification of instruments that give the holders the right to acquire an entity's own equity instruments at a fixed price (rights issues) is an equity instrument regardless of the currency in which the exercise price is denominated.
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009). The amendment clarifies when inflation can be designated as a hedged item in a financial instrument under the hedge accounting provisions in IAS 39 and how hedge accounting can be applied to hedges where a hedging instrument is an option contract.
- IFRIC 14 (Revision), Prepayments of a Minimum Funding Requirements (effective for annual periods beginning on or after January 1, 2011). This revision addresses: 1) when refunds or reductions in future contributions should be regarded as available in accordance with IAS 19; 2) how a minimum funding requirement might affect the availability of reductions in future contributions; and 3) when a minimum funding requirement might give rise to a liability.
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009). IFRIC 17 standardizes the practice in the accounting treatment of distributions of non-cash assets to owners.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). IFRIC 19 provides guidance on how an issuer of debt should account for a debt for equity swap.
- IFRS 1(Amendment), First Time Adoption of IFRS (effective for annual periods beginning on or after January 1, 2010). This amendment addresses potential challenges for jurisdictions adopting IFRSs in the near future.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Core Laboratories N.V. and its subsidiaries. Subsidiaries are all entities (including special purpose entities) over which we have the power to govern the financial and operating policies generally accompanying a shareholder of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether we control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to us. They are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between consolidated companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by us. The equity method of accounting is used to record our interest in investments in which we have less than a majority interest and do not exercise control but have significant influence. We use the cost method to record certain other investments in which we own less than 20% of the outstanding equity and do not exercise control or significant influence. We record non-controlling interest associated with consolidated subsidiaries that are less than 100% owned.

Transactions and Non-controlling Interests

We apply a policy of treating transactions with non-controlling interests as transactions with parties external to us. Disposals to non-controlling interests result in gains and losses for us that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

Associates are all entities over which we have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Our share of the associates' post-acquisition profits or losses is recognized in the consolidated income statement. When our share of losses in an associate equals or exceeds our interest in the associate, including any other unsecured receivables, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the associate. Accounting policies of associates have been changed where necessary to ensure consistency with our policies.

Cash Flow Statement

We have prepared the cash flow statement using the indirect method. Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits and money market investment accounts. Certain non-cash transactions have been adjusted from the cash flow statement.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of our share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Foreign Currencies

Our functional and presentation currency is the U.S. Dollar ("**USD**") which is the currency of the primary economic environment in which we operate. All inter-company financing, transactions and cash flows of our subsidiaries are transacted in USD. Additionally, certain significant operations transact contractual business denominated in USD. Accordingly, our foreign entities remeasure monetary assets and liabilities to USD at year-end exchange rates, while non-monetary items are measured at historical rates. Revenues and expenses are remeasured at the applicable month-end rate, except for depreciation and amortization and certain components of cost of sales, which are remeasured at historical rates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Translation differences on cumulative actuary gains and losses which are recognized directly in equity are also included in equity as cumulative translation adjustments.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment, except for land which is shown at historical cost less impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on all assets, excluding land, using the straight-line method based on the estimated useful lives of the related assets as follows:

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 10 years

Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized and depreciated over their useful life. Historical cost and accumulated depreciation applicable to assets retired or sold are removed from the accounts, and any resulting gain or loss is included in operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. We review our assets for impairment when events or changes in circumstances indicate that the net book value of property, plant and equipment may not be recovered over its remaining service life. We evaluate our property, plant and equipment for impairment if a triggering event occurs which may indicate that an impairment is probable. An impairment loss is recognized for the amount by which the asset's carrying amount is higher than an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). The determination of fair value requires the estimation of future cash flows, and such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Assets that previously may have suffered an impairment are reviewed for possible reversal of the impairment.

Intangible Assets

Intangible assets include goodwill, patents, trademarks, and trade names and are measured at cost. Intangibles with finite lives are amortized using the straight-line method based on the estimated useful life of the intangible. Intangibles with indefinite lives, which consist primarily of corporate trade names, are evaluated for impairment annually. The useful lives of intangible assets range from three to thirty years.

We record goodwill as the excess of the purchase price over the fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting and is carried at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall investment balance. We test goodwill for impairment annually or more frequently if circumstances indicate that a potential impairment has occurred. Impairment losses on goodwill are not reversed. Goodwill is recorded in the cash-generating units expected to benefit from the business combination in which the goodwill arose. Groups of cash-generating units equivalent to the segment level reporting are used for the purpose of goodwill impairment testing. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Research and development expenditures are recognized in the profit and loss account as incurred. Expenses incurred for development projects are capitalized as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (i.e. it is likely that economic benefits will be realized and the expenses can be reliably estimated). Capitalized development expenses are amortized as soon as the commercial production process has commenced, with amortization being based on the estimated useful life of the asset.

Financial Instruments at Fair Value Through Profit and Loss

Derivatives are classified as financial assets or liabilities designated at fair value through profit or loss. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Our derivative instruments do not qualify for hedge accounting. Changes in the fair value of the derivative instruments are recognized immediately in the income statement. Derivative liabilities consist of a conversion option related to our exchangeable notes and a warrant on our common stock. Our derivative asset consisted of a call option on our stock related to our exchangeable notes. During 2008, the counter party to the call option filed for protection under Chapter 11 of the U.S. Bankruptcy Code and the call option was fully impaired. The call option contract was formally terminated in 2009, and the claim was subsequently sold to a third party. We hold one non-derivative financial asset, a life insurance policy, which is held at fair value. The fair value is determined by the plan administrator's actuary calculation.

At each balance sheet date we assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. In 2008, the call option was fully impaired. In 2009, the call option was sold to a third party and a recovery of $17.1 million was recognized, see Note 17, Borrowings for further discussion.

Inventories

Inventories consist of manufactured goods, materials and supplies used for sales or services to clients. Inventories are stated at the lower of cost or net realizable value, and are reflected net of valuation reserves. The cost of manufactured goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs are recorded at standard cost which approximates the first-in, first-out method.

Accounts Receivable

Trade accounts receivable are recorded initially at fair value and subsequently at amortized cost, which generally equals their invoiced amounts. The terms of invoices allow 30 days for payment to be received. Invoices outstanding greater than 30 days are past due. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables or the balance becomes greater than 180 days past due (or 365 days for major oil companies, government entities or Fortune 500 size companies). Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. A provision for impairment of trade receivables is established based on our review of this information along with our current aging of client receivables outstanding. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement in Cost of Sales or Services. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the consolidated income statement in Cost of Sales or Services. Impairment testing of trade receivables is described in Note 13, Trade and Other Receivables.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits and money market investment accounts. These items are carried at cost, which approximates market value.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. When we repurchase our own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to our equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to our equity holders. We revalue our common stock at the historical rate for changes in the exchange rate from the Euro par value to the reportable currency.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of the exchangeable notes is determined using a market interest rate for an equivalent non- exchangeable note. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and Deferred Income Taxes

The current income tax payable is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where we operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns.

Deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted or substantively enacted tax rates and laws in effect for the year in which the asset is recovered or the liability is settled. We include interest and penalties from tax judgments in income tax expense.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

Pensions and Other Postretirement Benefits

We operate various pension schemes and have both a defined benefit plan and defined contribution plans. One scheme is a defined benefit plan which is funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which we pay fixed contributions into a separate entity. We have no legal or constructive obligations to pay further contributions. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

We maintain a defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. We recognize net periodic pension costs associated with this plan in income from current operations and the liability recognized in the consolidated balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. We recognize actuarial gains and losses directly in equity in the period in which they occur. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period. The projected benefit obligation and fair value of plan assets requires the use of actuarial assumptions and estimates which are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the Currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actual results could differ from those estimates.

Furthermore, we sponsor several defined contribution plans for the benefit of our employees. For defined contribution plans, we pay contributions to trusts that invest the employer's and participants' contributions as directed by the participants in the plan. We have no further payment obligations during the period in which the contribution was made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Accruals are recognized for termination benefits which represent future payouts guaranteed to employees upon departure from the Company. These benefits are accrued as they are earned from continuous employment with the Company. The benefits for the executive officers are accrued based on the present value of the earned benefit calculated from the terms in the employment agreement with each executive officer.

Stock-Based Compensation

We issue stock-based compensation as a form of compensation for certain employees. This is accounted for under IFRS 2, "Share-Based Payment". This statement requires compensation costs related to share-based payments, including stock options, to be recognized in the consolidated income statement based on their fair values. The expense is recognized over the requisite service period of the award.

We operate a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, we revise our estimates of the number of options that are expected to vest. We recognize the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to common stock and paid-in capital when the options are exercised.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation, if the amount or time is reasonably determinable.

Trade Payables

Trade payables are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

Revenue Recognition

Revenues are recognized by all reportable segments as services are completed or as product title is transferred and are measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. All advance client payments are classified as unearned revenues until services are provided or product title is transferred. We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectability is reasonably assured. Our Reservoir Management segment records revenues from long-term contracts as services are rendered in proportion to the work performed. All known or anticipated losses on contracts are provided for currently. Revenues are recorded exclusive of taxes. Training and consulting service revenues are recognized as the services are performed.

Interest Expense / Income

Interest expense and interest income are recognized when the expense is incurred or the income is earned.

Operational and Financial Leases

Lease contracts for which substantially all of the risks and rewards incidental to ownership of the assets does not lie with the Company are recognized as operational leases. Obligations under operational leases are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursements received from the lessor.

Earnings Per Share

We compute basic earnings per common share by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common and potential common share include additional shares in the weighted average share calculations associated with the incremental effect of dilutive employee stock options, restricted stock awards and contingently issuable shares.

Dividend Distribution

In July 2008, Core Laboratories announced the initiation of a cash dividend program. Cash dividends of $0.10 per share were paid in March, May, August and November 2009. In addition, a special non-recurring cash dividend of $0.75 per share was paid in August 2009. In January 2010, our Board of Supervisory Directors approved a dividend of $0.12 per share, representing a 20% increase over the prior quarterly dividend, to be paid in February 2010. The declaration and payment of future dividends, however, will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. Dividend distributions to be paid to shareholders are recognized as a liability in the Balance Sheet in the period in which they are declared but not paid.

Because we are a holding company that conducts substantially all of our operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

3. FINANCIAL RISKS AND RISK MANAGEMENT

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. We have not entered, or intend to enter, into derivative financial instruments for hedging or speculative purposes. We do not believe that our exposure to market risks, which are primarily related to interest rate changes, is significant.

Price Risks

We are exposed to price risk due to changes in value related to our Exchangeable Notes and our derivative financial instruments. The fair value of these instruments is impacted, directly through our stock price and indirectly through the volatility of our stock price, by a change in our stock price. Prior to October 2008, we had completely hedged our exposure to price risk on exchangeable notes through a call option; however, during 2008, the counter party to the call option filed for bankruptcy which ultimately resulted in us terminating the call option through the bankruptcy proceedings in late 2009. See Note 17, Borrowings, for further discussion of the termination of the call option. As a result of the call option being terminated, we now have price risk associated with the Exchangeable Notes. The conversion feature associated with the exchangeable notes and the warrant on our common stock are accounted for as derivative instruments and are carried in the balance sheet at fair value with changes in fair value being recorded directly to profit or loss. The changes in fair value result in volatility in our annual profit or loss that is indirectly associated with the changes in the market price of our own common stock. We continue to monitor our position and we have mitigated some of our price risk through a combination of: 1) repurchasing a portion of our exchangeable notes when it has been economically beneficial to do so, and 2) repurchasing and holding our common stock in anticipation of future settlement of the Exchangeable Notes. We are currently holding 2.5 million common shares in treasury as of December 31, 2009.

In valuing these derivative financial instruments, with all other variables held constant, our equity and post tax profit for the year would have changed by the following amounts (in millions):

	2009		2008	
	Change to Equity	**Change to Post Tax Profit**	**Change to Equity**	**Change to Post Tax Profit**
Interest rates +/- 100 basis points	$ -/+ 5.2	$ -/+ 5.1	$ -/+ 1.9	$ -/+ 1.9
Stock price +/- 30%	-/+ 131.9	-/+ 72.4	-/+ 57.2	-/+ 50.5
Volatility +/- 30%	-/+ 17.5	-/+ 16.5	-/+ 42.4	-/+ 48.9

Currency Risks

We operate in a number of international areas which expose us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. Foreign exchange gains and losses are the result of fluctuations in the U.S. dollar against other currencies and are included in other expense (income) in the consolidated income statement. We recognized foreign exchange losses in countries where the USD weakened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD strengthened against the local currency and we had net monetary assets denominated in the local currency. We recognized foreign exchange gains in countries where the USD strengthened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD weakened against the local currency and we had net monetary assets denominated in the local currency. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD.

The following table summarizes the impact on our equity and post-tax profit for the year if the US Dollar exchange changed by 20% against the listed currencies with all other variables held constant (in thousands):

	2009		2008	
	Increase 20%	**Decrease 20%**	**Increase 20%**	**Decrease 20%**
Euro	$ 143	$ (143)	$ 951	$ (951)
Pound	418	(418)	186	(186)
Canadian dollar	854	(854)	1,056	(1,056)
Mexican peso	134	(134)	386	(386)
Venezuelan Bolivar	231	(231)	537	(537)
Ruble	276	(276)	719	(719)
Total	$ 2,056	$ (2,056)	$ 3,835	$ (3,835)

The above listed currencies represent 5% and 23% of our net monetary assets on December 31, 2009 and 2008, respectively while our position in US Dollars represents 83% and 65% of our net monetary assets on December 31, 2009 and 2008, respectively. The overall decrease in our exposure to an increase or decrease in foreign exchange rates at December 31, 2009 is due to a decrease in our net monetary asset position in all currencies, except the Pound, combined with a large increase in our net monetary asset position in US Dollars. This decrease in exposure was also due to an increase in operating activity along with an increase in value of the US Dollar compared to the currencies we have exposure to.

Interest Rate Risks

Our policy on interest rate risks is aimed to manage the net financing charges due to fluctuations in market rates of interest. We analyze our interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Our Credit Facility debt carries a variable interest rate, however at December 31, 2009, we had no debt outstanding under this facility. At December 31, 2009 virtually all of our interest bearing debt relates to our exchangeable debt which has a fixed rate of interest.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All cash and cash equivalents are on deposit at commercial banks or investment firms with significant financial resources. Our trade receivables are with a variety of independent, international and national oil and gas companies. We consider our credit risk to be limited due to the creditworthiness and financial resources of these financial institutions and companies. We limit this risk by evaluating the credit history and credit worthiness using various credit agencies, such as Dun and Bradstreet, to determine if we should conclude transactions with the company. All new customers are required to be reviewed by our credit department who obtains independent credit reports and trade reports on the customer. If there is no independent rating, our credit department assesses the credit quality of the customer taking into account its financial position, past experience and other factors. In certain situations we will require a letter of credit before completing the sale. In addition, ongoing customers are periodically reviewed to ensure their financial position continues to warrant the extension of credit. The aim is to maintain a customer base where no one customer will account for a significant portion of our business. Our exposure to credit risk is the total balance of financial instruments that is not impaired which is $322.7 million and $185.0 million at December 31, 2009 and 2008, respectively. We evaluate our estimate of the allowance for doubtful accounts on an on-going basis throughout the year. In addition, we have re-evaluated our credit policy in respect to the current conditions of the credit market and have concluded no change is necessary. We had no clients who provided more than 10% of our revenues for the years ended December 31, 2009 and 2008. In 2008, we impaired the full value of our call option associated with the exchangeable notes and in 2009 we sold the claim on the call option to a third party, as such, there is no further credit risk for this instrument.

We maintain a credit facility that is used as needed for operational purposes with a group of commercial banks with significant financial resources that share in the amount outstanding on a pre-determined ratio. The balance that may be drawn under the credit facility was $100 million at

December 31, 2009 and we had issued letters of credit on the credit facility for $12.5 million at December 31, 2009. No credit limits were exceeded during the reporting period.

Liquidity Risks

The management of liquidity risk entails maintaining sufficient cash and marketable securities along with the availability of funding through our credit facility. Our financing policy is directed at establishing and maintaining an optimal financing structure that takes into account our current asset base and our investment program. From time to time, we seek access to the capital markets when external funding is required. Our Treasury Department acts as an in-house bank that internally allocates funds that are raised centrally. Operating companies are thus funded through inter-company transactions. To the extent we need outside funding beyond our internally generated free cash flow in order to finance investments, potential acquisitions and repayment of debt, we have a revolving credit facility that matures in December 2010. This may be drawn in US Dollars up to the amount of $100 million. At December 31, 2009, no loans had been advanced under this facility; however, letters of credit were outstanding under this facility in the amount of $12.5 million. In addition, we have outstanding $238.6 million of Senior Exchangeable Notes due 2011 ("**Notes**"). Management monitors our cash flow position in preparation of repaying the Notes balance at time of exchange or due date. In addition to our repayment commitments under our credit facilities and the Notes, we have capital lease obligations related to the purchase of equipment, and non-cancelable operating lease arrangements under which we lease property including land, buildings, office equipment and vehicles.

The following table summarizes our future contractual obligations under these arrangements into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2009	**Total**	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Contractual Obligations (in thousands):					
Long-term debt	$ 239,852	$ 597	$ 239,255	$ -	$ -
Operating leases	23,930	6,682	8,809	4,706	3,733
Trade payables	33,009	33,009	-	-	-
Total contractual obligations	$ 296,791	$ 40,288	$ 248,064	$ 4,706	$ 3,733

At December 31, 2008	**Total**	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Contractual Obligations (in thousands):					
Long-term debt	$ 240,448	$ 597	$ 239,851	$ -	$ -
Operating leases	20,982	6,162	7,474	4,515	2,831
Trade payables	41,588	41,588	-	-	-
Total contractual obligations	$ 303,018	$ 48,347	$ 247,325	$ 4,515	$ 2,831

We plan on funding these obligations through operating cash flows and the unused portion of our credit facility. We have no significant purchase commitments or similar obligations outstanding at December 31, 2009. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2009, for the conversion option on our Notes and warrants we sold which give the holders the right to acquire approximately up to 3.2 million of our common shares once the share price exceeds a strike price of $124.64 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. All of the warrants will expire on January 25, 2012. The conversion option on the notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at a conversion rate of 10.8012 per $1,000 principal amount of notes, which is equal to a conversion price of approximately $92.58 per share. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. See Note 17, Borrowings for further discussion.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our share repurchase program, issue new shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the debt to capital ratio. This ratio is calculated as debt divided by the sum of cash, debt and equity.

The debt to capital ratio at December 31, 2009 and 2008 were as follows (in thousands):

	2009	2008
Total borrowings	$ 238,658	$ 238,658
Cash and cash equivalents	181,045	36,138
Total equity	247,107	123,292
Total cash, debt and equity	$ 666,810	$ 398,088
Debt to capital ratio	36%	60%

The change in the debt to capital ratio during 2009 was due primarily to an increase in cash due to strong cash flow from operations.

Part of our capital management included the issuance of Exchangeable Notes. Separate from the Exchangeable Notes, we also sold warrants that give the holders the right to acquire up to approximately 3.2 million of our common shares once the share price exceeds a strike price of $124.64 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. The maximum exposure under the warrant at the reporting date is 3.2 million shares and we currently hold 2.5 million shares in treasury and have 61.7 million shares available for issuance.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis and utilize our historical experience, as well as various other assumptions that we believe are reasonable in a given circumstance, in order to make these estimates. Actual results could differ from our estimates as assumptions and conditions change.

The following accounts, among others, require us to use critical estimates and assumptions:

- allowance for doubtful accounts;
- inventory reserves;
- depreciation and amortization;
- determining the fair value of financial instruments, see Note 10;
- assumptions used in determining obligations for pensions and other postretirement benefits, see Note 21;
- determining the fair value of stock-based compensation, see Note 15;
- income taxes and non-income related taxes; and
- impairment testing of long-lived assets, intangibles and goodwill.

Accounting policies relating to these accounts and the nature of these estimates are further discussed under the applicable caption. For each of these critical estimates it is at least reasonably possible that changes in these estimates will occur in the short term which may impact our financial position or results of operations.

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use a variety of methods, including using the same Black-Scholes model that was utilized to initially value our derivative financial instruments, and make assumptions that are based on market conditions existing at each balance sheet date. Our derivative instruments are fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of our stock used in the fair value estimation. Information and input from dealers are used for long-term debt and the conversion feature and related derivative instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. See sensitivity analysis in Price Risks included in Note 3, Financial Risks and Risk Management.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to us for similar financial instruments.

Pension

We maintain a defined benefit pension plan for substantially all of our Dutch employees hired prior to 2007. As required by current accounting standards, we recognize net periodic pension costs associated with this plan in income from current operations and recognize the unfunded status of the plan, if any, as a long-term liability. In addition, we recognize as a component of other comprehensive income, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic pension cost. The projection of benefit obligation and fair value of plan assets requires the use of assumptions and estimates. Actual results could differ from those estimates. See Note 21, Pension and Other Postretirement Benefit Plans. Furthermore, we sponsor several defined contribution plans for the benefit of our employees. We expense these contributions in the period the contribution is made.

Income Taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimated Impairment of Goodwill

We annually test whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. We performed this impairment testing at December 31, 2008 and assessed this impairment test still appropriate for 2009. The calculations require the use of estimates, see Note 7, Intangible Assets.

If the estimated gross margin at December 31, 2008 had been 10% lower (for example, 23% instead of 25.6%) than management's estimates, we would not have recognized any impairment of goodwill.

If the estimated pre-tax discount rate applied to the discounted cash flows had been 10% higher (for example, 12.9% instead of 11.7%) than management's estimates, we would have not recognized any impairment against goodwill.

If the estimated short term and long term growth rates applied to the discounted cash flows had been 50% lower (for example, 3% instead of 6% for short term and 2% instead of 4% for long term) than management's estimates, we would have not recognized any impairment against goodwill.

5. SEGMENT REPORTING

We operate our business in three reportable segments: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description:* Encompasses the characterisation of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.

- *Production Enhancement:* Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

- *Reservoir Management:* Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

Results for these business segments are presented below. We use the same accounting policies to prepare our business segment results as are used to prepare our Consolidated Financial Statements. We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning our segments is shown in the following table (in thousands):

	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
DECEMBER 31, 2009					
Revenues from unaffiliated customers	$ 414,934	$ 230,652	$ 49,953	$ -	$ 695,539
Inter-segment revenues	1,076	1,424	1,866	(4,366)	-
Segment income (loss)	105,954	64,638	14,396	(2,604)	182,384
Finance costs	-	-	-	16,072	16,072
Variance in fair value of derivative instruments	-	-	-	26,172	26,172
Impairment recovery / (loss) on financial instrument	-	-	-	17,060	17,060
Share of profit (loss) of associates	92	-	-	-	92
Total assets	313,195	193,360	41,904	212,261	760,720
Capital expenditures	12,311	3,383	247	1,349	17,290
Intangible asset expenditures	10	192	37	-	239
Depreciation and amortization	14,334	5,808	700	2,926	23,768
DECEMBER 31, 2008					
Revenues from unaffiliated customers	$ 435,425	$ 293,017	$ 52,394	$ -	$ 780,836
Inter-segment revenues	864	1,096	1,664	(3,624)	-
Segment income (loss)	100,136	92,603	16,007	341	209,087
Finance costs	-	-	-	17,866	17,866
Variance in fair value of derivative instruments	-	-	-	77,043	77,043
Impairment recovery / (loss) on financial instrument	-	-	-	(121,840)	(121,840)
Gain on repurchase of Notes	-	-	-	16,549	16,549
Share of profit (loss) of associates	300	-	-	-	300
Total assets	292,268	197,164	37,654	76,618	603,704
Capital expenditures	19,766	8,711	665	1,808	30,950
Intangible asset expenditures	24	299	31	-	354
Depreciation and amortization	12,643	5,512	619	2,953	21,727

1)"Corporate and other" represents those items that are not directly related to a particular segment, eliminations and the assets and liabilities.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and intangible assets. Unallocated assets in Corporate and Other is comprised of deferred taxation and miscellaneous assets related to the corporate function.

Capital expenditures comprise additions to property, plant and equipment.

Our general and administrative costs are allocated to the segments on a proportional basis relative to each segment's costs of sales.

Geographical Segments

We are a Netherlands company and we derive our revenues from services and product sales to customers primarily in the oil and gas industry. No single client accounted for 10% or more of revenues in any of the periods presented. The following is a summary of our operations by major location for 2009 and 2008 (in thousands):

GEOGRAPHIC INFORMATION	United States	Canada	Europe	Other Countries	Consolidated
DECEMBER 31, 2009					
Revenues	$ 339,235	$ 54,888	$ 131,528	$ 169,888	$ 695,539
Operating income	110,996	13,903	29,808	27,677	182,384
Non-current assets	131,426	56,765	75,980	48,656	312,827
Total assets	399,089	62,874	202,925	95,832	760,720
Capital expenditures	8,717	1,362	2,933	4,278	17,290
DECEMBER 31, 2008					
Revenues	$ 391,516	$ 80,450	$ 129,851	$ 179,019	$ 780,836
Operating income	120,590	34,554	33,189	20,754	209,087
Non-current assets	203,106	37,543	28,064	44,475	313,188
Total assets	300,757	61,694	140,493	100,760	603,704
Capital expenditures	13,786	5,119	4,198	7,847	30,950

We are domiciled in The Netherlands. The revenues from external customers in The Netherlands were $40.6 million and $38.7 million for 2009 and 2008, respectively, and the total revenue from external customers from other countries are included in the table above. Operating income and total assets associated with our corporate operations have been included in the results for the United States.

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were as follows at December 31, 2009 and 2008 (in thousands):

	Land	Buildings	Machinery and Equipment	Construction In Progress	Total
At January 1, 2008					
Historical cost	$ 6,050	$ 56,238	$ 139,640	$ 5,505	$ 207,433
Accumulated depreciation	-	(21,287)	(93,108)	-	(114,395)
Net book amount	6,050	34,951	46,532	5,505	93,038
Year ended December 31, 2008					
Opening net book amount	6,050	34,951	46,532	5,505	93,038
Additions	-	722	5,776	24,452	30,950
Disposals	(176)	(149)	(983)	-	(1,308)
Transfers	-	3,764	16,689	(20,453)	-
Acquisitions	-	840	1,006	-	1,846
Depreciation expense	-	(3,193)	(17,870)	-	(21,063)
Closing net book amount	5,874	36,935	51,150	9,504	103,463

At December 31, 2008					
Historical cost	5,874	60,276	154,406	9,504	230,060
Accumulated depreciation	-	(23,341)	(103,256)	-	(126,597)
Net book amount	5,874	36,935	51,150	9,504	103,463
Year ended December 31, 2009					
Opening net book amount	5,874	36,935	51,150	9,504	103,463
Additions	10	1,029	3,219	14,843	19,101
Disposals	(55)	(43)	(576)		(674)
Transfers	-	4,947	13,041	(17,988)	-
Depreciation expense	-	(2,722)	(20,384)	-	(23,106)
Closing net book amount	5,829	40,146	46,450	6,359	98,784
At December 31, 2009					
Historical cost	5,829	65,364	163,339	6,359	240,891
Accumulated depreciation	-	(26,108)	(115,999)	-	(142,107)
Net book amount	$ 5,829	$ 39,256	$ 47,340	$ 6,359	$ 98,784

Machinery and equipment included in construction in progress was $3.8 million and $5.2 million for the years ended December 31, 2009 and 2008, respectively and buildings and improvements included in construction in progress was $2.5 million and $4.3 million for the years ended December 31, 2009 and 2008, respectively. The fair value of our property, plant and equipment approximates the book value. We recorded no material impairment charges related to property, plant and equipment held for use in continuing operations during the years ended December 31, 2009 and 2008.

For the years ended December 31, 2009 and 2008, depreciation expense recognized in the income statement is as follows (in thousands):

	2009	**2008**
Cost of sales and services	$ 22,182	$ 19,743
General and administrative	924	1,320
Total depreciation expense	$ 23,106	$ 21,063

7. INTANGIBLE ASSETS

The components of intangibles as of December 31, 2009 and 2008 are as follows (in thousands):

	Goodwill	**Other Intangibles**	**Indefinite Life Trade Names**	**Total**
At January 1, 2008				
Cost	$ 185,381	$ 6,442	$ 3,892	$ 195,715
Accumulated amortization	-	(4,630)	-	(4,630)
Net book amount	185,381	1,812	3,892	191,085
Year ended December 31, 2008				
Opening net book amount	185,381	1,812	3,892	191,085
Additions	-	354	-	354
Acquisitions	9,800	310	-	10,110
Amortization charge	-	(664)	-	(664)
Closing net book amount	195,181	1,812	3,892	200,885
At December 31, 2008				
Cost	195,181	6,469	3,892	205,542
Accumulated amortization	-	(4,657)	-	(4,657)
Net book amount	195,181	1,812	3,892	200,885
Year ended December 31, 2009				
Opening net book amount	195,181	1,812	3,892	200,885
Additions	-	239	-	239

Amortization charge	-	(662)	-	(662)
Closing net book amount	195,181	1,389	3,892	200,462
At December 31, 2009				
Cost	195,181	6,708	3,892	205,781
Accumulated amortization	-	(5,319)	-	(5,319)
Net book amount	$ 195,181	$ 1,389	$ 3,892	$ 200,462

The following table summarizes the gross carrying value and the related accumulated amortization of our intangibles (except for goodwill) by significant category (in thousands):

		2009		**2008**	
	Original life in years	**Gross Carrying Value**	**Accumulated Amortization**	**Gross Carrying Value**	**Accumulated Amortization**
Acquired trade secrets	3-20	$ 1,671	$ 1,611	$ 1,669	$ 1,469
Acquired patents and trademarks	5-10	3,164	2,159	2,953	1,996
Agreements not to compete	3-7	1,290	998	1,290	701
Acquired trade names	5-30	583	551	557	491
Acquired trade names	Indefinite	3,892	-	3,892	-
Total other intangibles and trade names		$ 10,600	$ 5,319	$ 10,361	$ 4,657

For the years ended December 31, 2009 and 2008, $0.7 million and $0.7 million of amortization expense was recognized in general and administrative costs in the income statement, respectively.

Impairment

Certain intangibles, primarily related to trade names, are deemed to have an indefinite life and are not amortized. These assets are specific trade names which have been determined will be used and provide future cash flows indefinitely. These intangibles are held by the Company and are included in an impairment analysis. We performed this impairment testing at December 31, 2008 assuming a gross margin of 25.6%, a growth rate of 5.8% and a discount rate of 11.7% and no impairment was indicated. The assets and liabilities making up our cash-generating units have not changed significantly, there have been no significant events and the circumstances surrounding our cash-generating units have not changed significantly, and our detailed calculation resulted in an amount that exceeded our carrying amount of our cash-generating units substantially, therefore, no impairment has been recorded in 2009. No impairment losses have been reversed in 2009.

We monitor or test goodwill for impairment annually or more frequently if circumstances indicate a potential impairment. For purposes of this test, we group our cash-generating units ("**CGU**") to a level equivalent to our reportable segments, and compare the recoverable amount of CGU groupings to their net carrying value. Fair value less cost to sell is determined by estimating the present value of projected future cash flows discounted using our weighted average cost of capital. We performed this impairment testing at December 31, 2008 and no impairment was indicated. We assessed the appropriateness of this impairment test considering the limited changes in CGU assets and liabilities, the exceeding carrying amount of our CGU, and no significant events, and therefore, no impairment has been recorded in 2009.

Goodwill is recorded in our reportable segments as follows (in thousands):

	2009	**2008**
Reservoir Description	$ 99,368	$ 99,368
Production Enhancement	77,569	77,569
Reservoir Management	18,244	18,244
Total goodwill	$ 195,181	$ 195,181

The key assumptions used for the impairment calculation at December 31, 2008 are as follows:

	Reservoir Description	Production Enhancement	Reservoir Management
Gross margin (1)	22%	32%	23%
Growth rate (2)	6%	6%	2.5%
Terminal growth rate (3)	4%	4%	4%
Discount rate (4)	11.7%	11.7%	11.7%

(1) Budgeted gross margin

(2) Average growth rate used for the next 5 years to extrapolate cash flows beyond the budget period

(3) Average growth rate used to calculate a terminal value beyond 5 years

(4) Weighted average cost of capital is used as the discount rate applied to the cash flow projections

These assumptions have been used for the analysis for each CGU grouping. Management determined the budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax. We used cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the first year are extrapolated using the estimated growth rates stated above.

8. ASSOCIATES

The investments in associates comprise the financial information of the following companies:

Name	Legal Seat	Ownership Percentage
Saybolt Tunisie	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd	Saudi Arabia	45%
Saybolt MED	Tunis, Tunisia	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	China	50%

These subsidiaries are not consolidated since we do not exercise decisive control over their operations. For Saybolt Saudi Arabia Co., Ltd, we share in the profit at 45%, however, we are responsible for 100% of the losses. At December 31, 2009, we had total receivables from these subsidiaries of $0.3 million and total payables to these subsidiaries of $0.1 million.

Associates consisted of the following (in thousands):

	Assets	Liabilities	Revenues	Profit / (Loss)
2009				
Saybolt Tunisie	432	103	692	137
Saybolt Saudi Arabia Co., Ltd	803	609	1,123	92
Saybolt MED	291	95	656	(95)
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	275	19	27	(46)
2008				
Saybolt Tunisie	503	70	705	159
Saybolt Saudi Arabia Co., Ltd	706	603	1,168	210
Saybolt MED	408	69	865	108
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	412	30	19	(58)

	2009	2008
Beginning of the year	$ 341	$ 234
Dividends	(114)	(193)
Share of income/ (loss)	92	300
End of the year	$ 319	$ 341

9. DEFERRED INCOME TAXES

Deferred tax assets and liabilities result from various temporary differences between the financial statement carrying amount and their tax basis. Deferred tax assets and liabilities as of December 31, 2009 and 2008 are summarized as follows (in thousands):

	2009	2008
Deferred tax assets:		
Deferred income tax asset to be recovered within 12 months	$ 12,046	$ 9,434
Deferred income tax asset to be recovered after more than 12 months	50,256	48,489
Net deferred tax asset	62,302	57,923
Deferred tax liabilities:		
Deferred income tax liability to be recovered within 12 months	(7,100)	-
Deferred income tax liability to be recovered after more than 12 months	(22,692)	(6,932)
Total deferred tax liabilities	(29,792)	(6,932)
Net deferred income tax assets, net	$ 32,510	$ 50,991

The gross movement on the deferred income tax account is as follows:		
Beginning of year	$ 50,991	$ 16,247
Income statement charge	(22,483)	42,818
Charges to equity and reclassifications	4,002	(8,074)
End of year	$ 32,510	$ 50,991

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Assets

	Tax Losses	Tax Credits	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2008	$ (393)	$ 8,550	$ 16,382	$ 4,511	$ (6,953)	$ 618	$ 22,715
Charged/(credited) to income statement	995	1,303	(6,117)	6,849	32,614	7,638	43,282
Charged to equity	-	-	(8,074)	-	-	-	(8,074)
December 31, 2008	602	9,853	2,191	11,360	25,661	8,256	57,923
Charged/(credited) to income statement	(524)	(2,380)	4,181	(1,279)	3,408	(3,029)	377
Charged to equity and reclassifications	-	1,253	1,789	184	-	776	4,002
December 31, 2009	$ 78	$ 8,726	$ 8,161	$ 10,265	$ 29,069	$ 6,003	$ 62,302

Deferred Tax Liabilities

	Intangibles	Tangible Fixed Assets	Stock Compensation	Accruals	Exchangeable Notes	Other	Total
January 1, 2008	$ (2,019)	$ (1,039)	$ -	$ -	$ (2,334)	$ (1,076)	$ (6,468)
Charged/(credited) to income statement	102	464	-	-	2,334	(3,364)	(464)
December 31, 2008	(1,917)	(575)	-	-	-	(4,440)	(6,932)
Charged/(credited) to income statement	1,690	3,576	-	-	(28,965)	839	(22,860)
Charged to equity and reclassifications	-	-	-	-	-	-	-
December 31, 2009	$ (227)	$ 3,001	$ -	$ -	$ (28,965)	$ (3,601)	$ (29,792)

At December 31, 2009, we had net operating loss carry-forwards for income tax purposes in various tax jurisdictions of approximately $36.5 million. Of those carry-forwards that are subject to expiration, they will expire, if unused, $2.5 million in 2010, $3.5 million in 2011, $4.4 million in 2012, $1.9 million in 2013, $11.4 million in 2014-2016, and $12.8 million in 2017-2023. We currently do not believe the tax benefit will be realized for substantially all of the net operating loss carry-forwards mentioned above, as such we have not recognized a deferred tax asset. We recorded $1.8 million of tax charge directly to equity relating to the tax benefit on stock-based compensation. Other deferred tax assets and liabilities are provided for revenues and expenses that may be recognized by the various tax jurisdictions in periods that differ from when recognized for financial reporting purposes.

10. FINANCIAL INSTRUMENTS BY CATEGORY

The financial instruments have been summarized below (in thousands):

		2009		2008	
	Ref.	Assets	Liabilities	Assets	Liabilities
Loan and Receivables					
Cash and cash equivalents		$ 181,045	$ -	$ 36,138	$ -
Trade receivables	13	129,954	-	141,214	-
Financial Instruments at Fair Value Through Profit and Loss					
Derivative financial instruments	17	-	37,545	-	69,552
Conversion option		-	78,446	-	72,612
Other financial assets		11,717	-	7,614	-
Other Financial Liabilities at Amortized Cost					
Trade payables		-	33,009	-	41,588
Other accrued expenses		-	8,887	-	9,584
Borrowings	17	-	207,710	-	192,336
Total		$ 322,716	$ 365,597	$ 184,966	$ 385,672

		Fair Value Measurement at December 31, 2009		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 11,717	$ -	$ 11,717	$ -
Liabilities:				
Derivative financial instruments	$ 37,545	$ -	$ 37,545	$ -
Conversion option	78,446	-	78,446	-

		Fair Value Measurement at December 31, 2008		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 7,614	$ -	$ 7,614	$ -
Liabilities:				
Derivative financial instruments	$ 69,552	$ -	$ 69,552	$ -
Conversion option	72,612	-	72,612	-

Other financial assets are comprised of life insurance policies with cash surrender value which have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger.

All of our derivative instruments are carried on the balance sheet at fair value and changes in fair value are recorded directly through the income statement. See Note 17, Borrowings for further discussions. The full fair value of our derivative instruments are classified as a non-current asset or liability since the remaining maturity of the hedged item is more than 12 months from the balance sheet date. The fair value of these instruments was calculated using a Black-Scholes model for derivative instruments. Any net gain or loss recognized is the difference in the fair value calculated using the valuation model and the value recorded in our general ledger. The significant assumptions used in determining the fair value at December 31, 2009 for the warrants and exchangeable notes equity option are as follows:

2009	**Warrant**	**Exchangeable Notes Equity Option**
Expiration date	January, 25, 2012	October, 31, 2011
Stock price at valuation date	$ 118.12	$118.12
Instrument's strike price	$ 124.64	$ 92.58
Stock volatility	19.91%	22.63%
Interest rate	1.02%	1.02%

2008	**Warrant**	**Exchangeable Notes Equity Option**
Expiration date	January, 25, 2012	October, 31, 2011
Stock price at valuation date	$ 59.86	$ 59.86
Instrument's strike price	$ 126.37	$ 93.88
Stock volatility	81.96%	93.13%
Interest rate	2.54%	2.54%

11. INVENTORIES

Inventories consisted of the following at December 31, 2009 and 2008 (in thousands):

	2009	**2008**
Finished goods	$ 22,161	$ 26,785
Parts and materials	8,756	7,190
Work in progress	1,267	863
Inventories, net	$ 32,184	$ 34,838

The cost of inventories recognized as expense and included in Cost of Sales was $64.4 million and $80.9 million for the years ended December 31, 2009 and 2008, respectively. We include freight costs incurred for shipping inventory to our clients in the Cost of Sales caption in the accompanying consolidated income statement. The balances above are net of valuation reserves of $2.2 million and $1.7 million at December 31, 2009 and 2008, respectively.

12. PREPAID AND OTHER CURRENT ASSETS AND INCOME TAX RECEIVABLE

Prepaid expenses and other current assets are comprised primarily of prepaid insurance, value added taxes and rents.

Income tax receivable relates to estimated tax pre-payments made in excess of actual tax liabilities. These receivables are due back as refunds from the respective taxing authorities.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following at December 31, 2009 and 2008 (in thousands):

	2009	**2008**
Trade receivables	$ 129,954	$ 141,214
Other receivables	7,006	6,614
Total receivables	136,960	147,828
Less - valuation reserves	3,202	3,535
Receivables, net	$ 133,758	$ 144,293

The carrying value of trade and other receivables approximates their fair values at December 31, 2009 and 2008.

Trade receivables that are past due 180 days for customers, are considered impaired. However, for major or national oil companies, government entities, or Fortune 500 size companies, trade receivables are not considered impaired until they are past due greater than 365 days. As of December 31, 2009 and 2008 we had $1.5 million and $2.2 million, respectively, that were 180 days past due but not impaired. As of December 31, 2009 and 2008 there were no receivables that were 365 days past due but not impaired. The amount of the provision for impaired receivables was $3.2 million and $3.5 million for 2009 and 2008, respectively. The impaired receivables related to receivables that met the criteria to be considered impaired according to our policy. We expect to collect a portion of the impaired receivables. The aging analysis of these receivables is as follows (in thousands):

	Not Impaired		Impaired	
	2009	2008	2009	2008
Not past due	$ 75,775	$ 74,879	$ -	$ -
Up to 180 days past due	49,416	60,562	-	-
180 to 365 days past due	1,561	2,238	1,488	1,200
Over 365 days past due	-	-	1,714	2,335
Total	$ 126,752	$ 137,679	$ 3,202	$ 3,535

The carrying amount of our trade and other receivables are denominated in the following currencies (in thousands):

	2009	2008
US dollar	$ 78,827	$ 87,885
Euro	7,891	7,131
Pound	4,407	3,102
Canadian dollar	14,747	13,824
Ruble	1,798	1,383
Other currencies	29,290	34,503
	$ 136,960	$ 147,828

Movements in the allowance on trade receivables are as follows (in thousands):

	2009	2008
At January 1,	$ 3,535	$ 4,199
Provision for receivable impairment (recoveries)	545	(233)
Receivables written off as uncollectible	(943)	(510)
Other [1]	65	79
At December 31,	$ 3,202	$ 3,535

1 Comprised primarily of differences due to changes in the exchange rate.

The additions to and recoveries from provisions for impaired receivables have been included in Cost of Sales or Services in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering any of the outstanding balance.

The other classes of receivables within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. We do not hold any collateral as security on receivables.

14. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2009 amounts to EUR 4 million and consists of 100,000,000 ordinary shares with a par value of EUR 0.04 each.

Issued and paid in share capital amounts to $41.9 million and consists of 25,519,956 issued ordinary shares with a par value of EUR 0.04 each. Repurchased ordinary shares amounts to $246.7 million and consists of 2,533,252 ordinary shares with a par value of EUR 0.04 each.

The movements in the number of shares in 2009 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance as at January 1, 2009	25,519,956	2,499,923	23,020,033
Issue of ordinary shares	-	(105,800)	105,800
Repurchased own shares	-	139,129	(139,129)
Balance as at December 31, 2009	25,519,956	2,533,252	22,986,704

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On January 29, 2009 at an extraordinary shareholder meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until July 29, 2010. The extraordinary meeting authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which may only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they become due or pursuant to our warrants. The cancellation of shares has also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2009, we have repurchased 15,480,228 shares for an aggregate purchase price of approximately $633.8million, or an average price of $40.94 per share and have cancelled 12,767,747 shares at a cost of $373.3 million. During the twelve months ended December 31, 2009, we repurchased 139,129 of our common shares for $9.4 million, at an average price of $67.48 per share which included rights to 21,129 shares valued at $1.8 million, or $83.83 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 703,902 shares at a total cost of approximately $86.5 million.

The number of treasury shares reported in our balance sheet as of December 31, 2009 includes shares in our capital held by a subsidiary.

For the year ended December 31, 2009, we issued out of treasury stock 27,650 shares relating to the exercise of stock options and 78,150 shares relating to the vesting of restricted stock.

Dividends

In February, April, July and October 2009, we declared and paid quarterly $0.10 per share of common stock dividends. In addition to the quarterly cash dividends, a special non-recurring cash dividend of $0.75 per share of common stock was also paid in August 2009. The total dividends paid in 2009 were $26.4 million. On January 14, 2010, we declared a quarterly dividend of $0.12 per share of common stock payable February 25, 2010 to shareholders of record on January 25, 2010.

Other Reserves

Other Reserves is comprised of adjustments directly to equity and is the only equity account that is restricted.

	Pension - Restricted	**Translation**	**Total**
Balance at January 1, 2008	$ 1,746	$ 53	$ 1,799
Pension adjustment	(5,285)	-	(5,285)
Currency translation adjustment	-	78	78
Balance at December 31, 2008	(3,539)	131	(3,408)
Pension adjustment	(1,931)	-	(1,931)
Currency translation adjustment	-	88	88
Balance at December 31, 2009	$ (5,470)	$ 219	$ (5,251)

15. STOCK-BASED COMPENSATION

We have granted stock options and restricted stock awards under two stock incentive plans: the 2007 Long-Term Incentive Plan (the "**Plan**") and the 2006 Nonemployee Director Stock Incentive Plan (the "**Director Plan**"). Awards under the following three compensation programs have been granted pursuant to the Plan: (1) the Executive Restricted Share Matching Program ("**ESMP**"), (2) the Performance Share Award Program ("**PSAP**") and (3) the Restricted Share Award Program ("**RSAP**").

2007 Long-term Incentive Plan

On April 2, 2007, the 1995 Long-Term Incentive Plan was amended, restated and renamed as the 2007 Long-Term Incentive Plan. The primary changes effected by the 2007 amendment and restatement was to (a) extend the period during which awards may be granted under the Plan to February 13, 2017, (b) require all stock options awarded under the Plan to have an exercise price per share that is at least equal to the fair market value of a common share as of the date of grant of the option (subject to adjustment under certain circumstances, such as upon a reorganization, stock split, recapitalization, or other change in our capital structure), (c) provide that stock appreciation rights may be granted under the Plan, (d) prohibit the repricing of stock options awarded under the Plan, (e) provide that no amendment to the Plan that would require shareholder approval pursuant to the requirements of the New York Stock Exchange or any exchange on which we are listed will be effective prior to approval of our shareholders, and (f) expand the performance goals enumerated under the Plan upon which restricted share awards may be based. The amendment and restatement of the Plan does not increase the number of common shares subject to the Plan. The Plan provides for a maximum of 5,400,000 common shares to be granted to eligible employees. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the PSAP and RSAP. We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success over a longer time horizon by personally benefiting through the ownership of our common shares and/or rights.

Since the inception of the Plan in 1995 to 2001, we awarded stock options as the primary form of equity compensation. In 2001, we reassessed the form of award and elected to begin the use of restricted share grants which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas stock options may have limited perceived value and may not be as effective in retaining and motivating employees when the current value of our stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares as no stock options were granted during 2009 under the Plan. At December 31, 2009, approximately 438,666 shares were available for the grant of new awards under the Plan.

2006 Nonemployee Director Stock Incentive Plan

The Director Plan provides common shares for grant to our eligible Supervisory Directors. The maximum number of shares available for award under this plan is 700,000 common shares. On June 28, 2006, the 1995 Nonemployee Director Stock Option Plan was amended, restated and renamed as the 2006 Nonemployee Director Stock Incentive Plan. The primary change effected by the 2006 amendment was to eliminate the automatic, formula grant of stock options under the prior plan and to replace that formula approach with the discretionary right of the Supervisory Board to grant stock options, restricted shares, or any combination thereof. Under the Director Plan, each nonemployee Supervisory Director is generally granted an equivalent of $100,000 in value of performance restricted shares based on the closing price of our common stock on the date of grant and will vest at the end of a three-year measurement period subject to our performance as measured against certain predetermined metrics. Only nonemployee Supervisory Directors are eligible for these equity-based awards under the Director Plan. As of December 31, 2009, approximately 291,254 shares were available for issuance under the Director Plan. Although restricted shares have been granted in 2009 pursuant to the Director Plan, no stock options were granted during 2009.

We issue shares from either treasury stock or authorized shares upon the exercise of options or lapsing of vesting restrictions on restricted stock. For the year ended December 31, 2009, we issued out of treasury stock 27,650 shares relating to the exercise of stock options and 78,150 shares relating to the vesting of restricted stock. We do not use cash to settle equity instruments issued under stock-based compensation awards.

Executive Restricted Share Matching Program

The ESMP was implemented in June 2002 to encourage personal investment in our common stock by our executive officers. Under the program, we matched on a one-for-one basis each share that an executive purchased on the open market or held in his deferred compensation, 401(k) or other retirement account as of June 1, 2002, up to a maximum of 50,000 shares per participant.

Pursuant to the ESMP, on June 1, 2005, we issued an additional 76,200 restricted shares (the "**Restricted Gross-up Shares**") in the aggregate to reimburse the participants for tax liabilities resulting from the vesting of the original grant of 132,853 restricted shares under the ESMP and their eventual vesting in the Restricted Gross-up Shares. The Restricted Gross-up Shares vested on June 1, 2007. We have recognized a tax benefit from the vesting of the ESMP of $0.3 million in 2008.

Performance Share Award Program

Awards Under the Plan

Under the PSAP, certain executives were awarded rights to receive a pre-determined number of common shares if our calculated return on equity ("**ROE**"), as defined in the PSAP, equals or exceeds a pre-determined target ROE on the measurement date of December 31, 2007, which is the last day of the applicable three year performance period. Unless there is a change in control as defined in the PSAP, none of these awards will vest if the specified performance targets are not met as of the last day of the respective performance periods. Under this arrangement we have granted rights relating to an aggregate of 120,000 shares in 2005. In February 2008, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors determined that the performance target criteria had been met relating to rights to an aggregate of 118,000 shares. We issued these 118,000 common shares on February 12, 2008 and, simultaneously, the participants surrendered 40,736 common shares to settle any personal tax liabilities which may result from the award, as permitted by the agreement. We recorded these surrendered shares as treasury stock with an aggregate cost of $4.5 million, at $111.26 per share. We have recognized a tax benefit from the vesting of the PSAP of $4.7 million in 2008.

Awards Under the Director Plan

On September 15, 2006, we awarded rights relating to an aggregate of 12,000 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on September 15, 2006 and ended on September 15, 2009. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the pre-determined target ROE of 35% at the end of the three-year performance period. In September 2009, it was determined that the performance target criteria had been met relating to rights to an aggregate of 12,000 shares. We issued these 12,000 common shares on September 15, 2009 and, simultaneously, the participants surrendered 2,093 common shares to settle any personal tax liabilities which may result from the award, as permitted by the agreement. We recorded these surrendered shares as treasury stock with an aggregate cost of $0.2 million, at $101.96 per share. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.8 million over a three-year period that began on September 15, 2006, of which, $0.2 million, and $0.3 million was recognized in 2009 and 2008, respectively.

On August 15, 2007, we awarded rights relating to an aggregate of 12,000 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on August 15, 2007 and ends on August 15, 2010. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the pre-determined target ROE of 50% at the end of the three-year performance period. If our ROE for the performance period does not meet the target ROE but equals or exceeds 40%, then the number of shares to be issued would be interpolated based on the terms of the agreement. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $1.2 million over a three-year period that began on August 15, 2007, of which, $0.4 million and $0.4 million have been recognized in 2009 and 2008, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 8 months.

On July 15, 2008, we awarded rights relating to an aggregate of 4,452 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2008 and ends on July 15, 2011. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the pre-determined target ROE of 200% at the end of the three-year performance period. If our ROE for the performance period does not meet the target ROE but equals or exceeds 160%, then the number of shares to be issued would be interpolated based on the terms of the agreement. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2008, of which, $0.2 million and $0.1 million has been recognized in 2009 and 2008, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 19 months.

On July 15, 2009, we awarded rights relating to an aggregate of 6,942 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on July 15, 2009 and ends on July 15, 2012. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the returns earned by members of the S&P 500 Oil & Gas Equipment & Services index, with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.6 million over a three-year period that began on July 15, 2009, of which, $0.1 million as been recognized in 2009. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 31 months.

Restricted Share Award Program

In 2004, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors approved the RSAP to continue to attract and retain the best employees, and to better align employee interests with those of our shareholders. Under this arrangement we have granted 123,550 shares in 2009. The shares issued in 2009 have a six year ratable vesting schedule where 1/6th of the grant vests on each following anniversary date. No performance accelerators for early vesting exist for these awards. Awards under the RSAP are classified as an equity award and recorded at the grant-date fair value and the compensation expense is being recognized over the expected life of the award. As of December 31, 2009, there was $13.2 million of unrecognized total stock-based compensation related to nonvested RSAP awards. The unrecognized compensation expense is expected to be recognized over an estimated weighted-average amortization period of 46 months. We recognized compensation expense of $6.8 million and $6.5 million in 2009 and 2008, respectively. We have recognized a tax benefit from the vesting of the RSAP of $2.0 million and $0.9 million in 2009 and 2008, respectively.

Nonvested restricted stock awards as of December 31, 2009 and changes during the year were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2007	383,300	$ 55.95
Granted	129,402	122.00
Vested	(162,400)	35.47
Forfeited	(19,600)	78.94
Nonvested at December 31, 2008	330,702	$ 90.49
Granted	130,492	87.57
Vested	(78,150)	82.21
Forfeited	(8,300)	97.64
Nonvested at December 31, 2009	374,744	$ 91.05

The fair value of the nonvested restricted stock awards at December 31, 2009 was $44.3 million.

Stock Options

The following table presents the change in outstanding stock options issued under the Plan and the Director Plan for the years ended December 31, 2009 and 2008. All options outstanding at December 31, 2009 are fully vested.

	Shares	Range of Exercise Prices	Weighted Average Exercise Price
Balance as of December 31, 2007	209,524	$ 0.01 - 25.00	$ 11.25
Options granted	-	-	-
Options exercised	(85,989)	8.84 - 25.00	13.56
Options forfeited	(2,584)	9.50 - 13.06	12.60
Balance as of December 31, 2008	120,951	0.01 - 25.00	9.58
Options granted	-	-	-
Options exercised	(27,650)	10.26 - 25.00	14.77
Options forfeited	(41,465)	0.01	0.01
Balance as of December 31, 2009	51,836	$ 8.84 - 25.00	$ 14.48

The fair value of the outstanding stock options at December 31, 2009 was $6.1 million. All stock options expire 10 years from date of grant. The weighted average life remaining for the stock options outstanding at December 31, 2009 was 1.7 years. The following table presents the amount of stock options set to expire in the respective years.

Year	Number of Options
2010	9,000
2011	30,724
2012	1,612
2013	7,500
2014	2,000
2015	1,000

The total intrinsic value of options exercised during 2009 and 2008 were $1.7 million and $9.1 million, respectively. We have recognized a tax benefit from the exercise of the stock options of $0 and $1.4 million in 2009 and 2008, respectively.

For the years ended December 31, 2009 and 2008, stock-based compensation expense recognized in the income statement is as follows (in thousands):

	2009	2008
Cost of sales and services	$ 5,121	$ 4,727
General and administrative	2,591	2,537
Total stock-based compensation expense	$ 7,712	$ 7,264

16. PREFERENCE SHARES

We have 3,000,000 preference shares authorized by our shareholders with a par value of EUR 0.04. At both December 31, 2009 and 2008, there were zero preference shares issued or outstanding.

17. BORROWINGS

In 2006, Core Laboratories LP, a wholly owned subsidiary, issued $300 million aggregate principal amount of Senior Exchangeable Notes due 2011 ("**Notes**") to qualified institutional buyers. The Notes bear interest at a fixed rate of 0.25% per year paid on a semi-annual basis and are fully and unconditionally guaranteed by Core Laboratories N.V. The Notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at a current conversion rate of 10.8012 per $1,000 principal amount of Notes, subject to anti-dilution adjustments. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. During the fourth quarter of 2008, we repurchased $61.3 million of the Notes at a discount which resulted in a gain of $16.5 million. At December 31, 2009 and 2008, $238.7 million of the Notes were outstanding and trading at 134% and 88%, respectively, of their face value.

As part of the issuance of the Notes, we entered into an exchangeable senior note hedge transaction in October 2006 (the "**Call Option**") through one of our subsidiaries with Lehman Brothers OTC Derivatives Inc. ("**Lehman OTC**") whereby Lehman OTC is obligated to deliver to us an amount of shares required to cover the shares issuable upon conversion of the Notes. On October 3, 2008, Lehman OTC filed for protection under Chapter 11 of the U.S. Bankruptcy Code and at that time the value of the Call Option was deemed to be fully impaired. On September 3, 2009, the subsidiary involved in the Call Option filed a proof of claim in the Lehman OTC bankruptcy case related to the Call Option hedge transaction in the amount of $90.1 million. The Call Option contract was formally terminated on December 4, 2009. Subsequently, on December 22, 2009, we sold our claim to a third party for a cash payment of $17.1 million which was recorded to Impairment (Recovery)/ Loss on Financial Instrument on the Consolidated Income Statement.

Separate from the Call Option, we also sold to Lehman OTC warrants to purchase up to 3.2 million common shares at a current exercise price of $124.64. The warrants become exercisable beginning in late December 2011 and expire in January 2012. The warrants have subsequently been purchased from Lehman OTC by a third party. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and recognize subsequent changes in fair value in the consolidated income statement. The fair value of the warrants was $37.5 million and $69.6 million at December 31, 2009 and 2008, respectively.

The fair value of the underlying debt instrument, included in non-current borrowings, was calculated using a market interest rate for an equivalent non-convertible note. The carrying amounts of short term borrowings approximate their fair value.

The Notes recorded in the consolidated balance sheet are calculated as follows:

	2009	2008
Face value of the exchangeable notes	$ 238,658	$ 238,658
Discount on exchangeable notes	(29,546)	(44,090)
Net fair value of exchangeable notes	209,112	194,568
Deferred debt acquisition costs	(1,402)	(2,232)
Long-term debt, net	$ 207,710	$ 192,336

We maintain a revolving credit facility (the "**Credit Facility**") that allows for an aggregate borrowing capacity of $100.0 million. The Credit Facility provides an option to increase the commitment under the Credit Facility to $150.0 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 0.5% to a maximum of LIBOR plus 1.125%. The Credit Facility matures in December 2010 and requires interest payments only until maturity. These interest payments are based on the interest period selected. Our available capacity is reduced by outstanding letters of credit and performance guarantees and bonds totaling $12.5 million at December 31, 2009 relating to certain projects in progress. Our available borrowing capacity under the Credit Facility at December 31, 2009 was $87.5 million.

The terms of the Credit Facility require us to meet certain financial covenants, including, but not limited to, certain operational and cash flow ratios. We believe that we are in compliance with all such covenants contained in our credit agreement and will be able to continue to remain in compliance with all covenants. All of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

The carrying amounts of our borrowings are denominated in US Dollars.

18. INCOME AND OTHER TAX PAYABLE

Long-term income tax payable relates to tax exposures for tax obligations including potential interest and penalties in various taxing jurisdictions. Short-term income tax payable relates to tax obligations in various tax jurisdictions.

Other taxes payable relates to various local non-income tax obligations.

19. UNEARNED REVENUE

Revenues are recognized by all reportable segments as services are completed or as product title is transferred and are measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. All advance client payments are classified as unearned revenues until services are provided or product title is transferred. We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectability is reasonably assured. Our Reservoir Management segment records revenues from long-term contracts as services are rendered in proportion to the work performed. All known or anticipated losses on contracts are provided for currently. Revenues are recorded exclusive of taxes. Training and consulting service revenues are recognized as the services are performed.

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The components of provisions for 2009 are as follows (in thousands):

	Termination Benefits	Deferred Compensation	Pension	Other	Total
At January 1, 2009	$ 5,937	$ 12,815	$ 3,423	$ 7,467	$ 29,642
Charged / (credited) to the income statement:					
Additional provisions	1,860	4,252	1,636	1,765	9,513
Reversed unused	-	-	-	(2,500)	(2,500)
Used during the year	(159)	(202)	-	(2,569)	(2,930)
At December 31, 2009	$ 7,638	$ 16,865	$ 5,059	$ 4,163	$ 33,725

Termination Benefits

Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $4.3 million at December 31, 2009. The remaining $3.3 million balance is for the non-executive employees of the Company. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Pension

The unfunded pension liability as of December 31, 2009 was $5.1 million. See Note 21, Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Other

Other provisions consist of amounts accrued related to certain non-income related taxes, claims from clients, and amounts due under certain service agreements and contractual commitments.

Claims from clients occur from disputes that may arise from the providing of services. These are investigated and resolved once a determination is made. The timing of any potential settlement varies for each claim.

In 2007, we revised our estimate of a contingent liability associated with non-income related taxes, and as a result a charge to Retained Earnings and an accrual to the Provisions of $5.0 million were recorded in the Consolidated Balance Sheet. As a result of finalizing a settlement agreement for $2.5 million, we released the remaining $2.5 million of the contingent liability to Retained Earnings during the second quarter of 2009.

21. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Defined Benefit Plan

We provide a noncontributory defined benefit pension plan covering substantially all of our Dutch employees hired prior to 2007 ("**Dutch Plan**") based on years of service and final pay or career average pay, depending on when the employee began participating. We fund the future obligations of the Dutch Plan by purchasing investment contracts from a large multi-national insurance company. We make annual premium payments, based upon each employee's age and current salary, to the insurance company. The costs related to the Dutch Plan are included in Cost of Services on the consolidated income statement.

The following table summarizes the change in the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2009 and 2008 (in thousands):

	2009	2008
Defined Benefit Obligation:		
Defined benefit obligation at beginning of year	$ 24,610	$ 24,352
Service cost	1,084	1,139
Interest cost	1,386	1,342
Benefits paid	(484)	(499)
Administrative expenses	(276)	(247)
Actuarial (gain)/ loss, net	2,710	(306)
Unrealized (gain)/ loss on foreign exchange	669	(1,171)
Defined benefit obligation at end of year	$ 29,699	$ 24,610

Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	$ 21,187	$ 27,136
Expected return on plan assets	673	898
Actuarial (loss) gain on plan assets	234	(7,400)
Employer contributions	2,713	2,231
Benefits paid	(484)	(499)
Administrative expenses	(276)	(247)
Unrealized (loss) gain on foreign exchange	593	(932)
Fair value of plan assets at end of year	$ 24,640	$ 21,187
Over (under)-funded status of the plan at end of the year	$ (5,059)	$ (3,423)
Accumulated Benefit Obligation	$ 24,599	$ 20,150

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligation at December 31, 2009 and 2008:

	2009	**2008**
Weighted average assumed discount rate	5.25%	5.75%
Weighted average rate of compensation increase	3.00%	3.00%
Future pension increase	2.00%	2.00%

The discount rate used to determine our projected benefit obligation at December 31, 2009 was decreased from 5.75% to 5.25%. The decrease in the discount rate was consistent with a general decrease in long-term interest rates in Europe, including The Netherlands.

The components of net periodic pension cost under this plan for the years ended December 31, 2009 and 2008 included:

	2009	**2008**
Service cost	$ 1,084	$ 1,139
Interest cost	1,386	1,342
Expected return on plan assets	(673)	(1,218)
Net periodic pension cost	$ 1,797	$ 1,263

The net periodic pension cost of $1.8 million and $1.3 million for the years ended December 31, 2009 and 2008, respectively was recognized in Cost of Services in the consolidated Income statement.

This net periodic pension cost was calculated using the following assumptions:

	2009	**2008**
Weighted average assumed discount rate	5.75%	5.50%
Expected long-term rate of return on plan assets	5.75%	4.25%
Weighted average rate of compensation increase	3.00%	3.00%

Plan assets at December 31, 2009 and 2008 consisted of insurance contracts with returns comparable with governmental debt securities. Our expected long-term rate of return assumptions are based on the expected returns on these contracts. Dutch law dictates the minimum requirements for pension funding. Our goal is to meet these minimum funding requirements, while our insurance carrier invests to minimize risks associated with future benefit payments.

Our 2010 minimum funding requirements are expected to be approximately $2.7 million. Our estimate of future annual contributions is based on current funding requirements, and we believe these contributions will be sufficient to fund the plan.

	2009	**2008**	**2007**	**2006**	**2005**
Defined benefit obligation	$ 29,699	$ 24,610	$ 24,352	$ 23,984	$ 21,185
Plan assets	24,640	21,187	27,136	23,375	19,183
Surplus/(deficit)	(5,059)	(3,423)	2,784	(609)	(2,002)
Experience adjustments on plan liabilities	835	28	78	69	(239)
Experience adjustments on plan assets	234	334	933	46	(249)

Expected benefit payments under this plan for the next five years are as follows (in thousands):

2010	$ 551
2011	640
2012	1,040
2013	1,143
2014	1,246

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in The Netherlands.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date, is as follows:

	2009	**2008**
Male	17.9	17.9
Female	21.0	21.0

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2009	**2008**
Male	19.7	19.7
Female	21.8	21.8

Defined Contribution Plans

We maintain four defined contribution plans (the "**Defined Contribution Plans**") for the benefit of eligible employees in the United States, Canada, The Netherlands and the United Kingdom. In accordance with the terms of each plan, we match the required portion of employee contributions up to specified limits and under certain plans, we may make discretionary contributions annually in accordance with the Defined Contribution Plans. For the years ended December 31, 2009 and 2008, we expensed approximately $4.9 million and $4.7 million respectively, for our matching and discretionary contributions to the Defined Contribution Plans.

Deferred Compensation Arrangements

We have entered into deferred compensation contracts for certain key officers and an outside director. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. The charge to expense for officer deferred compensation in 2009 and 2008 was approximately $1.1 million and $1.3 million, respectively. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

We have adopted a non-qualified deferred compensation plan that allows certain highly compensated employees to defer a portion of their salary, commission and bonus, as well as the amount of any reductions in their deferrals under the deferred compensation plan for employees in the United States (the "**Deferred Comp Plan**"), due to certain limitations imposed by the U.S. Internal Revenue Code of 1986, as amended. The Deferred Comp Plan also provides for employer contributions to be made on behalf of participants equal in amount to certain forfeitures of, and/or reductions in, employer contributions that participants could have received under the 401(k) Plan in the absence of certain limitations imposed by the Internal Revenue Code. Employer contributions to the deferred compensation Deferred Comp Plan were $0.2 million and $0.2 million for the years ended December 31, 2009 and 2008, respectively. These employer contributions vest ratably over a period of five years.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Termination Benefits

We have provided termination benefits to certain executives that provide salary and medical benefits for their post employment period. This liability is recorded in Provisions. See Note 31, Directors' Compensation for further discussion.

22. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses represent short term liabilities arising out of normal business activities which will be settled within twelve months. The stated value recorded on the consolidated balance sheet represents the fair value.

23. EMPLOYEE BENEFIT EXPENSE

Employee benefit expenses are comprised of salaries, bonuses and other compensation. For the years ended December 31, 2009 and 2008, employee expense recognized in the income statement is as follows (in thousands):

	2009	2008
Wages and salaries	$ 199,615	$ 218,482
Social security costs	38,489	35,588
Stock based compensation	7,712	7,264
Total employee expense	$ 245,816	$ 261,334

Included in social security costs is the expenses related to our employee benefit plans as described in Note 21.

For the years ended December 31, 2009 and 2008, employee expense recognized in the income statement is as follows (in thousands):

	2009	2008
Cost of sales and services	$ 225,131	$ 242,321
General and administrative	20,685	19,013
Total employee expense	$ 245,816	$ 261,334

We had approximately 4,900 and 5,000 employees in 2009 and 2008, respectively

24. OTHER EXPENSE (INCOME), NET

The components of other expense (income), net, are as follows (in thousands):

	Year Ended	
	2009	2008
Gain on sale of assets	$ 90	$ (2,015)
Foreign exchange loss (gain)	(331)	6,555
Other	(232)	(2,842)
Total other expense (income), net	$ (473)	$ 1,698

During the later part of 2008, the USD strengthened significantly against most other currencies across the globe. As a result, we experienced unusually high losses in foreign currency translation for the fourth quarter of 2008. In 2009, most foreign currencies partially recovered some of the value lost in 2008 against the USD and as a result we experienced foreign currency translation gains. However, virtually all the foreign currency gains experienced in 2009 were offset by our foreign currency losses related to Venezuela.

During the first quarter of 2008, we recorded a gain of $1.1 million in connection with the sale of a small office building.

Foreign exchange gains and losses are summarized in the following table (in thousands):

	Year Ended	
Losses (gains) by currency	**2009**	**2008**
Australian Dollar	$ (438)	$ 654
British Pound	(106)	654
Canadian Dollar	(1,686)	2,706
Euro	(81)	(132)
Mexican Peso	(99)	683
Russian Ruble	421	688
Venezuelan Bolivar	1,335	(2)
Other currencies	323	1,304
Total losses (gains)	$ (331)	$ 6,555

As a result of the political and financial instability in Venezuela, the Bolivar ("VEB") declined in value relative to other currencies. In January 2010, the Venezuelan government announced that the fixed official exchange rate would be changed to a dual system that includes a rate of 2.6 VEB per USD for food and heavy machine importers and a rate of 4.3 VEB per USD for all others from 2.15 VEB per USD. However, the freely traded or parallel market valued the exchange rate at approximately 5 VEB per USD at year end. Management determined the parallel market rate is the most appropriate rate to use for remeasuring the financial statements. Using the parallel market rate, we recognized a devaluation of our net monetary assets resulting in a foreign exchange loss of approximately $1.3 million in the fourth quarter of 2009. At December 31, 2009, our net monetary assets denominated in VEB in Venezuela were $1.2 million. We continue to de-emphasize our operations and financial position in this country.

25. FINANCE COSTS

The components of finance costs for 2009 and 2008 are as follows (in thousands):

	2009	**2008**
Variance in fair value of derivative instruments	$ (26,172)	$ (77,043)
Impairment (recovery) / loss on financial instrument	(17,060)	121,840
Bank borrowings	383	2,245
Exchangeable notes	15,827	16,469
Finance costs	(27,022)	63,511
Gain on repurchase of senior exchangeable notes	-	(16,549)
Finance income	(138)	(848)
Net finance costs	$ (27,160)	$ 46,114

Finance costs consist of interest expense on borrowings on bank debt and exchangeable notes, financial leases, amortization of discount on exchangeable notes and amortization of debt issuance costs.

26. INCOME TAXES

The components of income tax expense for 2009 and 2008 are as follows (in thousands):

	2009	**2008**
Current tax	$ 38,011	$ 66,362
Deferred tax	22,483	(47,023)
Income tax expense	$ 60,494	$ 19,339

The differences in income tax expense computed using The Netherlands statutory income tax rate of 25.5% in 2009 and 2008 and our income tax expense as reported in the accompanying consolidated income statement for 2009 and 2008 are as follows (in thousands):

	2009	2008
Profit before tax	$ 209,636	$ 163,273
Tax at The Netherlands income tax rate	53,457	41,635
International earnings taxed at rates other than The Netherlands statutory rate	4,387	2,580
Non-deductible expenses and permanent differences, net	(4,362)	(32,807)
Tax attributes realized	1,564	1,385
State and provincial taxes	4,989	6,823
Other	459	(277)
Income tax expense from continuing operations	$ 60,494	$ 19,339

Non-deductible expenses and permanent differences include the impact of various expenses disallowed under local tax law including the change in the fair value of the warrants which had an impact of $8.2 million and ($34.9) million for 2009 and 2008, respectively.

27. EARNINGS PER SHARE

The following table summarizes the calculation of weighted average common shares outstanding used in the computation of diluted earnings per share (in thousands):

	For the Year Ended December 31,	
	2009	2008
Weighted average basic common shares outstanding	22,969	23,008
Effect of dilutive securities:		
Stock options	58	130
Contingent shares	16	25
Restricted stock and other	189	168
Senior exchangeable notes	96	613
Weighted average diluted common and potential common shares outstanding	23,328	23,944

In prior years, we excluded the effect of anti-dilutive shares associated with the exchangeable senior note hedge from the calculation of the diluted weighted average shares. If these shares had been included, the impact would have been a decrease in diluted weighted average shares outstanding of 572,000 shares for the year ended December 31, 2008. In December 2009, the exchangeable note hedge was terminated.

In 2006, we sold warrants that give the holders the right to acquire up to 3.2 million of our common shares once the share price exceeds a strike price of $124.64 per share. These warrants could have a dilutive impact on our earnings per share if the share price exceeds the strike price of the warrants. Included in the Senior Exchangeable Notes line in the table above, these warrants had no dilutive impact on our earnings per share for the year ended December 31, 2009, as the average share price did not exceed the strike price of the warrants for the period. On October 3, 2008, the dealer of the warrants filed for bankruptcy protection. The warrants have subsequently been purchased by a third party. See Note 17, Borrowings for additional information.

28. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business in which we have established liabilities to cover. It is not anticipated that any material liabilities will arise from these contingent liabilities.

In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The present value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $4.3 million at December 31, 2009.

We do not maintain any off-balance sheet debt or other similar financing arrangements nor have we formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

Scheduled minimum rental commitments under non-cancelable operating leases at December 31, 2009, consist of the following (in thousands):

2010	$ 6,682
2011	4,771
2012	4,038
2013	2,799
2014	1,907
Thereafter	3,733
Total commitments	$ 23,930

Operating lease commitments relate primarily to rental of equipment and office space. Rental expense for operating leases, including amounts for short-term leases with nominal future rental commitments, was approximately $14.4 million and $14.5 million for the years ended December 31, 2009 and 2008, respectively.

29. ACQUISTIONS

In July 2008, we acquired all of the shares of Catoni Persa, a Turkey-based petroleum testing laboratory specializing in the characterisation of crude oil and its derivative products, for $15.0 million. This acquisition was made in order to expand our presence in the Black Sea region. The acquisition of this entity was recorded to the Reservoir Description business segment and increased non-current assets by $12.0 million, including $9.8 million of goodwill, current assets by $3.8 million, including $1.5 million in cash, and current liabilities by $0.8 million. Additionally, the acquisition includes a $2.0 million contingent purchase price provision. The assets and liabilities acquired in this acquisition approximate their carrying value prior to the acquisition which approximated fair value. The operations of this entity increased our consolidated revenue by $4.1 million and increased our consolidated profit before taxes by $0.9 million during the year ended December 31, 2008.

30. AUDIT FEES

Set forth below is a summary of the total fees paid to our independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2009 and 2008. These fees consisted of (in thousands):

	For the Year Ended December 31,	
	2009	**2008**
Audit fees	$ 2,575	$ 2,590
Audit related fees	263	323
Tax fees	136	202
All other fees	46	67
Total	$ 3,020	$ 3,182

31. DIRECTORS' AND NON-EMPLOYEE DIRECTORS' REMUNERATIONS

The following table summarizes, with respect to our Supervisory Directors, information relating to the compensation earned for services rendered in all capacities during the fiscal year 2009.

Name and Principal Position	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (2)	Total
David M. Demshur President, Chief Executive Officer and Chairman of the Supervisory Board	$ 656,000	$ -	$ 600,000	$ 184,000	$ 9,973	$ 1,449,973
Richard L. Bergmark Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director	400,000	120,902	250,000	184,000	9,981	964,883
Alexander Vriesendorp (3) Supervisory Director	-	148,084	-	-	50,500	198,584
Jacobus Schouten (3) Supervisory Director	-	148,084	-	-	49,000	197,084
John Ogren (3) Supervisory Director	-	148,084	-	-	57,500	205,584
Michael Kearney (3) Supervisory Director	-	148,084	-	-	68,500	216,584
Joseph Perna (3) Supervisory Director	-	148,084	-	(66,000)	55,000	137,084
Rene Joyce (3) Supervisory Director	-	148,084	-	-	68,500	216,584

(1) The amounts included in the "Stock Awards" column include the dollar amount of compensation expense we recognized for the fiscal year ended December 31, 2009. The awards for which compensation expense was recognized consists of restricted shares granted in 2006 and 2007 for our employee Supervisory Directors and Performance Restricted Shares granted in 2006, 2007, 2008, and 2009 for our non-employee Supervisory Directors. See "Equity Incentive Compensation" or Note 15, Stock-Based Compensation for a description of the material features of these awards. No options were awarded to our named executive officers in 2009. None of our non-employee Supervisory Directors had any option awards outstanding as of December 31, 2009.

(2) Amounts for employee Supervisory Directors consist of our matching contributions and contributions through our retirement plans and amounts paid under certain insurance plans. Amounts for non-employee Supervisory Directors consist of fees paid to outside directors for service on the Supervisory Board and related committees.

(3) Each of our non-employee Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2009: Joyce, 3,899; Kearney, 3,899; Ogren, 3,899; Perna, 3,899; Schouten, 3,899; and Vriesendorp, 3,899.

Retainer/Fees

Each non-employee Supervisory Director was paid the following amounts during fiscal 2009:

- an annual retainer of $40,000, payable semiannually in arrears; or if the Audit Committee chair, an annual retainer of $55,000; or if the chair of either the Compensation Committee or Nominating and Governance Committee, an annual retainer of $50,000 or $49,000, respectively;
- $1,500 per meeting of the Supervisory Board at which the individual is present in person;

- $1,500 per meeting for each committee meeting at which the individual is present in person; and
- reimbursement for all out-of-pocket expenses incurred in attending any Supervisory Board or committee meeting.

2006 Nonemployee Director Stock Incentive Plan

The following table shows the restricted performance shares that have been awarded to each of our non-employee directors under our 2006 Non-Employee Director Stock Incentive Plan:

Date of Award	Restricted Performance Shares per Director
September 15, 2006	2,000
August 15, 2007	2,000
July 15, 2008	742
July 15, 2009	1,157

A restricted performance share is an unvested right to receive a share of our common stock at such time or times described below. Each award is subject to the terms of our 2006 Non-Employee Director Stock Incentive Plan and an award agreement, the terms of which are materially identical for each award recipient.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares awarded in 2006, 2007 and 2008 will vest based on our return on equity, which is defined in the award agreement as a percentage determined by dividing (1) the annual average of our aggregate earnings before interest and income taxes for the 3 year performance period that begins on the date the shares were awarded, by (2) total shareholders' equity as of the last day of the performance period. There are two separate targets set for Return on Equity ("ROE") which are established for each award on the date of grant, with the second target being higher than the first target. Specifically: (a) if our ROE for the performance period equals or exceeds the second target, the award recipients will fully vest in their restricted performance shares; (b) if our ROE for the performance period is less than the second target but equal to or greater than the first target, the award recipients will vest in 20% of their restricted performance shares, plus 2% for each 1% by which the ROE exceeds the first target; and (c) if our ROE for the performance period is less than the first target, the award recipients will not vest in the restricted performance shares. The first and second targets for our 2006, 2007 and 2008 grants are as follows:

Date of Award	First ROE Target	Second ROE Target
September 15, 2006	28%	35%
August 15, 2007	40%	50%
July 15, 2008	160%	200%

The restricted performance shares awarded in 2009 are based upon our ROE compared to the returns earned by the members of the S&P 500 Oil & Gas Equipment & Services Index with 50% of the shares vesting if our return is at or above the 50th percentile of the members' return and 100% of the shares vesting if our return is at or above the 75th percentile of the members' return. We anticipate that we will make grants in 2010 in the amount of shares equal to $100,000 per director, calculated upon the share price as of July 30, 2010, which will be based upon our return on invested capital being in the top decile of an agreed peer group of companies.

In the event of an award recipient's death prior to the last day of the performance period, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death) prior to the last day of the performance period, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2006 Non-Employee Director Stock Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Other Arrangements

Mr. Perna was one of our officers until his retirement on March 1, 1998. He participates in the Group SERP. Please see "Supplemental Executive Retirement Plan" below for a discussion of the terms of that plan.

Elements of Compensation

Base Salary

Base salary is the fixed annual compensation we pay to an executive for performing specific job responsibilities. It represents the minimum income an executive may receive in any given year. We target base salaries to result in annual salaries at approximately the market median of our peer group for executives having similar responsibilities. The Compensation Committee may adjust salaries based on its annual review of the following factors:

- the individual’s experience and background;
- the individual’s performance during the prior year;
- the benchmark salary data;
- the general movement of salaries in the marketplace; and
- our financial and operating results.

As a result of these factors, a particular executive’s base salary may be above or below the targeted median at any point in time. Messrs. Demshur and Bergmark received a 4.00% and 4.96% merit increase in 2009 and 2008, respectively, in each case, as a result of our financial performance and the returns experienced by our shareholders. The new approved salary levels for 2009 base salaries were as follows: Mr. Demshur, $682,000; and Mr. Bergmark, $416,000; however, in consideration of the economy, their base salaries remained at the 2008 level throughout 2009 as follows: Mr. Demshur, $656,000; and Mr. Bergmark, $400,000. For 2010, the Compensation Committee has approved an increase in base salaries for our executives as follows: Mr. Demshur, $700,000; and Mr. Bergmark, $425,000.

Non-Equity Incentive Compensation

The Compensation Committee determines the terms under which the annual incentive compensation will be paid to executive officers. The purpose of these awards is to:

- share our success with employees;
- provide a financial incentive to focus on specific performance targets;
- reward employees based on individual and team performance;
- promote a sense of shared accomplishment among employees; and
- encourage employees to continually improve our financial and operating performance and thereby create shareholder value.

Under our annual incentive plan, the Compensation Committee has the discretion to set goals and objectives that it believes are consistent with creating shareholder value, including financial measures, operating objectives, growth goals and other measures. The Compensation Committee also considers individual achievement. The Compensation Committee designs these awards so that cash incentive compensation will approximate the market median when individual and corporate strategic objectives are achieved and will exceed the market median when performance plans are exceeded. Annual incentive awards are designed to put a significant portion of total compensation at risk.

For fiscal 2009, the Compensation Committee determined that the annual incentive compensation will be at the discretion of the committee, provided that the Company attains certain minimum diluted earnings per share results for the year and that any payouts under the program be based upon market benchmarked multiples of annual salary. For 2009, the minimum U.S. GAAP diluted earnings per share that must have been attained was $4.47 per share before any discretionary incentive award could be made. Further, any such award would be generally in the range of 1.5 times annual salary for Mr. Demshur and 1.0 times salary for Mr. Bergmark.

Under the annual incentive plan, a target award opportunity is established as a percentage of salary for each executive officer based upon a review of the competitive data for that officer's position, level of responsibility and ability to impact our financial success. The target award opportunity for each of Messrs. Demshur and Bergmark is 87.5% and 62.5% respectively. Under Messrs. Demshur's and Bergmark's employment agreements, each of Messrs. Demshur and Bergmark is entitled to receive amounts of up to 175% and 125%, respectively. These percentages result in two times our target amounts, which we believe are consistent with amounts provided to similarly situated executives by companies in our peer group.

Execution of our business strategy in 2009 was focused on maximizing returns on invested capital and generating free cash flow which ultimately provided shareholder returns which outperformed our industry. As a result, our U.S. GAAP diluted earnings per share were $4.87, which exceeded our minimum performance targets for 2009 of $4.47 per share. Based upon this performance in 2009, our executives were awarded bonuses as follows: Mr. Demshur, $600,000 and Mr. Bergmark, $250,000.

Equity Incentive Compensation

We currently administer long-term incentive compensation awards through our LTIP. Specifically, we encourage share ownership by awarding long-term equity incentive awards under programs, consisting of the Restricted Share Award Program, or "**RSAP**". We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success by personally benefiting through the ownership of our common shares and/or rights, which recognize growth, development and financial success over a longer time horizon.

We use restricted share grants as our primary form of equity compensation, which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas other forms of equity compensation, such as stock options, may have limited perceived value and may do little to retain and motivate employees when the current value of the company's stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares.

The Equity Awards Committee, a subcommittee of our Compensation Committee, based on recommendations from our Chief Executive Officer, determines the amount and terms of our long-term incentive awards by periodically reviewing competitive market data and each executive's long-term past performance, ability to contribute to our future success, and time in the current job. The subcommittee takes into account the risk of losing the executive to other employment opportunities and the value and potential for appreciation in our shares. The number of shares previously granted or vested pursuant to prior grants is not typically a factor that is used when determining subsequent grants to an executive officer. The subcommittee considers the foregoing factors together and subjectively determines the appropriate magnitude of the award. As a result of the three named executive officers declining equity based awards in 2008, equity incentives were not part of their total compensation.

The subcommittee awards restricted shares and performance restricted shares that vest over a period of years. Restricted share awards vest based on an employee's continued employment over a period of time. The subcommittee determines the appropriate length of the vesting period which for most restricted shares is at a rate of 1/6 per year over a period of six years. Performance restricted shares vest if we achieve certain performance goals generally over a three-year period, which allow us to compensate our employees as we meet or exceed our business objectives.

We have no program, plan or practice to time the grant of restricted shares or performance shares to executives in coordination with material non-public information.

Restricted Share Award Program

In 2009, Messrs. Demshur and Bergmark, at their request, were not granted a Restricted Share award. Restricted Share awards are subject to continued employment, and one-sixth of the shares vest each year for six years on the anniversary of the date of grant. Full vesting will occur if an executive officer's employment is terminated because of death or disability or upon the occurrence of a change in control if the executive officer has been continuously employed by us from the date of the grant until the change in control. No performance accelerators for early vesting exist within this award. Compensation expense relating to previously granted awards, which we recognized for financial accounting purposes during fiscal 2009, is reflected in Stock Awards in the Summary Compensation Table.

Health and Welfare Benefits

We offer a standard range of health and welfare benefits to all employees, including our executive officers. These benefits include medical, prescription drug, dental coverage, life insurance, accidental death and dismemberment, long-term disability insurance, and flexible spending accounts. Our plans do not discriminate in favor of our executive officers.

401(k)

We offer a defined contribution 401(k) plan to substantially all of our employees in the United States. We provide this plan to assist our employees in saving some amount of their cash compensation for retirement in a tax efficient manner. Participants may contribute up to 60% of their base and cash incentive compensation, subject to the current limits under the Internal Revenue Code of 1986, as amended (the "**Code**"). We match employee contributions under this plan up to the first 4% of the participant's contribution and may make additional discretionary contributions. For plan year 2009, we contributed an additional 1% of the admissible compensation for each eligible employee, including our executive officers, into the plan to acknowledge the outstanding efforts of our employees. We have not yet determined the amount of such discretionary contributions for 2010.

Deferred Compensation Plan

Through our subsidiary, Core Laboratories LP, we have adopted a nonqualified deferred compensation plan that permits certain employees, including all executive officers, to elect to defer all or a part of their cash compensation (base, annual incentives and/or commissions) from us until the termination of their status as an employee. Participating employees are eligible to receive a matching deferral under the nonqualified deferred compensation plan that compensates them for contributions they could not receive from us under the 401(k) plan due to the various limits imposed on 401(k) plans by the U.S. federal income tax laws.

The employer matching contributions vest at a rate of 20% per year over a period of 5 years. Discretionary employer contributions may also be made on behalf of participants in the plan and are subject to discretionary vesting schedules determined at the time of such contributions. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plan are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Supplemental Executive Retirement Plans

In 1998, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan, referred to as the "**Group SERP**", for the benefit of certain key employees and outside directors. The Group SERP was established to provide additional retirement income for certain of our then-executive officers and death benefits to the officers' designated beneficiaries as a reward for the executive officer's prior contributions and future efforts to our success and growth. Richard Bergmark, David Demshur and Joseph Perna, a former officer and current director, participate in the Group SERP.

Other Perquisites and Personal Benefits

We do not offer any perquisites or other personal benefits to any executive with a value over $10,000 beyond those discussed above.

We believe in the importance of providing attractive intangible benefits to all employees such as open and honest communications, ethical business practices, and a safe work environment.

Executive Compensation Policies

Share Retention Guidelines

We suggest that each executive and senior manager own our common shares equal in value to at least one times that person's annual base salary. Alignment with shareholder interests is reflected in current stock ownership among the named executive officers, the value of which ranges from approximately 44 to 76 times annual base salary based on the closing price of our common stock on December 31, 2009. They reflect a significant personal investment in us by the same executives responsible for determining the future success of the organization and the return to shareholders.

Employment Agreements and Change in Control Agreements

We maintain employment agreements with our three executive officers to ensure they will perform their roles for an extended period of time. These agreements are described in more detail below. These agreements provide for severance compensation to be paid if the employment of the executives is terminated under certain conditions, such as following a change in control, termination by him for any reason or termination by us for any reason other than upon his death or disability, for "cause" or upon a material breach of a material provision of his employment agreement, each as defined in the agreements.

The employment agreements between us and our named executive officers and the related severance provisions are designed to meet the following objectives:

Change in Control

As part of our normal course of business, we engage in discussions with other companies about possible collaborations and/or other ways in which the companies may work together to further our respective long-term objectives. In addition, many larger, established companies consider companies at similar stages of development to ours as potential acquisition targets. In certain scenarios, the potential for merger or being acquired may be in the best interests of our shareholders. We provide severance compensation if an executive's employment is terminated following a change in control transaction to promote the ability of our senior executives to act in the best interests of our stockholders even though their employment could be terminated as a result of the transaction.

Termination without Cause

If we terminate the employment of an executive officer without cause as defined in the applicable agreement, we are obligated to continue to pay him certain amounts as described in greater detail below. We believe these payments are appropriate because the terminated executive is bound by confidentiality, nonsolicitation and non-compete provisions covering two years after termination and because we and the executive have a mutually agreed to severance package that is in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in our and our shareholders' best interests.

Employment Agreements

Our executive employment agreements include provisions governing the payment of severance benefits if employment is terminated by the executive for any reason or by the Company for any reason other than (1) death or disability, (2) for cause, or (3) the executive's material breach of a material provision of the employment agreement. In such event, our executive severance benefits will be comprised of:

(a) the payment of a lump-sum amount equal to the sum of:

- 200% of his base salary as in effect immediately prior to the termination; and

- Ÿ two times 45% of the maximum annual incentive bonus he could have earned pursuant to his employment agreement;

(b) provision of a benefits package for the executive and his spouse and dependent children consisting of medical, hospital, dental, disability and life insurance benefits at least as favorable as those benefits provided to the executive and his spouse and dependent children immediately prior to termination, for as long as the executive and his spouse or dependent children are living;

(c) the provision of outplacement services at a cost not to exceed 100% of the executive's annual base salary as in effect immediately prior to the termination;

(d) the full and immediate vesting and exercisability of all of his outstanding stock options, which options shall remain exercisable for the greater of (1) three months following such termination, or (2) the period provided in the plan or plans pursuant to which such stock options were granted.

For purposes of calculating the lifetime medical benefits, we assume the following:

- a discount rate of 6.25%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2009 Applicable Mortality Table for Lump Sums under the Pension Protection Act of 2006 (PPA);
- a current medical trend of 8.20% per annum, decreasing in accordance with a schedule over time to 6.00% in 2012 and 5.40% in 2033;
- that medical benefits are to be coordinated with Medicare such that premiums will be reduced by 50% for ages 65 and older; and
- that the health plan is fully insured and community rated and will continue to be so in the future.

For purposes of calculating the welfare benefits, we assume the following:

- the basic life insurance benefit was valued as a whole life premium a discount rate of 5%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2009 Applicable Mortality Table for Lump Sums under PPA;
- the accidental death and disability coverage was valued at 11.3% of the value of basic life insurance benefit, per the current premium ratio and this benefit was assumed to continue beyond age 65; and
- the long-term disability premium was escalated to 4% at age 65, reflecting the age-related incidence of disability as well as increased administrative costs; no value is attributed to the benefit beyond age 65, as long-term disability coverage is rarely available once employment ends.

If the executive's employment is terminated as a result of death or disability, the executive (if living), his spouse, and/or his dependent children, as applicable, will be entitled to the benefits described under clause (b) and (d) above.

If the executive's employment is terminated for any reason within three years following a change in control, the executive will be entitled to the same benefits described above except that certain outstanding stock options shall remain exercisable for the greater of (i) one year following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted. The lump-sum payment described in clause (a) above shall be equal to three times the sum of:

- his base salary as in effect immediately prior to his termination of employment; and
- the greater of (A) 45% of the maximum annual incentive bonus he could have earned pursuant to his employment contract for the year in which his employment terminates or (B) the highest annual bonus he received in the three fiscal years ending prior to the fiscal year in which occurred the change in control.

Upon a change in control, our executive officers may be subject to certain excise taxes pursuant to Section 4999 of the U.S. Tax Code ("**Code**") (which imposes a 20% excise tax on certain excess parachute payments). In such case, we have agreed to pay each of our executive officers a gross-up payment such that, after the payment of any income, excise or other tax on the gross-up payment, the executive officer retains an amount sufficient to pay all excise taxes pursuant to Section 4999 of the Code.

The calculation of the Section 4999 gross-up amounts described above is based upon an excise tax rate under Section 4999 of 20%, a 35% federal income tax rate and a 1.45% Medicare tax rate. For purposes of the gross-up calculations, we have assumed that (1) no amounts will be discounted as attributable to reasonable compensation, (2) all cash severance payments are contingent on a change in control (although we believe there may be a viable position to the contrary with respect to at least a portion of the cash severance payments), and (3) we could rebut the presumption required under applicable regulations that the restricted shares granted in 2007 were contingent upon a change in control.

The tax gross-up payment described above will be payable to the executive for any excise tax incurred under Section 4999 of the Code regardless of whether his employment is terminated. However, the amount of the gross-up payment will change based upon whether the executive's employment with us is terminated because the amount of compensation subject to the Section 4999 excise tax will change.

Each executive's employment agreement contains a standard confidentiality and nonsolicitation provision and requires that the executive not compete with the business conducted by the Company at any time during the period that he is employed by the Company and for the two-year period thereafter unless his employment with the Company is terminated by him for good reason, or by the Company for cause. Notwithstanding, the post-employment noncompetition and nonsolicitation restrictions terminate upon a change in control of the Company.

The employment agreements generally use the following terms:

"**Cause**" means the executive has been convicted of any felony or a misdemeanor involving moral turpitude.

"**Change in Control**" means a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company if (i) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% or more of the common equity of the resulting entity, (ii) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% of the voting securities of the resulting entity, or (iii) the persons who were members of the Supervisory Board of Directors immediately prior to the transaction are not the majority of the board of the resulting entity immediately after the transaction. A Change in Control also occurs when (i) there is shareholder approval of a plan of dissolution or liquidation of the Company, (ii) any person or entity acquires or gains ownership of control of more than 30% of the combined voting power of outstanding securities of the Company or resulting entity, or (iii) a change in the composition of the Board of Directors the results of which are that fewer than a majority of the supervisory directors are incumbent directors.

A copy of the Company's Compensation Committee charter may be found on the Company's website, at http://www.corelab.com/corporate/governance.aspx.

32. RELATED PARTIES

In 2009 and 2008, 21,129 shares valued at $1.8 million and 54,647 shares valued at $6.2 million, respectively, were surrendered to the Company pursuant to the terms of a stock-based compensation plan, in settlement by the participants of their exercise cost in the stock options and their personal tax burdens that may result from the issuance of common shares under this arrangement. These shares were surrendered at the then current market price on the date of settlement. See Note 15, Stock-Based Compensation and Note 31, Directors' Remuneration. We had no other significant related party transactions for the year ended December 31, 2009.

The following table lists subsidiaries of the parent company that are included in the consolidated group:

Name	Legal Seat	Ownership %
Core Laboratories Resources N.V.	Curacao, Netherlands Antilles	100%
Core Laboratories International Licensing N.V.	Curacao, Netherlands Antilles	100%
Core Laboratories International Trading N.V.	Curacao, Netherlands Antilles	100%
Core Laboratories I.P. Inc.	Delaware, United States	100%
Core Laboratories Holding Inc.	Delaware, United States	100%
Core Laboratories Middle East Services B.V.	Rotterdam, The Netherlands	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Canada Limited	Alberta, Canada	100%
PT Corelab Indonesia	Jakarta, Indonesia	70%
Core Laboratories Malaysia SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Australia PTY LTD	Perth, Australia	100%
Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
Core Laboratories Sales N.V.	Curacao, Netherlands Antilles	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%
Core Laboratories Coöperatief U.A.	Amsterdam, The Netherlands	100%
Corelab Nigeria Limited	Lagos, Nigeria	100%
Core Laboratories Venezuela S.A.	Caracas, Venezuela	100%
Core Laboratories Corporate Holding B.V.	Amsterdam, The Netherlands	100%
Corelab Brasil Ltda	Rio de Janeiro, Brazil	100%
Abdullah Fuad Core Laboratory Company	Dammam, Saudi Arabia	51%
Core Laboratories Holdings LLC	Delaware, United States	100%
Core Laboratories LLC	Delaware, United States	100%
Saybolt International B.V.	Rotterdam, The Netherlands	100%
Saybolt Holding B.V.	Rotterdam, The Netherlands	100%
Saybolt Denmark A/S	Copenhagen, Denmark	100%
Saybolt van Duyn GmbH	Essen, Germany	100%
Saybolt Espana S.A.	Madrid, Spain	100%
Saybolt Estonia Ltd.	Tallinn, Estonia	100%
Saybolt Finland Oy	Hamina, Finland	100%
Saybolt Italia S.R.L.	Siracusa, Italy	100%
Saybolt Malta Ltd.	Kalafran, Malta	100%
Saybolt Greece, Ltd.	Athens, Greece	100%
Saybolt (Portugal) Inspeccao de Productos Petroliferos, Lda.	Lisbon, Portugal	100%
Saybolt South Africa PTY LTD	Cape Town, South Africa	73%
Saybolt Sweden AB	Gothenburg, Sweden	100%
Saybolt United Kingdom Ltd.	Purfleet, United Kingdom	100%
Saybolt North America B.V.	Rotterdam, The Netherlands	100%
Saybolt de Mexico S.A. de C.V.	Coatzacoalcos, Mexico	100%
Saybolt LP	Delaware, United States	100%
Core Laboratories Panama, S.A.	Panama City, Panama	100%
E.W. Saybolt & Co. (Cayman) Ltd.	Georgetown, Grand Cayman	100%

Name	Legal Seat	Ownership %
Saybolt Analyt Holding B.V.	Rotterdam, The Netherlands	100%
ZAO Saybolt Eurasia	Moscow, Russian Federation	100%
Saybolt• Ukraine	Odessa, Ukraine	100%
Saybolt Bulgaria Ltd.	Bourgas, Bulgaria	100%
UAB Saybolt-Baltija, Ltd.	Klaipeda, Lithuania	100%
Saybolt Latvia	Ventspils, Latvia	100%
Saybolt St. Eustatius	St. Eustatius, Netherland Antilles	100%
Saybolt Bahamas Ltd.	Freeport, Bahamas	100%
Saybolt de Costa Rica, S.A.	San Jose, Costa Rica	99%
Saybolt de Colombia Ltda.	Barranquilla, Colombia	95%
Saybolt Aruba N.V.	San Nicolas, Aruba	100%
Saybolt Bonaire N.V.	Bonaire, Netherlands Antilles	100%
Saybolt Caribbean N.V.	San Nicolas, Aruba	100%
Saybolt Curacao N.V.	Curacao, Netherlands Antilles	100%
Saybolt Trinidad & Tobago Ltd.	Marabella, Trinidad	100%
Saybolt Eastern Hemisphere B.V.	Rotterdam, The Netherlands	100%
Saybolt Malaysia SDN BHD	Kuala Lumpur, Malaysia	49%
PT Citra Wosaji Indonesia	Jakarta, Indonesia	65%
Saybolt Azerbaijan	Baku, Azerbaijan	100%
Saybolt Azerbaijan B.V.	Rotterdam, The Netherlands	50%
Beheersmaatschappij Het Scheur BV	Rotterdam, The Netherlands	100%
Core Laboratories El Salvador S.A. de C.V.	San Salvador, El Salvador	100%
Saybolt Belgium N.V.	Antwerp, Belgium	100%
Saybolt (Tianjin) Meteorology & Inspection Company Ltd.	Tianjin, China	100%
Core Lab Science and Technology (Beijing) Co Ltd.	Beijing, China	100%
Saybolt Latin America B.V.	Rotterdam, The Netherlands	100%
Core Laboratories Angola Ltd.	Luanda, Angola	100%
Saybolt Inspection Services India Private Limited	Mumbai, India	100%
Saybolt Inspection Services Kazakhstan LLP	Aktau, Kazakhstan	100%
Saybolt (Singapore) PTE LTD	Singapore, Singapore	100%
Core Laboratories (H.K.) Limited	Hong Kong, China	100%
Quantoil Ltd.	London, United Kingdom	100%
E.W. Saybolt & Co. S.A.	Panama City, Panama	100%
Saybolt Surveillance and Laboratory Services Joint Stock Corporation	Istanbul, Turkey	100%
Saybolt Inspection Romania S.R.L.	Constanta, Romania	100%
Owen Oil Tools LP	Delaware, United States	100%
Owen Oil Tools de Mexico, S.A. de C.V.	Tabasco, Mexico	100%
Owen Compliance Services, Inc.	Texas, United States	100%
Owen de Mexico S.A. de C.V.	Mexico City, Mexico	100%
Owen Oil Tools (U.K.) Ltd.	Croydon, United Kingdom	100%
Owen Oil Tools de Argentina, S.A.	Buenos Aires, Argentina	100%
Core Laboratories LLP (Kazakhstan)	Aktau, Kazakhstan	100%
ZAO Petroleum Analysts	Moscow, Russian Federation	100%
ZAO Lab Technics	Moscow, Russian Federation	100%

Name	Legal Seat	Ownership %
Saybolt Test OOO	Bashkortostan, Russian Federation	100%
Saybolt Armenia	Yerevan, Armenia	100%
Core Lab de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Operations S.A. de C.V.	Mexico City, Mexico	100%
Colab Newco S.A. de C.V.	Mexico City, Mexico	100%
ProTechnics de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Services S.A. de C.V.	Mexico City, Mexico	100%
Stim-Lab, Inc.	Oklahoma, United States	100%
Core Laboratories Global N.V.	Curacao, Netherlands Antilles	100%
CTC Pulsonic Nigeria Limited	Lagos, Nigeria	80%
Production Enhancement Corporation	Delaware, United States	100%
PENCOR International Ltd.	Jersey, Channel Islands	100%
Coreton Limited	Croydon, United Kingdom	100%
Labton Limited	London, United Kingdom	100%
FE & FEFH Holding, Inc.	Alberta, Canada	100%
Core Laboratories Malta Holding Limited	Valletta, Malta	99%
Core Laboratories Malta Limited	Valletta, Malta	99%

The following table lists subsidiaries of the parent company that are not included in the consolidated group:

Name	Legal Seat	Ownership %
Saybolt Tunisie SarL	Tunis, Tunisia	49%
Saybolt Med S.A.	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd.	Jubail, Saudi Arabia	45%
Saybolt Maroc	Mohammedia, Morocco	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	Beijing, China	50%

COMPANY FINANCIAL STATEMENTS

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2009 and 2008
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2009	2008
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	3	$ 649,026	$ 543,433
Deferred income tax asset	4	2,951	2,383
Other assets	3	2,829	2,319
TOTAL NON-CURRENT ASSETS		654,806	548,135
CURRENT ASSETS			
Prepaid expenses and other current assets		11,809	5,859
Receivables from subsidiaries		39,934	134,133
Accounts receivable		-	232
Cash and cash equivalents		73,998	13,347
TOTAL CURRENT ASSETS		125,741	153,571
TOTAL ASSETS		$ 780,547	$ 701,706

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2009 and 2008
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2009	2008
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.04 par value in 2008 and 2007; 100,000,000 shares authorized, 25,519,956 issued and 22,986,704 outstanding at 2009 and 25,519,956 issued and 23,020,033 outstanding at 2008		$ 1,317	$ 1,287
Additional paid-in capital		40,503	38,774
Retained earnings		454,734	329,999
Other reserves		(5,138)	(3,265)
Treasury shares (at cost), 2,533,252 at 2009 and 2,499,923 at 2008		(246,699)	(245,661)
TOTAL EQUITY	5	244,717	121,134
Provisions	7	44,781	40,195
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term payable to subsidiaries	8	198,961	10,907
Derivative financial instrument	9	37,545	69,552
TOTAL NON-CURRENT LIABILITIES		236,506	80,459
CURRENT LIABILITIES:			
Accounts payable		506	626
Payables to subsidiaries	8	249,425	450,155
Income tax payable		1,988	4,916
Other accrued expenses		2,624	4,221
TOTAL CURRENT LIABILITIES		254,543	459,918
TOTAL LIABILITIES		491,049	540,377
TOTAL EQUITY, PROVISIONS AND LIABILITIES		$ 780,547	$ 701,706

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
INCOME STATEMENT
For the Years Ended December 31, 2009 and 2008
(In thousands of USD)

	Ref.	2009	2008
Stand alone company net income (loss) after taxation		$ 50,310	$ 55,465
Profit from subsidiaries after tax	3	98,341	88,127
Result after taxation		$ 148,651	$ 143,592

The accompanying notes are an integral part of these Financial Statements.

Core Laboratories N.V.
Notes to the Company Financial Statements

1. GENERAL

The description of the Company's activities and the group structure, as included in the notes to the consolidated financial statements, also apply to the Company-only financial statements. We have 15 employees in 2009.

In accordance with article 402 Book 2 of the Dutch Civil Code the Income Statement is presented in abbreviated form.

2. ACCOUNTING PRINCIPLES

General

For the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Core Laboratories N.V. applies the option provided in Section 2:362 (8) of The Netherlands Civil Code. The accounting principles as described in the notes to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**"), also apply to the Parent Company-only financial statements, unless indicated otherwise.

Core Laboratories N.V. has opted to apply the accounting principles used in the consolidated financial statements to the Company financial statements according to Section 2:362 (8) of The Netherlands Civil Code. This provides a clearer presentation of the Company financial statements. Shareholders' equity and results of operations in the Company financial statements will remain equal to shareholders' equity and results of operations (less non-controlling interest) in the consolidated financial statements, which is generally accepted according to Dutch practice.

Investments in Subsidiaries

Investments in affiliates and other companies over which Core Laboratories N.V. exercises predominant control or over which it has predominant control are valued at net equity value, the basis of the accounting principles as applied by the consolidated financial statements. Non-controlling interests with an equity deficit are carried at nil. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

In determining the net equity value, the transitional rules are taken into account for determining the values and the accounting principles of the first application of the IFRS principles applied in the consolidated financial statements.

3. FINANCIAL ASSETS

Investments in Subsidiaries

(in thousands)	2009	2008
Book value at January 1:	$ 543,433	$ 461,931
Capital contribution/ (transfers)	14	-
(Reduction of) / additional negative net asset value stated at nil	7,238	(6,625)
Net income from subsidiaries	98,341	88,127
Book value at December 31:	$ 649,026	$ 543,433

For a listing of directly and indirectly held subsidiaries that are included in the financial fixed assets as investments in affiliates, see Note 32 of the Notes to the consolidated financial statements.

Other assets

Life insurance policies with cash surrender value have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value. The fair value is determined by the plan administrator's actuary calculation and the changes in the fair value are recognized through profit and loss.

4. INCOME TAXES

Core Laboratories N.V. and its wholly owned Dutch subsidiaries constitute a fiscal entity. As a result of the fiscal entity, the Company is liable for the fiscal entity's income tax liabilities of the entire fiscal entity. Income taxes are allocated to the companies within the fiscal entity on the basis of their taxable income. For a reconciliation of the effective tax rate with the statutory rate see Note 26, Income Taxes to Consolidated Financial Statements.

The deferred tax assets at December 31, 2009 relate to tax credits.

Deferred Tax Assets

	Severance Liability	Stock Compensation	Tax Credits	Other	Total
December 31, 2007	$ 698	$ 264	$ -	$ -	$ 962
Charged/(credited) to income statement	78	(264)	1,665	(58)	1,421
December 31, 2008	776	-	1,665	(58)	2,383
Charged/(credited) to income statement	(776)	-	1,286	58	568
December 31, 2009	$ -	$ -	$ 2,951	$ -	$ 2,951

5. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2009 amounts to EUR 4 million and consists of 100,000,000 ordinary shares with a par value of EUR 0.04 each.

Issued and paid in share capital amounts to $41.9 million and consists of 25,519,956 issued ordinary shares with a par value of EUR 0.04 each. Repurchased ordinary shares amounts to $246.7 million and consists of 2,533,252 ordinary shares with a par value of EUR 0.04 each.

The movements in the number of shares in 2009 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance as at January 1, 2009	25,519,956	2,499,923	23,020,033
Issue of ordinary shares	-	(105,800)	105,800
Repurchased own shares	-	139,129	(139,129)
Balance as at December 31, 2009	25,519,956	2,533,252	22,986,704

The movement in shareholders' equity is as follows (in thousands):

	Common Shares	Additional Paid-In Capital	Accumulated Earnings	Other Reserves - Restricted	Repurchased Shares	Total Shareholders' Equity
BALANCE, December 31, 2008	$ 1,287	$ 38,774	$ 329,999	$ (3,265)	$ (245,661)	$ 121,134
Stock options exercised	-	(1,767)	-	-	2,175	408
Stock-based awards issued	-	1,536	-	-	6,176	7,712
Tax charge of stock awards issued	-	1,960	-	-	-	1,960
Repurchases of common shares	-	-	-	-	(9,389)	(9,389)
Currency translation adjustment	30	-	-	(30)	-	-
Pension adjustment	-	-	-	(1,843)	-	(1,843)
Reversal of non-income related taxes	-	-	2,500	-	-	2,500
Dividends paid	-	-	(26,416)	-	-	(26,416)
Net income	-	-	148,651	-	-	148,651
BALANCE, December 31, 2009	$ 1,317	$ 40,503	$ 454,734	$ (5,138)	$ (246,699)	$ 244,717

Our functional currency is the U.S. dollar. However, the par value of our common stock is denominated in Euros. We have recorded a cumulative translation adjustment related to the value of our common stock of $30,000 related to this re-measurement, as indicated in the movement schedule above using an exchange rate of 1.432 U.S. Dollars per Euro.

The authorized share capital consists of 100,000,000 authorized common shares of which 25,519,956 shares are issued and 22,986,704 are outstanding at December 31, 2009. The shares have a par value of EUR 0.04. We applied a translation rate of 1.432 Euros per U.S. dollar as of December 31, 2009.

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Civil Code, a corporation and its subsidiaries can hold a maximum of 50% of their issued shares in treasury. On October 29, 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold 25.6% of our issued share capital in treasury. On January 29, 2009 at an extraordinary shareholder meeting, our shareholders authorized the extension of our share repurchase program of up to 25.6% of our issued share capital from time to time for an 18 month period until July 29, 2010. The extraordinary meeting authorized the Management Board to repurchase up to 10% of our issued share capital which may be used for any legal purpose and an additional 15.6% of our issued share capital which may only be used for the satisfaction of any obligation we may have to deliver shares pursuant to our Senior Exchangeable Notes when they become due or pursuant to our warrants. The cancellation of shares has also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

From the activation of the share repurchase program through December 31, 2009, we have repurchased 15,480,228 shares for an aggregate purchase price of approximately $633.8 million, or an average price of $40.94 per share and have cancelled 12,767,747 shares at a cost of $373.3 million. During the twelve months ended December 31, 2009, we repurchased 139,129 of our common shares for $9.4 million, at an average price of $67.48 per share which included rights to 21,129 shares valued at $1.8 million, or $83.83 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to year end, we have repurchased 703,902 shares at a total cost of approximately $86.5 million.

The number of treasury shares reported in our balance sheet as of December 31, 2009 includes shares in our capital held by a subsidiary.

Stock options exercised in 2009 relate to our long-term incentive plan and were exercised at the request of certain employees.

At December 31, 2009, the Company has outstanding stock options of 51,836 shares at exercise prices ranging from $8.84 to $25.00 awarded to employees with a weighted average contractual life of 1.7 years.

Dividends

In February, April, July and October 2009, we declared and paid quarterly $0.10 per share of common stock dividends. In addition to the quarterly cash dividends, a special non-recurring cash dividend of $0.75 per share of common stock was also paid on August 24, 2009. The total dividends paid in 2009 were $26.4 million. On January 14, 2010, we declared a quarterly dividend of $0.12 per share of common stock payable February 25, 2010 to shareholders of record on January 25, 2010.

6. PREFERENCE SHARES

We have 3,000,000 preference shares authorized by our shareholders with a par value of EUR 0.04. At both December 31, 2009 and 2008, there were zero shares issued or outstanding.

7. PROVISIONS

All of the provisions are of a long-term nature and are specified as follows (in thousands):

	Deferred Compensation	Consolidated Subsidiaries	Income Tax Payable	Other	Total
At January 1, 2009	$ 6,118	$ 25,930	$ 1,059	$ 7,088	$ 40,195
Charged / (credited) to the income statement:					
Additional provisions	73	7,883	-	1,225	9,181
Reversed unused	-	-	-	(2,500)	(2,500)
Used during the year	(145)	-	(409)	(1,541)	(2,095)
At December 31, 2009	$ 6,046	$ 33,813	$ 650	$ 4,272	$ 44,781

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires.

Consolidated Subsidiaries

Consolidated subsidiaries represent provisions for subsidiaries which have an equity deficit. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, the equity of the affiliate after intercompany receivables is less than nil, or has the firm intention to allow the affiliate to pay its debts.

Income Tax Payable

Income Tax Payable represents an accrual for uncertain tax positions relating to tax returns under audit.

Other

Other includes termination benefits and a provision for non-income related taxes. Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $4.3 million at December 31, 2009.

In 2007, we revised our estimate of a contingent liability associated with non-income related taxes, and as a result a charge to Retained Earnings and an accrual to the Provisions of $5.0 million were recorded in the Consolidated Balance Sheet. As a result of finalizing a settlement agreement for $2.5 million, we released the remaining $2.5 million of the contingent liability, to Retained Earnings during the second quarter of 2009.

8. PAYABLES TO SUBSIDIARIES

Liabilities of a long-term nature due greater than 5 years are specified as follows (in thousands):

	Long Term Inter-company Liability
At January 1, 2009	$ 10,907
Charged / (credited) to the income statement:	
Additions	-
Release/payments	(157)
Transfers from short-term inter-company liability:	188,211
At December 31, 2009	$ 198,961

The short term payables to subsidiaries are associated with corporate cash management activities, and do not have defined payment terms and are payable at the discretion of the Company. Additionally, the Company could acquire cash from its subsidiaries through dividends at its discretion as there are no restrictions.

9. DERIVATIVE FINANCIAL INSTRUMENTS

Separate from the Call Option, we also sold to Lehman OTC warrants to purchase up to 3.2 million common shares at a current exercise price of $124.64. The warrants become exercisable beginning in late December 2011 and expire in January 2012. The warrants have subsequently been purchased from Lehman OTC by a third party. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and will recognize subsequent changes in fair value in the consolidated income statement.

The fair value of the warrants, which, to our knowledge, are not traded in an active market, is determined by using valuation techniques. We use the same Black-Scholes model that was utilized to initially value our derivative financial instrument and make assumptions that are based on the market conditions existing at each balance sheet date. This derivative instrument is fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of the Company's stock used in the fair value estimation. The fair value of the warrants was $37.5 million and $69.6 million at December 31, 2009 and 2008, respectively. See Notes 10 and 17 in the Consolidated Financial Statements for further discussion.

10. BORROWINGS

We maintain a revolving credit facility (the "**Credit Facility**") that allows for an aggregate borrowing capacity of $100.0 million. The Credit Facility provides an option to increase the commitment under the Credit Facility to $150.0 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 0.5% to a maximum of LIBOR plus 1.125%. The Credit Facility matures in December 2010 and requires interest payments only until maturity. These interest payments are based on the interest period selected. Our available capacity is reduced by outstanding letters of credit and performance guarantees and bonds totaling $12.5 million at December 31, 2009 relating to certain projects in progress. Our available borrowing capacity under the Credit Facility at December 31, 2009 was $87.5 million.

The terms of the Credit Facility require us to meet certain financial covenants, including, but not limited to, certain operational and cash flow ratios. We believe that we are in compliance with all such covenants contained in our credit agreement and will be able to continue to remain in compliance with all covenants. All of our material wholly owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

11. RELATED PARTIES

For related party discussions, see Note 32 of the Consolidated Financial Statements.

12. SUPERVISORY DIRECTORS

For a discussion of Supervisory Director remuneration and related party transactions, see Notes 31 and 32 to the Notes to Consolidated Financial Statements.

/s/ David M. Demshur
David M. Demshur
President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)

/s/ Jan Willem Sodderland
Jan Willem Sodderland, on behalf of
Core Laboratories International B.V.
sole managing director of Core Laboratories N.V.

/s/ Richard L. Bergmark
Richard L. Bergmark
Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director

/s/ Joseph R. Perna
Joseph R. Perna
Supervisory Director

/s/ Jacobus Schouten
Jacobus Schouten
Supervisory Director

/s/ Rene R. Joyce
Rene R. Joyce
Supervisory Director

/s/ Michael C. Kearney
Michael C. Kearney
Supervisory Director

/s/ D. John Ogren
D. John Ogren
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

Amsterdam, The Netherlands,
April 1, 2010

Other information

1 Auditor's Report

The Auditor's report is included on page F-287.

2 Statutory Appropriation of Income

The Articles of Incorporation of the Company provide that the results for the year are subject to the disposition of the shareholders decided upon at the Annual Meeting of Shareholders. Income is expected to be fully included in retained earnings.

Proposed appropriation of results

The Board of Supervisory Directors proposes to add the result of $148.7 million from net income to the retained earnings. The Company expects to utilize available earnings generated by our operations for the development and growth of the business, to repurchase our exchangeable notes along with share repurchases under our share repurchase program and to pay dividends. The determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, income tax treatment of payments, general business conditions and such other factors we may deem relevant. Because Core Laboratories N.V. is a holding company that conducts substantially all of its operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

3 Branches

The consolidated financial statements include the financial information for the following branch locations:

Name	Legal Seat
Core Laboratories International B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
Core Laboratories International B.V. - Colombia Branch	Bogota, Colombia
Core Laboratories International B.V. - Pakistan Branch	Karachi, Pakistan
Core Laboratories International B.V. - India Branch	Mumbai, India
Core Laboratories International B.V. - Dubai Branch	Dubai, United Arab Emirates
Core Laboratories International B.V. - Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Ecuador Branch	Quito, Ecuador
Core Laboratories LP - China Rep Office	Beijing, China
Core Laboratories Sales N.V. - Mexico Branch	Villahermosa, Mexico
Saybolt LP Virgin Islands Branch	St. Croix, USVI
Saybolt LP Puerto Rico Branch	Guayanilla, Puerto Rico
Saybolt International B.V. - Bahrain Branch	Manama, Bahrain
Saybolt International B.V. - Kuwait Branch	Mangaf, Kuwait
Saybolt International B.V. - Yemen Branch	Aden, Yemen
Saybolt Analyt Holding B.V. - Turkmenistan	Turkenbashi, Turkmenistan
Saybolt Analyt Holding B.V. - Georgia Rep. Office	Batumi, Georgia
Saybolt Analyt Holding B.V. Rep. Office	Moscow, Russia
Saybolt West Indies N.V. - Jamaica Branch	Jamaica
Saybolt Tianjin M&I Company - Xiamen Branch	Xiamen, China
Saybolt Tianjin M&I - Zhuhai Branch	Zhuhai, China
Saybolt Med SA - Mauritian Branch	Mauritius
EW Saybolt & Co SA - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates

Name	Legal Seat
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Shanghai SIC - Saybolt Commodities Surveying Co Ltd - Shanghai Branch	Shanghai, China
Saybolt Eastern Hemisphere BV - Taiwan Branch	Taiwan
Owen Oil Tools LP - Thailand Branch	Songkhla, Thailand
Production Enhancement Corporation Trinidad Branch	Trinidad
Pencor International Ltd. Sakhalinsk Branch	Sakhalin, Russia Federation
Pencor International Ltd. Kazakhstan Branch	Atyrau, Kazakhstan

To the General Meeting of Shareholders and the Board of Supervisory Directors of Core Laboratories N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Core Laboratories N.V., Amsterdam as set out on pages 22 to 80. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the statement of comprehensive income, the consolidated changes in equity and consolidated cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Annual Report of the Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Annual Report of the Directors is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 1 April 2010
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

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