CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Report for December 31, 2012

Herengracht 424
1017 BZ Amsterdam
The Netherlands

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ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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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 and in Amsterdam on the NYSE Euronext. 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 49% of our revenues from operations during the years ended December 31, 2012 and 2011, 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 to conduct regulated activities, capital expenditures to limit or prevent emissions and discharges, and stringent practices to handle and dispose 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 adversely 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 that have the effect of lowering the demand for carbon-based fuels could have a material adverse effect on our business. These laws or regulations could be adopted to address concerns about emissions of so-called "greenhouse gases" such as carbon dioxide and methane that some feel may result in global climate change or perceived threats to drinking water from hydraulic fracturing activities. Moreover, we depend on the demand for our services and products primarily 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. For example, in the aftermath of the April 30, 2010 fire and explosion aboard the Deepwater Horizon drilling rig and resulting oil spill from the Macondo well operated by a third party in ultra-deep water in the U.S. Gulf of Mexico, there have been a series of regulatory initiatives developed and implemented by the U.S. Department of the Interior or its administering bureaus relating to offshore operational safety, permitting and certification standards that have had and may continue to have a significant impact on the pace of exploration and production activities by our customers in the Gulf of Mexico and that, in turn, may adversely affect the demand for our products and services to those offshore operators.

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, whether by us or prior owners or operators, at offsite locations where we transport them for recycling or disposal could subject us to environmental liability, which may be strict, joint and several, as is applicable in the United States under such laws as the federal Comprehensive Environmental Response, Compensation and Liability Act and the federal Resource Conservation and Recovery Act, 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 (including wastes disposed of or released by prior owners or operators), remediate environmental contamination (including contaminated groundwater), 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 Occupational 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 services and products, 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 2011 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 over the longer term to oil and natural gas commodity prices. During periods of higher, stable prices, our clients generally invest more in capital expenditures and, during periods of lower or volatile commodity prices, they tend to invest less. Accordingly, the level of capital expenditures by our clients impacts the demand for our products and services.

Natural gas prices have continued their decline since 2010 as a result of the increased production rates and total reserves in-place in the unconventional resource plays in North America. The increased well productivity has come as a result of, among other things, improved completion technologies used in many of the unconventional resource plays in North America. Pricing for natural gas weakened during this time period as a result of the oversupply of natural gas created within North America and was compounded by the continued weak demand for natural gas. The outlook continues to suggest that natural gas will remain in an oversupplied condition that will temper any recovery in North American oilfield activity in the near-term.

Crude oil prices remained flat in 2012 at $94.05 per barrel compared to an average price in 2011 of $94.87 per barrel after rising from $79.39 per barrel in 2010.

Beginning in the third quarter of 2012, certain operators in North America reduced activity levels in response to lower commodity prices which had begun to impact their project economics. While the average U.S. rig count reported by Baker Hughes increased in 2012 over the average rig count in 2011, by the end of 2012 the active rigs working were less than the 2011 average rig count. This decrease in activity led to virtually no growth in North American oilfield services. Outside of the U.S., the rig count at the end of 2012 was slightly down versus the end of 2011, although activity in certain parts of the world such as West Africa, East Africa and the Asia Pacific region continued to exhibit some strength.

As a result of slow global economic growth from 2009 through 2012, in conjunction with flat-to-down commodity prices, our clients did not materially increase activity levels. In spite of this, our revenue increased more than 8% over 2011, with operating income increasing by more than 16%.

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 within the North America region will remain similar to that experienced in 2012, but we believe activity outside North America, particularly that relate to oil development projects, will grow moderately into 2013.

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 2012 and 2011 were $981.1 million and $907.6 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 71% and 69% of our revenues from operations for the years ended December 31, 2012 and 2011, 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 29% and 31% of our revenues from operations for the years ended December 31, 2012 and 2011, respectively.

We recorded operating income of $294.9 million and $253.2 million for the years ended December 31, 2012 and 2011, respectively.

Investments

Fixed assets are comprised of tangible fixed assets and intangible fixed assets. During 2012 and 2011, fixed assets increased $34.6 million and $43.3 million respectively. We expect to add an additional $32 million in 2013.

Results of Operations

Segment Revenues

(USD in thousands)	For the Years Ended December 31, 2012	% Change	2011
Reservoir Description	$ 495,529	5.5%	$ 469,775
Production Enhancement	403,792	8.7%	371,449
Reservoir Management	81,759	23.1%	66,424
Total Revenues	$ 981,080	8.1%	$ 907,648

Segment Operating Income

(USD in thousands)	For the Years Ended December 31, 2012	% Change	2011
Reservoir Description	$ 142,860	21.9 %	$ 117,220
Production Enhancement	128,835	13.8 %	113,203
Reservoir Management	25,889	16.9 %	22,139
Corporate and other[1]	(2,709)	(526.6)%	635
Operating income	$ 294,875	16.5 %	$ 253,197

(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 5.5% in 2012 compared to 2011. During 2012, 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 $142.9 million in 2012 from $117.2 million in 2011 while operating income margin increased as a result of higher sales, including a better mix of projects aimed at more complex reservoirs, over the fixed cost structure.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 $32.3 million, or 8.7% in 2012 compared to 2011, primarily due to demand for our stimulation diagnostic services both for fracture diagnostics in North America and field flood diagnostics internationally.

Operating income for this segment increased to $128.8 million in 2012 from $113.2 million in 2011, an increase of 13.8%. The increase in operating income in 2012 was primarily driven by our increased demand for the Company's proprietary and patented hydraulic fracture and field flood diagnostic technologies such as SpectraChem® Plus, ZERO WASH®, and SpectraFlood™ tracers in North America and internationally.

Reservoir Management

Revenue for our Reservoir Management segment increased to $81.8 million in 2012 from $66.4 million in 2011. The increase in revenue in 2012 was due to ongoing interest in several of our existing multi-client reservoir studies such as the *Duvernay Shale Project* in Canada and the *Tight Oil Reservoirs of the Midland Basin* study as well as our new industry project to evaluate the potential of the Pearsall shale, which underlies the shallow portions of the Eagle Ford in South Texas.

Operating income for this segment increased to $25.9 million in 2012 compared to $22.1 million in 2011. The increase in operating income in 2012 as compared to 2011 was primarily a result of additional participants in our joint industry projects, including the Utica, Duvernay and Mississippi Lime studies, and in the Marcellus, Niobrara, Wolfcamp and Eagle Ford plays.

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 2012 and 2011, 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, 2012 and 2011:

(USD in thousands)	**Years Ended December 31,**	
	2012	**2011**
Cash provided by/(used in):		
Operating activities	$ 238,827	$ 203,476
Investing activities	(30,403)	(48,809)
Financing activities	(218,530)	(259,215)
Net change in cash and cash equivalents	$ (10,106)	$ (104,548)

The increase in cash flow from operating activities in 2012 compared to 2011 was primarily attributable to increased net income.

Cash flow used in investing activities decreased $18.4 million in 2012 over 2011 due primarily to the $18.8 million spent on an acquisition in 2011.

Cash flow used in financing activities in 2012 decreased $40.7 million compared to 2011. During 2012, we spent $175.7 million to repurchase our common shares and $52.9 million to pay dividends, while in 2011, we spent $219.4 million to settle our warrants, $156.4 million to extinguish our Exchangeable Notes, $61.8 million to repurchase our common shares and $46.0 million to pay dividends.

We expect our investment in capital expenditures to be approximately $32 million in 2013 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 2012 and 2011, the impact of inflation on our results of operations was insignificant.

Significant Events

None.

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, the Company 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 elected Mr. Jan Willem Sodderland to replace Mr. Jacobus Schouten, coinciding with the resignation of Mr. Schouten from the Supervisory Board. At the 2012 annual meeting, the shareholders elected Ms. Margaret Ann van Kempen to replace Mr. Lex Vriesendorp, coinciding with the retirement of Mr. Vriesendorp from the Supervisory Board. In 2013, with the retirement of Mr. Joe Perna and with the early resignation of Mr. Rene Joyce, effective at the 2013 annual meeting, as announced on January 2, 2013, the Board of Supervisory Directors is proposing the election of two additional new members in 2013. The new candidates are Mr. Charles L. Dunlap and Ms. Lucia van Geuns. The Board of Supervisory Directors is also proposing the re-election of Mr. Ogren as Class II Supervisory Director. All three candidates are being nominated for terms expiring at the annual meeting in 2016.

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 as are our new nominees, Mr. Dunlap and Ms. van Geuns.

Supervisory Board Meetings

The Supervisory Board held four meetings in 2012. Seven of the Supervisory Directors attended 100% of the 2012 Supervisory Board meetings in person. One director, Mr. Joyce, attended three meetings in person, but missed the fourth meeting due to a business scheduling conflict. Each Supervisory Director attended 100% of the meetings in 2012 of all committees on which he or she serves, except Mr. Joyce who missed one committee meeting due to the business scheduling conflict. 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 2012, all Supervisory Directors attended the annual shareholder meeting and we expect each of our Supervisory Directors to attend our 2013 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. Following the 2013 annual meeting, and assuming the election of the candidates, the members of the Committee shall be Messrs. Kearney (Chairman), Ogren and Dunlap. 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 2012.

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. Following the 2013 annual meeting, and assuming the election of the candidates, the members of the Committee shall be Messrs. Ogren (Chairman), and Dunlap. 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 Supervisory Board for approval to review and approve awards made pursuant to our LTIP. Pursuant to its charter, the Compensation Committee has the authority to delegate its responsibilities to other persons. The Compensation Committee held two meetings in 2012.

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 2012, the Compensation Committee retained Frost HR Consulting ("Frost"), formerly known as Stone Partners, Inc. 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#6*.

Nominating and Governance Committee. The current members of the Nominating and Governance Committee of our Supervisory Board are Mr. Joyce (Chairman) and Ms. van Kempen. Following the 2013 annual meeting, and assuming the election of the candidates, the members of the Committee shall be Ms. van Kempen and one new member replacing Mr. Joyce. 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 2012.

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#7*.

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 Supervisory 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 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. 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 Supervisory Board; the Supervisory Director's history of attendance at meetings of the Supervisory Board 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 Supervisory Board. Dutch legislation that took effect on January 1, 2013, required “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 is 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 are 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. The Company 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 Supervisory Board, including the new nominees in 2013, 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 Dutch legislation that took effect on January 1, 2013, the nominees serve on less than five supervisory directorships in other "large companies" as defined under Dutch law, whereby a chairmanship in such company counts as two directorships.

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 2012 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 2012, 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

Core Laboratories maintains a corporate governance page on its website that includes key information about corporate governance initiatives, including Core Lab's Corporate Governance Guidelines, Core Lab's Code of Business Conduct and Ethics, and Committee charters for the Audit, Compensation, and Nominating & Governance committees of the Board. The corporate governance page can be found at *www.corelab.com/corporate/governance*.

Core Lab's policies and practices reflect corporate governance initiatives that are designed to comply with SEC rules, the listing requirements of the NYSE, the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and to the extent consistent therewith, the Dutch Corporate Governance Code (the "Dutch Code"), including:

- The Board of Directors has adopted corporate governance policies;
- All our non-executive Board members are deemed independent under the NYSE rules;
- All members of the Audit Committee and Compensation Committee are staffed with non-executives and are independent;
- Core Lab has a code of business conduct and ethics policy that applies to all its employees and Board members;
- The charters of the Board committees clearly establish their respective roles and responsibilities.

Corporate Responsibility

The Company takes its responsibilities to be a good corporate citizen seriously. We describe many of the actions we are taking and policies we have adopted on our website under the "Corporate Responsibility" link. www.corelab.com/corporateresponsibility.aspx. Some examples of such policies include:

Core Ethics and Values

Core Laboratories has taken extensive measures to ensure the services and data provided by all of our worldwide companies are of the highest quality and integrity. Our Ethics Program is designed to ensure that all business operations comply with applicable industry standards and government regulations. Management commitment, ethics training and internal and third party audits are an integral part of our Ethics Program.

Core Laboratories maintains a corporate self-governance and compliance program that is specifically structured to ensure that the Company and its employees operate at the highest level of ethical conduct and behavior. Core Laboratories' Ethics Program has been recognized as a model for other private and regulatory organizations.

Human Rights

Core Laboratories is committed to the optimum utilization of human resources. The Company is committed to providing positive, productive and supportive work environments throughout its global operations. The Company has established programs to attract, develop and retain a highly talented workforce that is representative of the regions in which it operates.

Core Lab is located and does business in various environments and diverse cultures. Wherever Core Lab operates, certain principles consistently apply to the Company's relationships with its employees and its expectations of conduct in the workplace. Core Lab's Code of Business Conduct and Ethics provides a worldwide framework for responsible operations and is consistent with the spirit and intent of the Fundamental Principles and Rights at Work of the 1998 International Labour Organization (ILO) Declaration.

Safety

Core Laboratories is committed and accountable for promoting a culture centric on the health and safety of people and the environment. We are pro-active towards identifying and managing risks through recognition, evaluation, and education and we empower our people fostering a sense of responsibility for managing their own work environment through open communication, and a management supported “zero accident” culture.

Environmental

The Global Compact incorporates a transparency and accountability policy known as the Communication on Progress (COP) which is mandatory to communicate to our stakeholders. In 2002, certain operations within our Reservoir Description business segment joined the UN Global Compact.

Consistent with the requirements of Global Compact membership, it is the policy of Core Lab to conduct its business in a manner uniform with applicable environmental regulations. In areas where environmental regulations do not exist, Core Lab will exercise practical care in its efforts to protect employees and preserve the environment. Country and local managers manage their business in a manner consistent with established company policies and applicable laws and regulations. The Company provides for employee training and audits to ensure compliance. Each employee will be responsible for performing his/her job function with constant consideration of Core Lab's commitment to this policy.

Corporate Citizenship

Core Laboratories supports local communities all over the world through our contributions of resources and the involvement of our employees, particularly when we can leverage off technical capabilities to provide a higher level outcome for those that we are supporting. We prefer to support efforts aimed at improving education in science, technology and business and also to support certain human health initiatives. It's our way of giving back to the community which we feel is very important in order to improve career and social opportunities for young adults around the globe. Examples of support provided to community groups and organizations include: Jet-Net, Junior Achievement and Children's Hospital (Amsterdam).

Dutch Corporate Governance Code

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 emphasizes 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 the 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 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.

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, 2012 ("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-executive 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 made available 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 and Interim Management Statements, Annual Accounts and Semi-Annual Accounts with the Dutch regulator, the Autoriteit Financiële Markten (the "AFM"). These reports are available free of charge through the Company's website as soon as reasonably practicable after they are filed. 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 2012 Annual Report on Form 10-K included the required Section 302 certifications.

Materials we file with the AFM are also available on the Internet website of the AFM at *www.afm.nl*.

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, 2012 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, 2012. 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, 2012.

The effectiveness of our internal control over financial reporting as of December 31, 2012, has been audited by PricewaterhouseCoopers.

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, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Responsibility Statement

In accordance with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the Board declares that, to the best of its knowledge:

- The Consolidated Financial Statements, together with the stand-alone Company Financial Statements, give a true and fair view of the assets, liabilities, financial position and results of Core Laboratories N.V. at December 31, 2012;
- The Annual Report gives a true and fair view of the position as per the balance sheet date, the state of affairs during the 2012 financial year of Core Laboratories N.V. and its affiliated companies included in the consolidated financial statements and
- The Annual Report describes the principal risks that Core Laboratories N.V. faces.

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 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 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 services and products 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 49% of our revenues during the years ended December 31, 2012 and 2011, 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, and those of our clients, 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 services and products 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.

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 services and products is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new services and products 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 services and products, we may not be able to successfully differentiate our services and products from those of our competitors. Our clients may not consider our proposed services and products to be of value to them; or if the proposed services and products are of a competitive nature, our clients may not view them as superior to our competitors' services and products. 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 services and products, 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 services and products. 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, worker health and safety 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, impose specific health and safety standards addressing work protection, or to incur costs or liabilities to mitigate or remediate pollution conditions caused by our operations or attributable to former owners or operators. If we fail to control the use, or adequately restrict the emission or 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 or whether such legislation may require a cap-and-trade plan for GHGs or impose a carbon tax on the emission of GHGs. 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 introduced before Congress to provide for federal regulation of hydraulic fracturing under the Safe Drinking Water Act, as amended ("SDWA") 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, a growing number of states have adopted and other states are considering legal requirements that could impose more stringent permitting, disclosure, and/or well construction requirements on hydraulic fracturing activities. Moreover, the EPA has asserted federal regulatory authority under the SDWA over hydraulic fracturing involving diesel fuel. 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 services and products. 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 is conducting a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with a first progress report outlining work currently underway by the agency released on December 21, 2012 and a final draft report drawing conclusions about the potential impacts of hydraulic fracturing on drinking water resources expected to be available for public comment and peer review by 2014. The EPA has also 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 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.

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.

Our operations are subject to the risk of cyber attacks that could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Our information technology systems are subject to possible breaches and other threats that could cause us harm. If our systems for protecting against cyber security risks prove not to be sufficient, we could be adversely affected by loss or damage of intellectual property, proprietary information, or customer data; interruption of business operations; or additional costs to prevent, respond to, or mitigate cyber security attacks. These risks could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

New regulations related to conflict-free minerals may result in our incurring additional expenses and could limit the supply and increase the cost of certain metals used in our manufacturing processes.

In August 2012, the SEC issued their final rule to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding mandatory disclosure and reporting requirements by public companies of their use of “conflict minerals” (tantalum, tin, tungsten and gold) originating in the Democratic Republic of Congo and adjoining countries. We will be required to conduct specified due diligence activities for the 2013 calendar year, and provide our first report in May 2014. We anticipate that fulfilling our compliance obligations with the rules may be both time consuming and potentially costly. The new rule could also affect sourcing at competitive prices and availability in sufficient quantities of certain of these conflict minerals used in the manufacture of the Company's products or in the provision of the Company's services. The number of suppliers who provide conflict-free minerals may be limited, which could have a material adverse effect on the Company's ability to purchase these products in the future. The costs of compliance, including those related to supply chain research, unexpected consequences to the Company's reputation, the limited number of suppliers, and possible changes in the sourcing of these minerals, could have a material adverse effect on our financial condition and results of operations.

Decree Article 10 Take-Over Directive

Shares

The issued share capital of Core Laboratories N.V. amounts to $1.2 million, consisting of 47,899,584 shares with a par value of EUR 0.02 each. Each share carries one vote. The shares are listed on the NYSE (CLB US) and NYSE Euronext (CLB NA).

All shares carry equal rights and are freely transferable (unless provided otherwise hereunder).

Shares repurchased by Core Laboratories N.V. for the share-based RSAP and PSAP awards or for any other purpose do not carry any voting rights or divided rights until redistributed. Repurchased ordinary shares amounts to $171.8 million and consists of 1,550,173 ordinary shares with a par value of EUR 0.02 each.

Shareholders who hold shares on a predetermined record date are entitled to attend and vote at General Meetings of Shareholders. The record date for the Annual General Meeting of Shareholders to be held on May 16, 2013 is April 18, 2013, 28 days before the Annual General Meeting of Shareholders.

Substantial shareholdings

Pursuant to the Financial Supervision Act (wet op het financieel toezicht) and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen), the Financial Markets Authority (AFM) has been notified about the following substantial shareholding regarding Core Laboratories N.V.:

- Capital World Investors owns 9.1% (4,176,900 shares);
- Carmignac Gestion owns 8.1% (3,721,146 shares);
- EARNEST Partners, LLC owns 6.4% (2,970,485 shares);
- Brown Advisory Incorporated owns 6.1% (2,796,935 shares);
- The Vanguard Group owns 5.1% (2,365,422 shares); and
- ClearBridge Advisors, LLC owns 5.1% (2,363,579 shares).

Share plans

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 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. No stock options were granted during 2012 and no stock options have been granted since 2001.

We have been issuing shares from treasury stock upon the exercise of options or lapsing of vesting restrictions on restricted stock. We do not use cash to settle equity instruments issued under share-based compensation awards.

Change of control

The Company is a party to a Fifth Amended and Restated Credit Agreement dated December 17, 2010. Article 8.01(k) in that Agreement provides that a Change of Control constitutes an Event of Default, triggering certain default remedies specified in the Agreement. The Company is also a party to a Master Note Purchase Agreement dated September 30, 2011. Sections 9.5 and 10.2 contain certain requirements regarding merger or consolidation of the Company or its subsidiaries that may impact compliance with the Agreement.

The Share Plans described above, also have Change of Control provisions. Awards granted to Core Laboratories N.V. employees and directors will vest automatically if the Company and/or its affiliates undergo a change of control or are absorbed by merger and liquidated.

Through our subsidiary, Core Laboratories LP, we have adopted a nonqualified deferred compensation plan that permits certain employees, including all named 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 of control.

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. In 1999, we adopted a Supplemental Executive Retirement Plan for an additional employee, which is referred to as the "Individual SERP." Both SERP plans were 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 named executive officer's prior contributions and future efforts to our success and growth.

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. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control.

Compensation rights on termination of employment agreements

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 have entered into certain agreements and maintain certain plans that will require us to provide compensation and/or benefits to our named executive officers in the event of a termination of employment following a change in control transaction to promote the ability of our senior executives to act in the best interests of our shareholders even though their employment could be terminated as a result of the transaction.

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.

Upon a change of control, our named executive officers may be subject to certain excise taxes pursuant to Section 4999 of the Code (which imposes a 20% excise tax on certain excess parachute payments). In such case, we have agreed to pay each of our named executive officers a gross-up payment such that, after the payment of any income, excise or other tax on the gross-up payment, the named executive officer retains an amount sufficient to pay all excise taxes pursuant to Section 4999 of the Code.

Nomination and Election of Supervisory Board members

Candidates for the Supervisory Board of Directors are nominated by the Supervisory Board and elected by the shareholders at the annual shareholder meeting. The Company has three classes of Supervisory Directors with each class serving for three year terms. Following the 2013 annual shareholder meeting, Class I will have three members whose terms expire at the annual meeting in 2014, Class II will have three members whose terms will expire at the annual meeting in 2016 and Class III has two members whose terms will expire at the annual meeting in 2015.

Amendment of the Articles of Association

The Articles of Association can be amended by resolution of the General Meeting of Shareholders 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 board of supervisory directors.

Acquisition of own shares

We are a Netherlands limited liability company and under the Dutch Civil Code, a company and its subsidiaries can hold a maximum of 50% of their issued shares in treasury, if approved by its shareholders. 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 up to 10% of our issued share capital in treasury. At our May 16, 2012 annual shareholder's meeting, our shareholders authorized the extension of our share repurchase authorization of up to 10% of our issued share capital from time to time for an 18 month period until November 16, 2013, and such repurchased shares may be used for any legal purpose. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

The general meeting shall, upon a proposal thereto by the board of supervisory directors, have power to pass a resolution to reduce the issued share capital either by cancelling shares or by reducing the par value of the shares by means of an amendment to the company's Articles of Association but only with due observance of the provisions in article 2:99 of the (Dutch) Civil Code.

Issue of shares and Preemptive Rights

On May 16, 2012, the Annual General Meeting of Shareholders also authorized the Board of Supervisory Directors (for a period of 18 months) to issue shares or grant rights to (including options to purchase) with respect to our common and preference shares and to limit or exclude the preemptive rights of the holders of our common shares up to a maximum of 20% of outstanding shares per annum until May 16, 2017. For the 2013 annual meeting, scheduled for May 16, 2013, we included similar agenda items. However, in light of our dual listing on the NYSE Euronext and in line with best Dutch corporate governance practices, we are reducing our requested authorization to 10% of our outstanding shares per annum and for an eighteen (18) month period, until November 16, 2014.

Amsterdam, The Netherlands,
April 30, 2013

/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/ Margaret Ann van Kempen
Margaret Ann van Kempen
Supervisory Director

CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
December 31, 2012 and 2011
(In thousands of USD, except share data)

ASSETS	Ref.	2012	2011
NON-CURRENT ASSETS			
Property, plant and equipment	6	$ 125,418	$ 115,295
Intangible assets	7	218,638	216,576
Investment in associates	8	1,851	969
Deferred income tax asset	9	31,748	50,137
Other financial assets	10	21,753	17,663
Other assets		3,198	2,844
TOTAL NON-CURRENT ASSETS		402,606	403,484
CURRENT ASSETS			
Inventories	11	49,265	53,214
Prepaid expenses and other current assets	12	17,675	15,566
Income tax receivable	12	17,943	7,148
Accounts receivable	13	184,774	170,805
Cash and cash equivalents		19,226	29,332
TOTAL CURRENT ASSETS		288,883	276,065
TOTAL ASSETS		$ 691,489	$ 679,549
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2012 and in 2011; 200,000,000 shares authorized, 47,899,584 issued and 46,349,411 outstanding at 2012 and 49,037,806 issued and 47,629,472 outstanding at 2011		$ 1,233	$ 1,262
Additional paid-in capital		4,111	87,404
Retained earnings		404,358	257,941
Other reserves		(9,154)	(5,512)
Treasury shares (at cost), 1,550,173 at 2012 and 1,408,334 at 2011		(171,845)	(107,406)
TOTAL SHAREHOLDERS' EQUITY		228,703	233,689
Non-controlling interest		5,683	3,752
TOTAL EQUITY	14	$ 234,386	$ 237,441
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	17	$ 231,908	$ 220,478
Income tax payable	18	15,941	20,316
Deferred income tax liabilities	9	18,158	19,549
Employee benefit obligations	21	50,837	39,470
Provisions	20	3,013	3,034
TOTAL NON-CURRENT LIABILITIES		$ 319,857	$ 302,847
CURRENT LIABILITIES:			
Accounts payable	22	$ 55,168	$ 57,639
Borrowings	17	40	2,344
Income tax payable	18	9,823	6,527
Other taxes payable	18	11,787	8,566
Payroll and social security contributions	21	35,413	34,670
Unearned revenues	19	13,968	19,254
Other accrued expenses	22	11,047	10,261
TOTAL CURRENT LIABILITIES		$ 137,246	$ 139,261
TOTAL LIABILITIES		457,103	442,108
TOTAL EQUITY AND LIABILITIES		$ 691,489	$ 679,549

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, 2012 and 2011
(In thousands of USD, except share and per share data)

	Ref.	2012	2011
REVENUES:			
Services		$ 693,895	$ 621,752
Sales		287,185	285,896
TOTAL REVENUES:		981,080	907,648
OPERATING EXPENSES:			
Cost of services	6,13,15,21,23	426,819	407,254
Cost of sales	6,11,13,15,23	215,628	204,257
		642,447	611,511
GROSS PROFIT		338,633	296,137
General and administrative expenses	6,7,15,23	46,914	43,444
Other (income) expense, net	24	(3,156)	(504)
OPERATING PROFIT		294,875	253,197
Variance in fair value of derivative instruments (gain) loss, net	25	—	141,191
Loss on exchange of senior exchangeable notes	17,25	—	3,327
Finance income	25	(318)	(138)
Finance costs	25	8,820	11,281
Finance costs, net	25	8,502	155,661
Share of profit (loss) of associates	8	646	274
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		287,019	97,810
Income tax expense	26	87,111	63,044
PROFIT (LOSS) FOR THE YEAR		$ 199,908	$ 34,766
Attributable to:			
Equity holders of the parent		$ 199,367	$ 34,806
Non-controlling interest		541	(40)
		$ 199,908	$ 34,766
EARNINGS PER SHARE INFORMATION:			
Basic earnings (loss) per share	27	$ 4.22	$ 0.75
Diluted earnings (loss) per share	27	$ 4.19	$ 0.72
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	27	47,211	46,286
Diluted	27	47,553	48,393

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, 2012 and 2011
(In thousands of USD)

	Ref.	2012	2011
Profit (loss) for the year		$ 199,908	$ 34,766
Pension actuarial gain and (loss), net of $697 and $60 tax for 2012 and 2011, respectively	14, 21	(3,537)	(175)
Currency translation adjustment, net of $35 and $25 tax for 2012 and 2011, respectively	14, 21	(105)	(72)
Net income (loss) recognized directly in equity		(3,642)	(247)
Total comprehensive income (loss) for the year		$ 196,266	34,519
Attributable to:			
Equity holders of the parent		$ 195,725	$ 34,559
Non-controlling interest		541	(40)
		$ 196,266	$ 34,519

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, 2012 and 2011
(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, 2011		45,521,186	$ 1,283	$ 27,574	$ 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		706,395	—	26,365			43,183	—	69,548
Repurchases of common shares	14	(669,649)	—	—	—	—	(61,825)	—	(61,825)
Cancellation of treasury shares	14	—	(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	$ 1,262	$ 87,404	$ 257,941	$ (5,512)	$ (107,406)	$ 3,752	$ 237,441

	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, 2011		47,629,472	$ 1,262	$ 87,404	$ 257,941	$ (5,512)	$ (107,406)	$ 3,752	$ 237,441
Comprehensive income:									
Profit (loss) for the year		—	—	—	199,367	—	—	541	199,908
Other comprehensive income:									
Pension actuarial gain	14, 21					(3,537)			(3,537)
Currency translation adjustment	14, 21					(105)			(105)
Total other comprehensive income									(3,642)
Total comprehensive (loss)									196,266
Transactions with owners:									
Stock options exercised, net of capital taxes	15	1,042	—	(60)	—	—	65	—	5
Stock-based compensation	15	—	—	19,662	—	—	—	—	19,662
Stock-based awards issued	15	299,964	—	(24,635)	—	—	24,635	—	—
Tax benefit related to stock-based awards	15	—	—	8,304	—	—	—	—	8,304
Repurchases of common shares	14	(1,581,069)	—	—	—	—	(175,732)	—	(175,732)
Cancellation of treasury shares		—	(29)	(86,564)	—	—	86,593	—	—
Purchase of non-controlling interest		—	—	—	—	—	—	(110)	(110)
Non-controlling interest - dividend		—	—	—	—	—	—	(300)	(300)
Non-controlling interest - capital contribution		—	—	—	—	—	—	1,800	1,800
Other		2	—	—	—	—	—	—	—
Dividends paid	14	—	—	—	(52,950)	—	—	—	(52,950)
BALANCE, December 31, 2012		46,349,411	$ 1,233	$ 4,111	$ 404,358	$ (9,154)	$ (171,845)	$ 5,683	$ 234,386

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, 2012 and 2011
(In thousands of USD)

	Ref.	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense		$ 287,019	$ 97,810
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	6	21,762	22,126
Amortization	7	137	1,015
Equity in (earnings) loss of associates	8	(646)	(274)
Stock-based compensation	15	19,662	15,048
Finance costs	25	8,502	11,143
Loss on exchange of senior exchangeable notes	17	—	3,327
Fair value (gains)/losses on other financial assets	10	(1,635)	(1,551)
Fair value (gains)/losses on derivative instruments	25	—	141,191
Other non-cash items		(271)	(1,501)
Changes in assets and liabilities:			
Accounts receivable	10,13	(16,156)	(11,827)
Inventories	11	3,949	(15,479)
Other assets		(15,766)	(370)
Accounts payable	10,22	(3,671)	11,969
Accrued expenses	10,22	25,723	1,134
Other long-term liabilities		3,230	6,747
Cash provided by operating activities		331,839	280,508
Interest paid		(7,352)	(2,308)
Income tax paid		(85,660)	(74,724)
Net cash provided by operating activities		238,827	203,476
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	6	(31,151)	(29,927)
Patents and other intangibles	7	(1,648)	(220)
Acquisitions, net of cash acquired	29	(556)	(18,821)
Cash in escrow	29	2,188	(2,179)
Investment in non-consolidated affiliates		(322)	—
Proceeds from sale of assets	6	667	900
Proceeds from insurance recovery	24	101	1,300
Interest received	25	318	138
Net cash used in investing activities		(30,403)	(48,809)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	17	(112,346)	(348,564)
Proceeds from debt borrowings	17	121,000	417,426
Stock options exercised	14	5	297
Settlement of warrants	10	—	(219,451)
Repurchase of common shares	14	(175,732)	(61,825)
Dividends paid	14	(52,950)	(46,027)
Non-controlling interest - (dividends)		(300)	(250)
Non-controlling interest - capital contributions		1,800	1,193
Debt financing costs	17	(7)	(2,014)
Net cash used in financing activities		(218,530)	(259,215)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(10,106)	(104,548)
CASH AND CASH EQUIVALENTS, beginning of year		29,332	133,880
CASH AND CASH EQUIVALENTS, end of year		$ 19,226	29,332

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, 2012

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 2012 and 2011, respectively. We are dual listed on the New York Stock Exchange and the NYSE Euronext in Amsterdam. These consolidated financial statements were authorized for issuance by the board of directors on April 30, 2013, and will be submitted for adoption at the Annual Meeting of Shareholders to be held on May 16, 2013.

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 services and products 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. All standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") effective year-end 2012 have been adopted by the European Union ("EU"). 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 2012

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, 2012 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, 2012 that have a material impact on our financial statements.

Standards, amendments and interpretations to existing standards effective after 2012

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after

January 1, 2012, and have not been applied in preparing these consolidated financial statements. The adoption of the following new standards, amendments and interpretations are not expected to have a significant effect on our consolidated financial statements.

- Amendment to IAS 19, Employee Benefits (effective for annual periods beginning on or after January 1, 2013 and was endorsed by the EU). This standard eliminates the corridor approach and calculates finance costs on a net funding basis. We have evaluated the impact of this new standard and it will have no impact on our financial statements or results of operations.
- IAS 1, Financial Statement Presentation (effective for annual periods beginning on or after July 1, 2012). These amendments require entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not address which items are presented in OCI and therefore will have no effect on our financial statements.
- IFRS 10, Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2014 and has been endorsed by the EU). 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, 2014 and has been endorsed by the EU). 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, 2014 and has been endorsed by the EU). 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 and has been endorsed by the EU). 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. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards and therefore will have no effect on our financial statements.
- IAS 27, Separate Financial Statements (effective for annual periods beginning on or after January 1, 2014 and has been endorsed by the EU). 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, 2014). 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.
- Amendment to IAS 32, Financial Instruments: Presentation (effective for annual periods beginning on or after January 1, 2014 and has been endorsed by the EU). These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. We are evaluating the potential impact of this standard to our financial statements.
- IFRS 9, Financial Assets (effective for annual periods beginning on or after January 1, 2015, but has not yet been endorsed by the EU). This is the first standard issued as part of a wider project to replace IAS 39. It retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. 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 equity and reported net income for the year ended December 31, 2011.

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 carried at historical cost less accumulated 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. Assets, other than land, are depreciated using the straight-line method based on their individual estimated useful lives, except for leasehold improvements, which are depreciated over the remaining lease term, if shorter. We estimate the useful lives and salvage values of our assets based on historical data of similar 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.

We review our long-lived assets, including definite-lived intangible assets, for impairment when events or changes in circumstances indicate that their net book value may not be recovered over their remaining service lives. Indicators of possible impairment may include significant declines in activity levels in regions where specific assets or groups of assets are located, extended periods of idle use, declining revenue or cash flow or overall changes in general market conditions.

Whenever possible impairment is indicated, we compare the carrying value of the assets to the sum of the estimated undiscounted future cash flows expected from use, plus salvage value, less the costs of the subsequent disposition of the assets. If impairment is still indicated, we compare the fair value of the assets to the carrying amount, and recognize an impairment loss for the amount by which the carrying value exceeds the fair value. We did not record any impairment charges relating to our long-lived assets held for use during the years ended December 31, 2012 and 2011.

Intangible Assets

Intangible assets include goodwill, patents, trademarks, and trade names and are measured at cost less accumulated amortization. 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 not amortized, but are evaluated for impairment annually or whenever events or changes in circumstances indicate that impairment is possible. 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. Development costs are not material.

Financial Instruments at Fair Value Through Profit and Loss

We hold one type of 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.

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 accounts payable are recorded at their invoiced amounts and do not bear interest. The carrying value of accounts payable is considered to be representative of its respective fair value.

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.

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 currency, interest rate and price risk. We do not 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.

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 ("USD") 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, as well as 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, as well as 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):

	2012		2011	
	Increase 20%	**Decrease 20%**	**Increase 20%**	**Decrease 20%**
Euro	$ 1,170	$ (1,170)	$ 1,100	$ (1,100)
British Pound	610	(610)	210	(210)
Canadian Dollar	2,719	(2,719)	1,962	(1,962)
Mexican Peso	292	(292)	252	(252)
Russian Ruble	64	(64)	227	(227)
Total	$ 4,855	$ (4,855)	$ 3,751	$ (3,751)

The above listed currencies represent 29% and 26% of our net monetary assets on December 31, 2012 and 2011, respectively while our position in US Dollars represents 53% and 55% of our net monetary assets on December 31, 2012 and 2011, respectively. The overall increase in our exposure to an increase or decrease in foreign exchange rates at December 31, 2012 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, 2012, we had $84 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 $36 thousand.

Our Senior Notes carry a fixed interest rate and therefore there is no interest rate sensitivity on our Senior debt.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash, cash equivalents, accounts receivable and other financial assets. 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. We had no clients who provided more than 10% of our revenues for the years ended December 31, 2012 and 2011. Our exposure to credit risk is the total balance of financial instruments that is not impaired which is $222.3 million and $214.6 million at December 31, 2012 and 2011, 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 $199 million at December 31, 2012 and we had issued letters of credit on the credit facility for $17 million at December 31, 2012. 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 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 interest is not significant.

At December 31, 2012	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations (in thousands):					
Debt	$ 293,453	$ 6,090	$ 12,180	$ 96,180	$ 179,003
Capital leases	73	40	33	—	—
Operating leases	51,169	13,548	16,367	8,424	12,830
Trade payables	55,168	55,168	—	—	—
Other accrued expenses	11,047	11,047			
Total contractual obligations	$ 410,910	$ 85,893	$ 28,580	$ 104,604	$ 191,833

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	—	—	—
Other accrued expenses	10,261	10,261			
Total contractual obligations	$ 411,607	$ 92,008	$ 32,165	$ 94,521	$ 192,913

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, 2012. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2012.

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, 2012 and 2011 were as follows (in thousands):

	2012	2011
Total borrowings	$ 234,073	$ 225,419
Cash and cash equivalents	19,226	29,332
Total equity	234,386	237,441
Total cash, debt and equity	$ 487,685	$ 492,192
Debt to capital ratio	48%	46%

The debt to capital ratio increased slightly during 2012 as the balance due on our Revolver increased.

Financial Assets and Liabilities - Fair Value Estimation

The financial instruments have been summarized below (in thousands):

		2012		2011	
	Ref.	Assets	Liabilities	Assets	Liabilities
Loan and Receivables					
Cash and cash equivalents		$ 19,226	$ —	$ 29,332	—
Trade receivables	13	181,345	—	167,641	—
Financial Instruments at Fair Value Through Profit and Loss					
Other financial assets		21,753	—	17,663	—
Other Financial Liabilities at Amortized Cost					
Trade payables		—	55,168	—	57,639
Other accrued expenses		—	11,047	—	10,261
Borrowings	17	—	231,948	—	222,822
Total		$ 222,324	$ 298,163	$ 214,636	$ 290,722

The Company's only financial assets and liabilities which involve fair value measures relate to certain aspects of the Company's benefit plans. On a recurring basis, we use the market approach to value certain assets and liabilities at fair value at quoted prices in an active market (Level 1) and certain assets and liabilities using significant other observable inputs (Level 2) with the assistance of a third party specialist. 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, 2012		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 21,627	$ —	$ 21,627	$ —
Liabilities:				
Deferred compensation plans	31,604	2,667	28,937	—

		Fair Value Measurement at December 31, 2011		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 17,271	$ —	$ 17,271	$ —
Liabilities:				
Deferred compensation plans	24,217	3,086	21,131	—

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.

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, see Note 13;
- inventory reserves, see Note 11;
- depreciation and amortization, see Notes 6 and 7;
- 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 share-based compensation, see Note 15;
- income taxes and non-income related taxes. see Notes 9, 18 and 26; and
- impairment testing of long-lived assets, intangibles and goodwill, see Note 7.

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 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. See Note 9, Deferred Income Taxes, Note 18, Income and Other Tax Payable and Note 26, Income Taxes.

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, 2012 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, 2012 had been 10% lower (for example, 27.3% instead of 30.3%) 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, 12.0% instead of 10.9%) 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, 4% instead of 8% 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, 2012									
Revenues from unaffiliated customers	$	495,529	$	403,792	$	81,759	$	—	$	981,080
Inter-segment revenues		2,484		2,757		1,492		(6,733)		—
Segment income (loss)		142,860		128,835		25,889		(2,709)		294,875
Finance costs		—		—		—		8,502		8,502
Share of profit (loss) of associates		646		—		—		—		646
Total assets		316,498		259,250		51,305		64,436		691,489
Capital expenditures		16,987		7,423		920		5,821		31,151
Intangible asset expenditures		1		754		893		—		1,648
Depreciation and amortization		13,932		5,369		731		1,867		21,899
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
Variance in fair value of derivative instruments (gain) loss, net		—		—		—		141,191		141,191
Impairment (recovery) / loss on financial instrument		—		—		—		3,327		3,327
Share of profit (loss) of associates		274		—		—		—		274
Total assets		297,924		241,296		44,309		96,020		679,549
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

(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, 2012 and 2011 (in thousands):

GEOGRAPHIC INFORMATION	United States	Canada	Europe	Other Countries	Consolidated
December 31, 2012					
Revenues	$ 505,200	$ 101,387	$ 153,471	$ 221,022	$ 981,080
Operating income	190,928	22,923	43,104	37,920	294,875
Property, plant and equipment	66,092	17,263	21,163	20,900	125,418
Total assets	371,445	88,196	111,955	119,893	691,489
Capital expenditures	16,371	2,486	5,761	6,533	31,151
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
Property, plant and equipment	53,566	20,113	20,023	21,593	115,295
Total assets	368,594	95,666	117,860	97,429	679,549
Capital expenditures	10,111	3,498	5,443	10,875	29,927

We are domiciled in The Netherlands. The revenues from external customers in The Netherlands were $45.2 million and $44.1 million for 2012 and 2011, 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, 2012 and 2011 (in thousands):

	Land		Buildings		Machinery and Equipment		Construction In Progress		Total
At January 1, 2011									
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
Year ended December 31, 2012										
Opening net book amount		6,800		46,645		48,632		13,218		115,295
Additions		—		1,198		5,574		25,579		32,351
Disposals		(8)		(61)		(397)		—		(466)
Transfers		—		8,065		14,914		(22,979)		—
Depreciation expense		—		(4,605)		(17,157)		—		(21,762)
Closing net book amount		6,792		51,242		51,566		15,818		125,418
At December 31, 2012										
Historical cost		6,792		87,087		201,782		15,818		311,479
Accumulated depreciation		—		(35,845)		(150,216)		—		(186,061)
Net book amount	$	6,792	$	51,242	$	51,566	$	15,818	$	125,418

Machinery and equipment included in construction in progress was $11.3 million and $9.7 million for the years ended December 31, 2012 and 2011, respectively and buildings and improvements included in construction in progress was $4.5 million and $3.5 million for the years ended December 31, 2012 and 2011, 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, 2012 and 2011.

For the years ended December 31, 2012 and 2011, depreciation expense recognized in the income statement is as follows (in thousands):

		2012		2011
Cost of sales and services	$	19,976	$	20,128
General and administrative		1,786		1,998
Total depreciation expense	$	21,762	$	22,126

7. INTANGIBLE ASSETS

The components of intangibles as of December 31, 2012 and 2011 are as follows (in thousands):

	Goodwill	Other Intangibles	Indefinite Life Trade Names	Total
At January 1, 2011				
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	10,882	3,892	224,140
Accumulated amortization	—	(7,564)	—	(7,564)
Net book amount	209,366	3,318	3,892	216,576
Year ended December 31, 2012				
Opening net book amount	209,366	3,318	3,892	216,576
Additions	—	1,645	3	1,648
Acquisitions	551	—	—	551
Amortization charge	—	(137)	—	(137)
Closing net book amount	209,917	4,826	3,895	218,638
At December 31, 2012				
Cost	209,917	9,783	3,895	223,595
Accumulated amortization	—	(4,957)	—	(4,957)
Net book amount	$ 209,917	$ 4,826	$ 3,895	$ 218,638

The following table summarizes the gross carrying value and the related accumulated amortization of our intangibles (except for goodwill) by significant category (in thousands):

		2012		2011	
	Original life in years	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Acquired trade secrets	3-20	$ 1,518	$ 992	$ 1,781	$ 1,706
Acquired patents and trademarks	5-10	4,435	1,807	3,862	2,634
Agreements not to compete	3-7	3,286	1,975	4,577	2,638
Acquired trade names	5-30	544	183	662	586
Acquired trade names	Indefinite	3,895	—	3,892	—
Total other intangibles and trade names		$ 13,678	$ 4,957	$ 14,774	$ 7,564

For the years ended December 31, 2012 and 2011, $0.1 million and $1.0 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, 2012 assuming an average gross margin of 31%, an average growth rate of approximately 6% and a discount rate of 10.9% and no impairment was indicated. Therefore, no impairment losses were recorded or reversed in 2012 or 2011.

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 using our weighted average cost of capital as a basis for the discount rate. We performed this impairment testing at December 31, 2012 and no impairment was indicated.

Goodwill is recorded in our reportable segments as follows (in thousands):

	2012	**2011**
Reservoir Description	$ 99,368	$ 99,368
Production Enhancement	92,305	91,754
Reservoir Management	18,244	18,244
Total goodwill	$ 209,917	$ 209,366

The key assumptions used for the impairment calculation at December 31, 2012 are as follows:

	Reservoir Description	**Production Enhancement**	**Reservoir Management**
Gross margin (1)	30%	31%	33%
Growth rate (2)	8%	4%	8%
Terminal growth rate (3)	4%	4%	4%
Discount rate (4)	10.9%	10.9%	10.9%

(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 a basis for 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	Riyadh, Saudi Arabia	45%
Saybolt MED	Tunis, Tunisia	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	Shanghai, China	50%
Saybolt Maroc (1)	Rabat, Morocco	49%
Projeito Brasil	Macaé, Brasil	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, 2012, we had total receivables from these associates of $15.5 thousand and total payables to these associates of $0.2 million.

Associates consisted of the following (in thousands):

	Assets	Liabilities	Revenues	Profit / (Loss)
2012				
Saybolt Tunisie (1)	$ 819	$ 158	$ 829	$ 337
Saybolt Saudi Arabia Co., Ltd	1,415	346	1,795	322
Saybolt MED	473	80	733	86
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	422	—	—	169
Projeito Brasil	544	—	—	—
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	—	—	—

(1) includes results from Saybolt Maroc

Our share of income/(loss) from our non-consolidated associates consisted of (in thousands):

	2012	2011
Beginning of the year	$ 969	$ 695
Investment	267	—
Dividends	(31)	—
Share of income/(loss)	646	274
End of the year	$ 1,851	$ 969

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, 2012 and 2011 are summarized as follows (in thousands):

	2012	2011
Deferred tax assets:		
Deferred income tax asset to be recovered within 12 months	$ 10,507	$ 15,494
Deferred income tax asset to be recovered after more than 12 months	21,241	34,643
Net deferred tax asset	31,748	50,137
Deferred tax liabilities:		
Deferred income tax liability to be recovered within 12 months	(4,138)	(9,687)
Deferred income tax liability to be recovered after more than 12 months	(14,020)	(9,862)
Net deferred tax liability	(18,158)	(19,549)
Net deferred income taxes	$ 13,590	$ 30,588
The gross movement on the deferred income tax account is as follows:		
Beginning of year	$ 30,588	$ 36,808
Income statement charge	(20,077)	(10,446)
Charges to other comprehensive income and equity	3,079	4,226
End of year	$ 13,590	$ 30,588

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, 2011	$ 7,612	$ 7,570	$ 19,113	$ 8,445	$ 80	$ 3,311	$ 46,131
(Charged)/credited to income statement	(469)	(2,088)	(2,347)	(1,134)	(80)	5,573	(545)
(Charged)/credited to other comprehensive income and equity	—	—	2,376	—	—	2,175	4,551
December 31, 2011	7,143	5,482	19,142	7,311	—	11,059	50,137
(Charged)/credited to income statement	(1,277)	(2,360)	(10,728)	103	—	(7,206)	(21,468)
Balance sheet reclass	—	—	—	—	—	—	—
(Charged)/credited to other comprehensive income and equity	—	—	3,079	—	—	—	3,079
December 31, 2012	$ 5,866	$ 3,122	$ 11,493	$ 7,414	$ —	$ 3,853	$ 31,748

Deferred Tax Liabilities

	Intangibles	Tangible Fixed Assets	Stock Compensation	Reserves Accruals	Exchangeable Notes	Other	Total
January 1, 2011	$ (196)	$ 3,610	$ —	$ (10,739)	$ —	$ (1,998)	$ (9,323)
(Charged)/credited to income statement	(1,977)	(6,813)	—	1,397	—	(2,508)	(9,901)
(Charged)/credited to other comprehensive income and equity	—	—	—	—	—	(325)	(325)
December 31, 2011	(2,173)	(3,203)	—	(9,342)	—	(4,831)	(19,549)
(Charged)/credited to income statement	423	(2,337)	—	2,099	—	1,206	1,391
(Charged)/credited to other comprehensive income and equity	—	—	—	—	—	—	—
December 31, 2012	$ (1,750)	$ (5,540)	$ —	$ (7,243)	$ —	$ (3,625)	$ (18,158)

At December 31, 2012, we had net operating loss carry-forwards for income tax purposes in various tax jurisdictions of approximately $24.7 million. Of those carry-forwards that are subject to expiration, they will expire, if unused, $0.4 million in 2013, $5.9 million in 2014, $3.1 million in 2015, $2.0 million in 2016, $6.2 million in 2017-2019, and $5.0 million in 2020-2026. 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, 2012 and 2011 (in thousands):

	2012	2011
Finished goods	$ 38,572	$ 32,604
Parts and materials	8,818	18,004
Work in progress	1,875	2,606
Inventories, net	$ 49,265	$ 53,214

The cost of inventories recognized as expense and included in Cost of Sales was $121.7 million and $115.3 million for the years ended December 31, 2012 and 2011, 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 $3.3 million and $2.9 million at December 31, 2012 and 2011, 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, 2012 and 2011 (in thousands):

	2012	2011
Trade receivables	$ 181,345	$ 167,641
Other receivables	6,945	6,926
Total receivables	188,290	174,567
Less - valuation reserves	3,516	3,762
Receivables, net	$ 184,774	$ 170,805

The carrying value of trade and other receivables approximates their fair values at December 31, 2012 and 2011 .

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, 2012 and 2011 we had $0.8 million and $1.8 million, respectively, that were 180 days past due but not impaired. As of December 31, 2012 and 2011 there were no receivables that were 365 days past due but not impaired. The amount of the provision for impaired receivables was $3.5 million and $3.8 million for 2012 and 2011, 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			
	2012		2011		2012		2011	
Not past due	$	100,594	$	93,282	$	—	$	—
Up to 180 days past due		76,434		68,802		—		—
180 to 365 days past due		801		1,795		1,822		1,907
Over 365 days past due		—		—		1,694		1,855
Total	$	177,829	$	163,879	$	3,516	$	3,762

The carrying amount of our trade and other receivables are denominated in the following currencies (in thousands):

	2012		2011	
US dollar	$	114,052	$	107,020
Euro		16,988		16,299
Pound		7,866		8,260
Canadian dollar		21,579		23,431
Ruble		6,469		4,279
Other currencies		21,336		15,278
Total	$	188,290	$	174,567

Movements in the allowance on trade receivables are as follows (in thousands):

	2012		2011	
At January 1,	$	3,762	$	3,396
Provision for receivable impairment (recoveries)		508		254
Receivables written off as uncollectible		(845)		(281)
Other [1]		91		393
At December 31,	$	3,516	$	3,762

(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, 2012 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 $5.3 million and consists of 47,899,584 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $171.8 million and consists of 1,550,173 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2012 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2012	49,037,806	1,408,334	47,629,472
Issue of ordinary shares	—	(301,006)	301,006
Issue of ordinary shares for exchange of Notes	—	—	—
Issue of ordinary shares for exchange of warrants	—	—	—
Cancellation of treasury shares	(1,138,224)	(1,138,224)	—
Other	2	—	2
Repurchased own shares	—	1,581,069	(1,581,069)
Balance at December 31, 2012	47,899,584	1,550,173	46,349,411

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 10% of our issued share capital in treasury. On May 16, 2012 at our annual shareholder's meeting, our shareholders authorized the extension of our share repurchase program of up to 10% of our issued share capital from time to time for an 18 month period until November 19, 2013. 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, 2012, we have repurchased 34,704,191 shares for an aggregate purchase price of approximately $963.8 million, or an average price of $27.77 per share and have cancelled 28,675,824 shares at a cost of $552.8 million. During the twelve months ended December 31, 2012, we repurchased 1,581,069 of our common shares for $175.7 million, at an average price of $111.15 per share which included rights to 85,820 shares valued at $10.1 million, or $117.87 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 128,710 shares at a total cost of approximately $15.8 million.

At the annual meeting of shareholders on May 16, 2012, the shareholders approved the cancellation of 1,138,224 shares of our common stock then held as treasury stock. These treasury shares were cancelled on September 2, 2012, 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, 2012, we issued out of treasury stock 1,042 shares relating to the exercise of stock options and 299,964 shares relating to the vesting of restricted stock.

Dividends

Cash dividends of $0.28 and $0.25 per share were paid each quarter of 2012 and 2011, respectively. The total dividends paid in 2012 were $53.0 million. On February 22, 2013, we increased our dividend and paid a quarterly dividend of $0.32 per share of common stock to shareholders of record on January 22, 2013.

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, 2011	$ (5,078)	$ (187)	$ (5,265)
Pension adjustment	(175)	—	(175)
Currency translation adjustment	—	(72)	(72)
Balance at December 31, 2011	(5,253)	(259)	(5,512)
Pension adjustment	(3,537)	—	(3,537)
Currency translation adjustment	—	(105)	(105)
Balance at December 31, 2012	$ (8,790)	$ (364)	$ (9,154)

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 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 2012.

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 1,042 shares and 299,964 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 $135.23 and $118.29, 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, 2012, approximately 530,700 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, was in the top decile of the Bloomberg Comp Group at the end of the three year performance period, which began on January 1, 2010 and ended on December 31, 2012. This arrangement was recorded as an equity award that required us to recognize compensation expense totaling $5.5 million over the performance period of which $1.8 million and $2.1 million was recognized in 2012 and 2011, respectively. At December 31, 2012, Core Lab had the highest ROIC compared to the Bloomberg Comp Group. The Compensation Committee of our Board of Supervisory Directors verified that the performance target criteria had been met and 85,200 shares vested (4,800 share were forfeited prior to the end of the performance period due to the retirement of one of the participants). We issued these common shares on December 31, 2012 and simultaneously, the participants surrendered 28,829 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 $3.2 million, at $109.31 per share. We have recognized a tax benefit from the vesting of the PSAP of $1.4 million in 2012.

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 Comp Group at the end of the three year performance period, which 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 $8.0 million over the performance period, of which $2.7 million has been recognized in 2012. The unrecognized compensation expense is expected to be recognized over an amortization period of 12 months.

On February 17, 2012, certain executives were awarded rights to receive an aggregate of 79,009 common shares if our ROIC, as defined in the PSAP, is in the top decile of the Bloomberg Comp Group at the end of the three year performance period, which ends on December 31, 2014. 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 $9.4 million over the performance period, of which $3.1 million has been recognized in 2012. 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 105,774 shares in 2012. Each of these grants awarded in 2012 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, 2012, there was $20.4 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 51 months. We have recognized compensation expense of $11.2 million and $10.6 million in 2012 and 2011, respectively. We have recognized a tax benefit from the vesting of the RSAP of $6.9 million in 2012.

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, 2012, approximately 572,205 shares were available for issuance under the Director Plan.

Performance Share Award Program

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 ended on July 15, 2012. 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 returns earned by members of the S&P 500 Oil & Gas Equipment & Services index, with 50% of the shares vesting if our return was at or above the 50th percentile of the members' return and 100% of the shares vesting if our return was at or above the 75th percentile of the members' return. On July 15, 2012, at the end of the performance period, it was determined that the vesting criteria had been met and all shares vested in full at that time. 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, 2009, of which, $0.1 million and $0.2 million was recognized in 2012 and 2011, respectively.

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 ended on December 31, 2012. The performance target for this award was based on a calculated ROIC, as defined in the agreement, with full vesting occurring if our ROIC was in the top decile of the Bloomberg Comp Group at the end of the performance period. At December 31, 2012, at the end of the performance period it was determined that the vesting criteria had been met and all shares vested at that time. This arrangement was recorded as an equity award that required us to recognize compensation expense totaling $0.6 million over the performance period, of which, $0.2 million and $0.2 million was recognized in 2012 and 2011, respectively.

Restricted Share Award Program

In 2011, the Compensation Committee of our Board of Supervisory Directors approved the RSAP to compensate our non-employee Supervisory Directors. Prior to 2011, the non-employee Supervisory Directors were awarded shares under the PSAP plan. Under this arrangement we awarded grants totaling 7,987 shares and 10,283 shares in 2012 and 2011, respectively. Each of these grants has a vesting period of 3 years.These 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, 2012, there was $1.2 million of unrecognized total stock-based compensation relating to nonvested RSAP awards, of which, $0.6 million and $0.2 million has been recognized in 2012 and 2011, respectively. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 23 months.

Nonvested restricted and performance share awards as of December 31, 2012 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, 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
Granted	184,783	117.09	7,987	127.77
Vested	(276,930)	56.99	(23,064)	51.80
Forfeited	(33,015)	71.66	—	—
Nonvested at December 31, 2012	616,040	$ 88.74	18,270	$ 112.48

The fair value of the nonvested restricted stock awards at December 31, 2012 was $69.3 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, 2012 and 2011. All options outstanding at December 31, 2012 are fully vested.

	Shares	Range of Exercise Prices	Weighted Average Exercise Price
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
Options granted	—	—	—
Options exercised	(1,042)	4.75	4.75
Options forfeited	—	—	—
Balance at December 31, 2012	12,000	$ 4.42 - 12.50	$ 6.95

The fair value of the outstanding stock options at December 31, 2012 was $1.2 million. All stock options expire 10 years from date of grant. The weighted average life remaining for the stock options outstanding at December 31, 2012 was 0.8 years. The following table presents the amount of stock options set to expire in the respective years.

Year	Number of Options
2013	8,000
2014	2,000
2015	2,000

The total intrinsic value of options exercised during 2012 and 2011 were $0.1 million and $4.0 million, respectively.

For the years ended December 31, 2012 and 2011, stock-based compensation expense recognized in the income statement is as follows (in thousands):

	2012	2011
Cost of sales and services	$ 9,475	$ 9,500
General and administrative	10,187	5,548
Total stock-based compensation expense	$ 19,662	$ 15,048

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, 2012 and 2011, there were zero preference shares issued or outstanding.

17. BORROWINGS

Debt at December 31, 2012 and 2011 is summarized in the following table (in thousands):

	2012	2011
Senior Notes	$ 150,000	$ 150,000
Credit facility	84,000	73,000
Capital lease obligations *	73	132
Other indebtedness	—	2,287
Deferred debt acquisition costs	(2,125)	(2,597)
Borrowings, net	$ 231,948	$ 222,822

*Capital lease obligations consist of both short-term (40) and long-term (33).

In September 2011, we issued two series of senior notes with an aggregate principal amount of $150 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 $17 million at December 31, 2012, resulting in an available borrowing capacity under the Credit Facility of $199 million. In addition to those items under the Credit Facility, we had $22.9 million of outstanding letters of credit and performance guarantees and bonds from other sources at December 31, 2012.

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.

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

Provisions consist of accrued amounts 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.

The movement of provisions for 2012 is as follows (in thousands):

At January 1, 2012	$ 3,034
Charged / (credited) to the income statement:	
Additional provisions	1,622
Used during the year	(1,643)
At December 31, 2012	$ 3,013

21. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

	2012	**2011**
Balance sheet obligations for:		
Pension benefits	8,013	5,504
Post employment benefits - SERP	13,024	11,307
Post employment benefits - Deferred Comp	29,800	22,659
Liability in the balance sheet	50,837	39,470
Income statement charge (benefit) for:		
Pension benefits	38	(302)
Post employment benefits	963	—
	1,001	(302)
Actuarial losses recognized in the statement of other comprehensive income in the year	(3,537)	(175)
Cumulative actuarial losses recognized in the statement of other comprehensive income	(8,790)	(5,253)

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.

We have entered into deferred compensation contracts for certain key employees and an outside director to provide the participants an annual retirement benefit based on years of service and on the average of their base salary salary for the five years prior to retirement. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

The following table summarizes the change in the projected benefit obligations and the fair value of plan assets for the years ended December 31, 2012 and 2011 (in thousands):

	2012	2011
Defined Benefit Obligations:		
Defined benefit obligations at beginning of year	$ 43,280	$ 39,439
Service cost	4,689	1,852
Interest cost	1,059	2,168
Benefits paid	(1,410)	(1,176)
Administrative expenses	(181)	(185)
Actuarial (gain)/ loss, net	11,620	2,021
Unrealized (gain)/ loss on foreign exchange	843	(839)
Defined benefit obligations at end of year	$ 59,900	$ 43,280
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	$ 36,138	$ 32,929
Expected return on plan assets	3,245	1,182
Actuarial gain (loss) on plan assets	7,233	1,616
Employer contributions	1,619	1,919
Benefits paid	(910)	(676)
Administrative expenses	(181)	(185)
Unrealized gain (loss) on foreign exchange	692	(647)
Fair value of plan assets at end of year	$ 47,836	$ 36,138
Over (under)-funded status of the plan at end of the year [1]	$ (12,064)	$ (7,142)
Accumulated Benefit Obligations	$ 39,276	$ 28,998

[1] *includes $8,973 of insurance contracts used to partially fund the deferred compensation for the executives and is shown separately as an asset on the Balance Sheet*

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligations at December 31, 2012 and 2011:

	2012	2011
Weighted average assumed discount rate	3.6% - 5.25%	5%
Weighted average rate of compensation increase	3% - 5%	3%
Future pension increase	2%	2%

The discount rate used to determine our projected benefit obligation for our Dutch Plan at December 31, 2012 was decreased from 5% to 3.6%. 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, 2012 and 2011 included:

	2012	2011
Service cost	$ 1,127	$ 1,352
Interest cost	1,684	1,743
Expected return on plan assets	(1,079)	(752)
Net periodic pension cost	$ 1,732	$ 2,343

The net periodic pension cost of $1.7 million and $2.3 million for the years ended December 31, 2012 and 2011, respectively was recognized in Cost of Services in the Consolidated Income Statement.

This net periodic pension cost was calculated using the following assumptions:

	2012	2011
Weighted average assumed discount rate	5% - 5.25%	5.4%
Expected long-term rate of return on plan assets	5% - 5.25%	5.4%
Weighted average rate of compensation increase	3% - 5%	3%

Plan assets at December 31, 2012 and 2011 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 2013 minimum funding requirements are expected to be approximately $2.1 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.

	2012	2011	2010	2009	2008
Defined benefit obligation	$ 59,900	$ 43,280	$ 39,439	$ 35,683	$ 30,004
Plan assets	47,836	36,138	32,929	30,061	25,090
Surplus/(deficit)	(12,064)	(7,142)	(6,510)	(5,622)	(4,914)
Experience adjustments on plan liabilities	(282)	(169)	326	835	28
Experience adjustments on plan assets	7,233	1,616	1,547	234	334

Expected benefit payments under this plan for the next five years are as follows (in thousands):

2013	$ 1,566
2014	1,664
2015	1,682
2016	1,801
2017	2,004

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:

	2012	2011
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:

	2012	2011
Male	22.5	22.5
Female	24.9	24.9

Defined Contribution Plans

We maintain five defined contribution plans (the "Defined Contribution Plans") for the benefit of eligible employees in Canada, The Netherlands, Puerto Rico, 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, 2012 and 2011, we expensed approximately $6.2 million and $5.7 million respectively, for our contributions and our additional discretionary contributions to the Defined Contribution Plans.

Deferred Compensation Arrangements

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 $0.3 million and $0.3 million for the years ended December 31, 2012 and 2011, 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.

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, 2012 and 2011, employee expense recognized in the income statement is as follows (in thousands):

	2012	2011
Wages and salaries	$ 248,958	$ 239,695
Social security costs	50,812	48,845
Stock based compensation	19,662	15,048
Total employee expense	$ 319,432	$ 303,588

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, 2012 and 2011, employee expense recognized in the income statement is as follows (in thousands):

	2012	2011
Cost of sales and services	$ 287,339	$ 275,168
General and administrative	32,093	28,420
Total employee expense	$ 319,432	$ 303,588

We had approximately 5,000 and 5,000 employees in 2012 and 2011, respectively.

24. OTHER (INCOME) EXPENSE, NET

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

	Year Ended	
	2012	2011
(Gain) loss on sale of assets	$ (201)	$ (487)
Foreign exchange (gain) loss	142	1,800
Rent and royalty (income)	(1,033)	(1,716)
(Gain) loss on insurance recovery	(4,490)	(1,014)
Legal entity realignment costs	1,860	711
NYSE Euronext Amsterdam listing costs	923	—
Other	(357)	202
Total other (income) expense, net	$ (3,156)	$ (504)

During 2012, we incurred legal, accounting and other fees in connection with the realignment of certain of our legal entities into a more cost effective structure and the listing of our shares on the Euronext Amsterdam.

As a result of a supply disruption in 2011 from a key vendor 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 which was fully settled during 2012 for $4.4 million.

As a result of reaching a settlement on a property damage claim we filed in 2010, we recorded an insurance recovery gain of $1.0 million in 2011.

Foreign exchange gains and losses are summarized in the following table (in thousands):

	Year Ended	
(Gain) loss by currency	**2012**	**2011**
Australian Dollar	$ 30	$ 81
Angolan Kwanza	41	257
British Pound	(41)	163
Canadian Dollar	(415)	423
Colombian Peso	(47)	120
Euro	(62)	257
Malaysian Ringgit	70	187
Nigerian Naira	11	164
Russian Ruble	72	(127)
Venezuelan Bolivar	7	(108)
Other currencies, net	476	383
Total (gain) loss	$ 142	$ 1,800

25. FINANCE COSTS

Finance costs consist of interest expense on bank borrowings and senior notes, financial leases, and amortization of debt issuance costs.

The components of finance costs for 2012 and 2011 are as follows (in thousands):

	2012	**2011**
Finance costs:		
Interest expense on senior notes	$ 6,090	$ 1,536
Interest expense on bank borrowings	2,730	2,333
Exchangeable notes	—	6,072
Loss on interest rate hedge	—	1,340
	8,820	11,281
Variance in fair value of derivative instruments:		
Warrant	—	104,959
Exchange option	—	36,232
	—	141,191
Loss on exchange of senior exchangeable notes	—	3,327
Finance income	(318)	(138)
Net finance costs	$ 8,502	$ 155,661

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. 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. We recognized the change in the fair value of the Exchangeable Notes through our profit and loss accounts. All of the Exchangeable Notes were early exchanged or matured during 2011.

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 warrants in the consolidated balance sheet as of the transaction date, and recognized subsequent changes in fair value in the consolidated income statement. During 2011, the settlement of all of the warrants was accelerated through a series of agreements with the holder of the warrants.

26. INCOME TAXES

The components of income tax expense for 2012 and 2011 are as follows (in thousands):

	2012	2011
Current tax	$ 67,034	$ 52,598
Deferred tax	20,077	10,446
Income tax expense	$ 87,111	$ 63,044

The differences in income tax expense computed using The Netherlands statutory income tax rate of 25.0% in 2012 and 2011 and our income tax expense as reported in the accompanying consolidated income statement for 2012 and 2011 are as follows (in thousands):

	2012	2011
Profit (loss) before tax	$ 287,019	$ 97,810
Tax at The Netherlands income tax rate	71,755	24,453
International earnings taxed at rates other than The Netherlands statutory rate	(854)	7
Non-deductible expenses and permanent differences, net	917	37,422
Tax attributes realized	(2,099)	(1,279)
State and provincial taxes	2,895	3,169
Adjustments of prior year taxes	11,701	(8,093)
Adjustments of income tax reserves	(4,374)	7,050
Other	7,170	315
Income tax expense from continuing operations	$ 87,111	$ 63,044

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 for 2011, respectively, and the change in the fair value of the convertible debt feature which amounted to $9.8 million for 2011.

The change in adjustments of prior year taxes is attributable primarily to our stock-based compensation plans. The change in other contains non-deductible elements from our various benefit plans.

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, 2012	2011
Weighted average basic common shares outstanding	47,211	46,286
Effect of dilutive securities:		
Stock options	12	19
Performance shares	129	75
Restricted stock	201	255
Senior exchangeable notes	—	857
Warrants	—	901
Weighted average diluted common and potential common shares outstanding	47,553	48,393

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.

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, 2012, consist of the following (in thousands):

2013	$ 13,548
2014	9,544
2015	6,823
2016	4,806
2017	3,618
Thereafter	12,830
Total commitments	$ 51,169

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 $21.6 million and $20.9 million for the years ended December 31, 2012 and 2011, respectively.

29. ACQUISITIONS

In 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. In 2012, a post-closing adjustment was recorded that increased the purchase price and goodwill by $0.6 million. The acquisition was recorded in the Production Enhancement business segment.

The acquisition of these assets did not have a material impact on our Consolidated Balance Sheet or Consolidated Income Statement.

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 2012 and 2011. These fees consisted of (in thousands):

	For the Year Ended December 31, 2012	2011
Audit fees	$ 2,855	$ 2,883
Audit related fees	4	8
Tax fees	127	262
All other fees	153	31
Total	$ 3,139	$ 3,184

31. DIRECTORS' AND NON-EXECUTIVE 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 2012.

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	2012	$ 875,000	$ 2,941,021	$ 1,750,000	$ 313,000	$ 16,306	$5,895,327
President, Chief Executive Officer and Chairman of the Supervisory Board	2011	800,000	1,499,932	1,600,000	190,000	15,827	4,105,759
Richard L. Bergmark	2012	468,000	1,392,009	702,000	303,000	16,340	2,881,349
Executive Vice President, Chief Financial Officer, and Supervisory Director	2011	450,000	892,892	675,000	187,000	15,888	2,220,780
Rene Joyce (3)	2012	—	140,068	—	—	84,250	224,318
Supervisory Director	2011	—	24,333	—	—	89,950	114,283
Michael Kearney (3)	2012	—	140,068	—	—	85,400	225,468
Supervisory Director	2011	—	24,333	—	—	85,400	109,733
John Ogren (3)	2012	—	140,068	—	—	84,100	224,168
Supervisory Director	2011	—	24,333	—	—	80,400	104,733
Joseph Perna (3)	2012	—	140,068	—	(47,000)	53,000	146,068
Supervisory Director	2011	—	24,333	—	(100,000)	54,700	(20,967)
Jan Willem Sodderland (3)	2012	—	92,134	—	—	53,000	145,134
Supervisory Director	2011	—	20,065	—	—	28,500	48,565
Margaret Ann van Kempen (3)	2012	—	29,332	—	—	30,350	59,682
Supervisory Director	2011	—	—	—	—	—	—
Alexander Vriesendorp (3)	2012	—	140,068	—	—	24,500	164,568
Supervisory Director	2011	—	24,333	—	—	56,700	81,033

(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, 2012. The awards for which compensation expense was recognized consists of Restricted Shares granted in 2006 and 2007 and Performance Restricted Shares granted in 2011 and 2012

for our executive Supervisory Directors and Performance Restricted Shares granted in 2009 and 2010 and Restricted Shares granted in 2011 and 2012 for our non-executive 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 2012. None of our non-executive Supervisory Directors had any option awards outstanding as of December 31, 2012.

(2) Amounts for executive Supervisory Directors consist of our matching contributions and contributions through our retirement plans and amounts paid under certain insurance plans. Amounts for non-executive Supervisory Directors consist of fees paid to outside directors for service on the Supervisory Board and related committees.

(3) Each of our non-executive Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2012: Mr. Joyce, 2,610; Mr. Kearney, 2,610; Mr. Ogren, 2,610; Mr. Perna, 2,610; Mr. Sodderland, 2,610; Ms. van Kempen, 1,141; and Mr. Vriesendorp, 2,610.

Retainer/Fees

Each non-executive Supervisory Director was paid the following amounts during fiscal 2012:

- a base annual retainer, payable semiannually in arrears, in amount of $45,000;
- and an additional annual retainer 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 unvested restricted performance and restricted 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)
2011	—	10,283
2012	—	7,987

(1) Restricted Shares will vest at the end of the vesting period without performance criteria

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.

On April 1, 2012, 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, 2012, rounded upwards to the nearest whole share for a total of 1,141 shares each. On May 31, 2011, we made a grant of 1,141 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, 2012.

We anticipate that we will make grants in 2013 in the amount of shares equal to $150,000 per director, calculated upon the share price as of March 31, 2013, 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, 2013, 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.

We have made no loans, advances or guarantees to any of our Supervisory Directors.

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 9.4% and 4% merit increase in 2012, respectively, in each case, as a result of our financial performance and the returns experienced by our shareholders. The new approved salary levels for 2012 base salaries were as follows: Mr. Demshur, $875,000; and Mr. Bergmark, $468,000. For 2013, the Compensation Committee has approved an increase in base salaries for our executives as follows: Mr. Demshur, $910,000; and Mr. Bergmark, $486,720.

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 2012, 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 2012, the minimum U.S. GAAP diluted earnings per share that must have been attained was $4.35 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 2012 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 $4.54, which exceeded our minimum performance targets for 2012 of $4.35 per share. Based upon this performance in 2012, our executives were awarded bonuses as follows: Mr. Demshur, $1,750,000 and Mr. Bergmark, $702,000.

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 2011 and 2012, 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 2012, is reflected in Stock Awards in the Summary Compensation Table.

For 2008 through 2012, 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 aggregate 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. At December 31, 2012, the end of the performance period, it was determined that the vesting criteria had been met and 85,200 shares vested (4,800 shares were forfeited prior to the end of the performance period due to the retirement of one of the participants).

On April 1, 2011, we made aggregate 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 aggregate 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.

On February 13, 2013, we made aggregate grants of 79,660 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, 2013 (the "2013 Performance Period"). In 2013, the long-term incentive guideline used to make awards was four times 2012 base salary for Mr. Demshur and three times 2012 base salary for Mr. Bergmark.

	Unvested Shares @ Jan 1, 2012	Granted during 2012	Vested during 2012	Unvested Shares @ December 31, 2012
David M. Demshur	58,235	29,835	(27,600)	60,470
Richard L. Bergmark	32,350	12,587	(16,200)	28,737

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 2012, 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 2013.

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-seven times annual base salary based on the closing price of our common stock on December 31, 2012, 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 3.75%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2012 Applicable Mortality Table for Lump Sums under the Pension Protection Act of 2006 (PPA);
- a current medical trend of 8.8% per annum, decreasing in accordance with a schedule over time to 5.7% in 2015 and 5.3% in 2036;

- 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 3.5%;
- mortality under section 417(e)(3)(A)(ii)(I), the 2012 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 and (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).

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 2012 and 2011, 85,820 shares valued at $10.1 million and 50,177 shares valued at $5.1 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, 2012.

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.	Willemstad, 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%
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%
Projeito Brasil	Macaé, Brasil	49%

Company financial statements

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2012 and 2011
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2012	2011
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	3	$ 736,427	$ 695,083
Deferred income tax asset	4	2,868	2,866
Other assets	3	3,405	3,098
TOTAL NON-CURRENT ASSETS		742,700	701,047
CURRENT ASSETS			
Prepaid expenses and other current assets		4,790	4,880
Receivables from subsidiaries		2,106	6,000
Accounts receivable		34	61
Cash and cash equivalents		1,986	7,994
TOTAL CURRENT ASSETS		8,916	18,935
TOTAL ASSETS		$ 751,616	$ 719,982

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2012 and 2011
(In thousands of USD, except share and per share data)
(After proposed appropriation of results)

	Ref.	2012	2011
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2012 and 2011; 200,000,000 shares authorized; 47,899,584 issued and 46,349,411 outstanding at 2012 and 49,037,806 issued and 47,629,472 outstanding at 2011		$ 1,264	$ 1,155
Additional paid-in capital		4,111	87,404
Retained earnings		404,358	257,941
Other reserves		(9,185)	(5,405)
Treasury shares (at cost), 1,550,173 at 2012 and 1,408,334 at 2011		(171,845)	(107,406)
TOTAL EQUITY	5	228,703	233,689
Provisions	7	—	22,409
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term payable to subsidiaries	9	4,400	7,115
Income tax payable		455	842
Employee benefit obligations	8	12,209	12,317
Deferred income tax liability		700	700
TOTAL NON-CURRENT LIABILITIES		17,764	20,974
CURRENT LIABILITIES:			
Accounts payable		4,651	694
Borrowings		—	2,287
Payables to subsidiaries	9	498,112	437,210
Other accrued expenses		2,386	2,719
TOTAL CURRENT LIABILITIES		505,149	442,910
TOTAL LIABILITIES		522,913	463,884
TOTAL EQUITY, PROVISIONS AND LIABILITIES		$ 751,616	$ 719,982

The accompanying notes are an integral part of these Financial Statements.

CORE LABORATORIES N.V.
INCOME STATEMENT
For the Years Ended December 31, 2012 and 2011
(In thousands of USD)

	Ref.	2012	2011
Standalone company net income (loss) after taxation		$ (5,970)	$ (105,610)
Profit (loss) from subsidiaries after tax	3	205,337	140,416
Result after taxation		$ 199,367	$ 34,806

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 2012.

In accordance with article 402 Book 2 of the Dutch Civil Code the Income Statement is presented in abbreviated form.

2. ACCOUNTING PRINCIPLES

Basis of preparation

The company financial statements of Core Laboratories N.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subarticle 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Core Laboratories N.V. should be read in conjunction with the consolidated financial statements.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Investments in consolidated subsidiaries

Investments in consolidated subsidiaries are entities (including intermediate subsidiaries and special purpose entities) over which the company has control, i.e. the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are recognized from the date on which control is transferred to the company or its intermediate holding entities. They are derecognized from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

When the company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognized in equity.

When the company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the company will recognize a provision.

3. FINANCIAL ASSETS

Investments in Subsidiaries

(in thousands)	2012	2011
Book value at January 1:	$ 695,083	$ 591,593
Capital contribution/ (transfers)	354,825	204
Dividends	(486,572)	(31,084)
(Reduction of) / additional negative net asset value stated at nil	(32,246)	(6,046)
Net income from subsidiaries	205,337	140,416
Book value at December 31:	$ 736,427	$ 695,083

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, 2012 relate to tax credits.

Deferred Tax Assets

	Tax Credits	Total
December 31, 2010	$ 2,801	$ 2,801
Charged/(credited) to income statement	65	65
December 31, 2011	2,866	2,866
Charged/(credited) to income statement	2	2
December 31, 2012	$ 2,868	$ 2,868

5. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2012 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 $5.4 million and consists of 47,899,584 issued and 46,349,411 outstanding ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $171.8 million and consists of 1,550,173 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares in 2012 are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2012	49,037,806	1,408,334	47,629,472
Issue of ordinary shares	—	(301,006)	301,006
Cancellation of treasury shares	(1,138,224)	(1,138,224)	—
Repurchased own shares	—	1,581,069	(1,581,069)
Other	2	—	2
Balance at December 31, 2012	47,899,584	1,550,173	46,349,411

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, 2011	$ 1,155	$ 87,404	$ 257,941	$ (5,405)	$ (107,406)	$ 233,689
Stock options exercised	—	(60)	—	—	65	5
Stock-based compensation	—	19,662	—	—	—	19,662
Stock-based awards issued	—	(24,635)	—	—	24,635	—
Tax charge of stock awards issued	—	8,304	—	—	—	8,304
Repurchases of common shares	—	—	—	—	(175,732)	(175,732)
Dividends paid	—	—	(52,950)	—	—	(52,950)
Cancellation of treasury shares	(29)	(86,564)	—	—	86,593	—
Currency translation adjustment	138	—	—	(138)	—	—
Pension adjustment	—	—	—	(3,642)	—	(3,642)
Net income (loss)	—	—	199,367	—	—	199,367
BALANCE, December 31, 2012	$ 1,264	$ 4,111	$ 404,358	$ (9,185)	$ (171,845)	$ 228,703

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 $138,000 related to this re-measurement, as indicated in the movement schedule above using an exchange rate of 1.3192 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 10% of our issued share capital in treasury. On May 16, 2012 at our annual shareholder's meeting, our shareholders authorized the extension of our share repurchase program of up to 10% of our issued share capital from time to time for an 18 month period until November 16, 2013. 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, 2012, we have repurchased 34,704,191 shares for an aggregate purchase price of approximately $963.8 million, or an average price of $27.77 per share and have cancelled 28,675,824 shares at a cost of $552.8 million. During the twelve months ended December 31, 2012, we repurchased 1,581,069 of our common shares for $175.7 million, at an average price of $111.15 per share which included rights to 85,820 shares valued at $10.1 million, or $117.87 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 128,710 shares at a total cost of approximately $15.8 million.

At the annual meeting of shareholders on May 16, 2012, the shareholders approved the cancellation of 1,138,224 shares of our common stock then held as treasury stock. These treasury shares were canceled on September 2, 2012, 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 2012 relate to our long-term incentive plan and were exercised at the request of certain employees.

At December 31, 2012, the Company has outstanding stock options of 12,000 shares at exercise prices ranging from $4.42 to $12.50 awarded to employees with a weighted average contractual life of 0.8 years.

Dividends

Cash dividends of $0.28 per share of common stock were paid in February, May, August and November 2012. The total dividends paid in 2012 were $53.0 million. On February 22, 2013, we paid a quarterly dividend of $0.32 per share of common stock to shareholders of record on January 22, 2013.

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, 2012 and 2011, 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):

	Consolidated Subsidiaries
At January 1, 2012	$ 22,409
Charged / (credited) to the income statement:	
Reversed unused	(22,409)
At December 31, 2012	$ —

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.

8. POSTRETIREMENT BENEFIT PLANS

	2012	2011
Balance sheet obligations for:		
Post employment benefits	12,209	12,317
Liability in the balance sheet	12,209	12,317
Income statement charge (benefit) for:		
Post employment benefits	699	—
	699	—
Actuarial losses recognized in the statement of other comprehensive income in the year	(516)	(237)
Cumulative actuarial losses recognized in the statement of other comprehensive income	(985)	(469)

We have entered into deferred compensation contracts under a Supplemental Executive Retirement Plan ("SERP") for certain key employees and an outside director to provide the participants an annual retirement benefit based on years of service and on the average of their base salary salary for the five years prior to retirement. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

The following table summarizes the change in the projected benefit obligations and the fair value of the plan assets for the SERP for the years ended December 31, 2012 and 2011 (in thousands):

	2012	2011
Defined Benefit Obligations:		
Defined benefit obligations at beginning of year	$ 6,033	$ 5,608
Interest cost	(415)	925
Benefits paid	(500)	(500)
Actuarial (gain)/ loss, net	373	—
Defined benefit obligations at end of year	5,491	6,033
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	3,048	3,199
Expected return on plan assets	974	(151)
Actuarial gain (loss) on plan assets	(654)	—
Fair value of plan assets at end of year	3,368	3,048
Over (under)-funded status of the plan at end of the year	(2,123)	(2,985)

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligations at December 31, 2012 and 2011:

	2012	2011
Weighted average assumed discount rate	5.25%	5%
Weighted average rate of compensation increase	5%	3%
Future pension increase	2%	2%

Expected benefit payments under this plan for the next five years are as follows (in thousands):

2013	$	500
2014		500
2015		500
2016		500
2017		500

9. 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, 2012	$	7,115
Charged / (credited) to the income statement:		
Payments		(2,715)
At December 31, 2012	$	4,400

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.

10. COMMITMENTS AND CONTINGENCIES

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 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 1.50% 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 $17 million at December 31, 2012, resulting in an available borrowing capacity under the Credit Facility of $199 million. In addition to those items under the Credit Facility, there were $22.9 million of outstanding letters of credit and performance guarantees and bonds from other sources at December 31, 2012.

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.

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.

Amsterdam, The Netherlands,
April 30, 2013

/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/ Margaret Ann van Kempen
Margaret Ann van Kempen
Supervisory Director

Other information

1 Auditor's Report

The Auditor's report is included on page 94.

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 $199.4 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 shares 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. - Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Libya Branch	Tripoli, Libya
Core Laboratories Middle East Services B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
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. - Yemen Branch	Aden, Yemen
Saybolt International B.V. - Qatar Branch	Doha, Qatar
Saybolt Analyt Holding B.V. - Turkmenistan	Turkenbashi, Turkmenistan
Saybolt Analyt Holding B.V. - Georgia Rep. Office	Batumi, Georgia
Saybolt Tianjin M&I Company - Xiamen Branch	Xiamen, China
Saybolt Tianjin M&I Company - Zhuhai Branch	Zhuhai, China
Saybolt Tianjin M&I Company - Guangzhou Branch	Guangzhou, China
Saybolt Tianjin M&I Company - Manzhouli Branch	Manzhouli, China
EW Saybolt & Co SA - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Saybolt Eastern Hemisphere BV - Taiwan Branch	Taipei, Taiwan
Saybolt Eastern Hemisphere BV - Kuwait Branch	Mangaf, Kuwait
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

None

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 2012 of Core Laboratories N.V., Amsterdam as set out on pages 28 to 91. 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 2012, the consolidated 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. The company financial statements comprise the company balance sheet as at 31 December 2012, 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 2012, 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 2012, 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, 30 April 2013
PricewaterhouseCoopers Accountants N.V.

Originally signed by W.J. van der Molen RA

CORE LABORATORIES N.V.

LISITNG OF SUBSIDIARIES

Annual Report for December 31, 2012

Herengracht 424
1017 BZ Amsterdam
The Netherlands

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 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, 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	99.9%
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%
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 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%
Saybolt-Ukraine	Odessa, Ukraine	100%

Name	Legal Seat	Ownership %
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%
ZAO Petroleum Analysts	Moscow, Russian Federation	100%
Tianjin Saybolt Bohai Inspection Co., Ltd.	Tianjin, China	65%
OOO Saybolt AM	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%
Stim-Lab, Inc.	Oklahoma, United States	100%
Core Laboratories Global N.V.	Curacao, The Kingdom of the Netherlands	100%
Production Enhancement Corporation	Delaware, United States	100%

Name	Legal Seat	Ownership %
CTC Pulsonic Nigeria Limited	Lagos, Nigeria	80%
PENCOR International Ltd.	Jersey, Channel Islands	100%
Coreton Limited	Croydon, United Kingdom	100%
Labton Limited	London, United Kingdom	100%
Core Laboratories Asia Pacific SDN BHD	Kuala Lampur, Malaysia	100%
Saybolt Azerbaijan	Baku, Azerbaijan	100%
Core Laboratories Interests One Limited	London, United Kingdom	100%
Core Laboratories Interests Two Limited	London, United Kingdom	100%
Core Laboratories (Gibraltar) Limited	Irish Town, Gibraltar	100%
Core Laboratories (Ireland) Limited	Dublin, Ireland	100%
Core Laboratories Argentina S.A.	Buenos Aires, Argentina	100%
Core Laboratories Luxembourg S.a.r.L.	Senningerberg, Luxembourg	100%
P.T. Perferindo Teknika Nusantara	Jakarta, Indonesia	100%