CORE LABORATORIES N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH IAS 34,
"INTERIM FINANCIAL REPORTING"

Semi-Annual Report for June 30, 2014

Strawinskylaan 913
Tower A, Level 9
1077 XX Amsterdam
The Netherlands

CORE LABORATORIES N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEMI-ANNUAL REPORT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

TABLE OF CONTENTS

	Page
Semi-Annual Report of the Directors	2
Interim Balance Sheets (Unaudited) as of June 30, 2014 and December 31, 2013	7
Interim Income Statements (Unaudited) for the Six Months Ended June 30, 2014 and 2013	8
Interim Statements of Other Comprehensive Income (Unaudited) for the Six Months Ended June 30, 2014 and 2013	9
Interim Statements of Changes in Equity (Unaudited) for the Six Months Ended June 30, 2014 and 2013	10
Interim Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2014 and 2013	12
Notes to the Condensed Consolidated Interim Financial Statements	13

Semi-Annual Report of the Directors

Currency - United States Dollars (“$”)

Business review

Core Laboratories N.V. is a limited liability company incorporated in The Netherlands. It was established in 1936 and is 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 can enable our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. Core Laboratories N.V. has over 70 offices in more than 50 countries and employs approximately 5,000 people worldwide.

References to "Core Lab", "we", "our" and similar phrases are used throughout this Semi-Annual Report and relate collectively to Core Laboratories N.V. and its consolidated affiliates.

Our business units have been aggregated into three complementary segments, which provide services and products 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 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.

Financial Review

Revenue

<u>*Services Revenue*</u>

Services revenue increased to $377.0 million for the six months ended June 30, 2014, up 2% when compared to $370.2 million for the same period of 2013. Services revenue is driven primarily by our continued focus on existing fields and fields under development, as opposed to increasingly volatile and downward trending exploration efforts.

<u>*Product Sales Revenue*</u>

Revenue associated with product sales was $153.4 million for the six months ended June 30, 2014, relatively unchanged from the same period of 2013. Product sales revenue is driven primarily by the market penetration of new technologies such as our new completion systems for optimizing completions and stimulations of horizontal wells, including our HTD-BLAST™ and KODIAK™ Enhanced Perforating System and our permanent reservoir monitoring systems, primarily in the Canadian market.

Operating expenses

<u>*Cost of Services*</u>

Cost of services expressed as a percentage of services revenue was 61% for the six months ended June 30, 2014, relatively unchanged from the same period in 2013.

<u>*Cost of Product Sales*</u>

Cost of product sales expressed as a percentage of product sales revenue was 73% for the six months ended June 30, 2014, relatively unchanged from the same period in 2013.

Operating margin

Operating margin for the six month period ended June 30, 2014 was 35.7%, an increase of 30 basis points over the 35.4% for the same period of 2013.

Cash Flow

The following table summarizes cash flows for the six months ended June 30, 2014 and 2013 (in thousands):

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	% Change
Cash provided by/(used in):	(Unaudited)		
Operating activities	$ 132,494	$ 136,737	(3)%
Investing activities	(23,367)	(18,877)	24 %
Financing activities	(104,667)	(113,866)	(8)%
Net change in cash and cash equivalents	$ 4,460	$ 3,994	(12)%

The decrease in cash flows from operating activities for the first six months of 2014 compared to the same period in 2013 was primarily attributable to timing of income tax installment payments and changes in working capital.

Cash flows used in investing activities were higher during the first six months of 2014 when compared to the same period in 2013. Capital expenditures were $19.8 million and $17.9 million for the six month periods ended June 30, 2014 and 2013, respectively.

Cash flows used in financing activities decreased for the first six months of 2014 when compared to the same period in 2013 due to the increase in total debt, partially offset by higher levels of share buy-backs and an increase in the quarterly dividend payments. During the first six months of 2014, we increased the amount outstanding on our Credit Facility by $66.0 million as compared to increasing it by $16.0 million during the first six months of 2013. In the first six months of 2014, we repurchased 709,559 shares of our common stock for an aggregate purchase price of $125.3 million compared to the repurchase of 742,510 shares for an aggregate purchase price of $100.4 million during the same period in 2013. We increased the amount of our quarterly dividend from $0.32 per share to $0.50 per share, resulting in dividend payments of $44.9 million during the first six months of 2014, compared to $29.5 million during the first six months of 2013.

Equity

During the six months ended June 30, 2014, we repurchased 709,559 of our common shares for $125.3 million. Included in this total were rights to 25,394 shares valued at $4.7 million that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards.

In February and May 2014, we paid a quarterly dividend of $0.50 per share of common stock. In addition, on July 8, 2014, we declared a quarterly dividend of $0.50 per share of common stock which was paid on August 18, 2014 to shareholders of record on July 18, 2014.

Segment Analysis

Our operations are managed primarily in three complementary segments - Reservoir Description, Production Enhancement and Reservoir Management. The following tables summarize our results by operating segment for the six months ended June 30, 2014 and 2013 (in thousands):

	Six Months Ended June 30,		
	2014	2013	% Change
Revenue:	(Unaudited)		
Reservoir Description	$ 255,845	$ 254,467	1 %
Production Enhancement	221,273	217,630	2 %
Reservoir Management	53,347	51,969	3 %
Consolidated	$ 530,465	$ 524,066	1 %
Operating income (loss):			
Reservoir Description	$ 70,952	$ 71,307	— %
Production Enhancement	74,757	71,281	5 %
Reservoir Management	20,235	17,217	18 %
Corporate and Other[1]	1,288	(514)	NM
Consolidated	$ 167,232	$ 159,291	5 %

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

"NM" means not meaningful

Reservoir Description

Revenue from the Reservoir Description segment increased 1%, or $1.4 million, to $255.8 million for the six months ended June 30, 2014, compared to $254.5 million in the same period of 2013. 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 decreased slightly to $71.0 million for the six months ended June 30, 2014, compared to $71.3 million for the same period of 2013. Operating margin for the six months ended June 30, 2014 was 28%. This segment emphasizes technologically demanding services on internationally-based development and production-related crude oil projects rather than the more cyclical exploration-related projects.

Production Enhancement

Revenue from the Production Enhancement segment increased by 2%, or $3.6 million, to $221.3 million for the six months ended June 30, 2014, compared to $217.6 million in the same period of 2013. Revenue increased primarily due to the continued successful introduction of Core's FLOWPROFILER™ service, our new completion diagnostic service for optimizing completions and stimulations of horizontal wells.

Operating income increased by 5% to $74.8 million for the six months ended June 30, 2014 over the same period of 2013. Operating margins increased to 34% in the six months ended June 30, 2014. Operating income increased from 2013 to 2014 primarily due to increased demand for the Company's proprietary and patented hydraulic fracture and field-flood diagnostic technologies from services such as FLOWPROFILER™, SPECTRACHEM®, ZERO WASH®, and SPECTRAFLOOD™ tracers in North America and internationally.

Reservoir Management

Revenue from the Reservoir Management segment increased by 3% to $53.3 million for the six months ended June 30, 2014 compared to $52.0 million for the same period of 2013. The increase in revenue was due to the timing of the completion of certain consortium and joint industry projects.

Operating income was $20.2 million for the six months ended June 30, 2014 compared to $17.2 million for the same period of 2013. Operating margins were 38% in the six months ended June 30, 2014. The increase in operating income in 2014 was primarily a result of additional participants in our joint industry projects, including the Utica, Duvernay, and Mississippi Lime studies and the Marcellus, Niobrara, Wolfcamp and Eagle Ford plays.

Risk Factors

The oil and gas industry is highly cyclical and demand for the majority of our oilfield services and products 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 services and products, which are summarized as:

- general and economic business conditions;
- market prices of oil and gas and expectations about future prices;
- cost of producing and the ability to deliver oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by OPEC;
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- the physical effects of climatic change, including adverse weather or geologic/geophysical conditions;
- the adoption of legal requirements or taxation relating to climate change that lower the demand for petroleum-based fuels;
- civil unrest or political uncertainty in oil producing or consuming countries;
- level of consumption of oil, gas and petrochemicals by consumers;
- changes in existing laws, regulations, or other governmental actions;
- the business opportunities (or lack thereof) that may be presented to and pursued by us;
- availability of services and materials for our clients to grow their capital expenditures;
- ability of our clients to deliver product to market;
- availability of materials and equipment from key suppliers; and
- cyber attacks on our network that disrupt operations or result in lost or compromised critical data.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a more detailed discussion of some of the foregoing risks and uncertainties, see our Annual Report and Financial Statements for the fiscal year ended December 31, 2013.

Outlook

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

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. We anticipate North American activity will continue to increase for emerging unconventional oil plays while activity will remain at reduced, yet stable, levels in established unconventional tight-oil and gas plays. We also anticipate greater levels of deepwater coring programs during the second half of 2014, especially in the deepwater Gulf of Mexico. High pressure high temperature reservoir fluid phase behavior projects are also expected to remain at high levels. Internationally, in response to very supportive Brent crude prices, we project modest growth through the end of 2014, but expect higher levels of activity in 2015.

Cautionary Statement Regarding Forward-Looking Statements

This Semi-Annual Report contains forward-looking statements. In addition, from time to time, we may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "believe", "expect", "anticipate", "estimate", "continue", or other similar words, including statements as to the intent, belief, or current expectations of our directors, officers, and management with respect to our future operations, performance, or positions or which contain other forward-looking information. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, no assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While we believe that these statements are and will be accurate, our actual results and experience may differ materially from the anticipated results or other expectations expressed in our statements due to a variety of risks and uncertainties.

Statement of Directors' Responsibilities

In accordance with the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), section 5:25d, paragraph 2 sub c, we confirm that, to the best of our knowledge:

- the condensed consolidated interim financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the assets, the liabilities, the financial position and the profits or the loss of Core Laboratories N.V. and its consolidated companies (jointly referred to as "the Group"); and

- the interim management report for the six months ended June 30, 2014 gives a true and fair view of the information required pursuant to section 5:25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Act on Financial Supervision.

Amsterdam, The Netherlands,
August 5, 2014

/s/ Richard L. Bergmark

Richard L. Bergmark
Executive Vice President, Chief Financial
Officer, and Supervisory Director

CORE LABORATORIES N.V.
INTERIM BALANCE SHEET
(In thousands of USD, except share data)

ASSETS	Ref.	June 30, 2014 (Unaudited)		December 31, 2013	
NON-CURRENT ASSETS					
Property, plant and equipment		$	143,926	$	138,824
Intangible assets			221,954		220,866
Investment in associates			2,037		1,907
Deferred income tax asset			30,235		31,659
Other financial assets	6		35,617		32,092
Other assets			4,326		3,952
TOTAL NON-CURRENT ASSETS			438,095		429,300
CURRENT ASSETS					
Inventories	7		51,392		46,821
Prepaid expenses and other current assets			27,313		16,409
Income tax receivable			5,294		5,294
Accounts receivable			200,990		201,322
Cash and cash equivalents			29,548		25,088
TOTAL CURRENT ASSETS			314,537		294,934
TOTAL ASSETS		$	752,632	$	724,234
SHAREHOLDERS' EQUITY					
Common shares, EUR 0.02 par value in 2014 and in 2013; 200,000,000 shares authorized, 46,750,002 issued and 44,480,019 outstanding at 2014 and 46,750,002 issued and 45,101,389 outstanding at 2013	8	$	1,203	$	1,203
Additional paid-in capital	8		8,151		4,597
Retained earnings			556,802		476,355
Other reserves			(11,145)		(10,068)
Treasury shares (at cost), 2,269,983 at 2014 and 1,648,613 at 2013	8		(361,074)		(245,184)
TOTAL SHAREHOLDERS' EQUITY			193,937		226,903
Non-controlling interest			6,123		6,066
TOTAL EQUITY		$	200,060	$	232,969
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	9	$	331,591	$	265,356
Income tax payable			16,000		16,000
Deferred income tax liabilities			11,106		17,088
Employee benefit obligations	11		61,941		58,174
Provisions	10		2,655		3,859
TOTAL NON-CURRENT LIABILITIES		$	423,293	$	360,477
CURRENT LIABILITIES:					
Accounts payable		$	51,292	$	50,821
Borrowings	9		11		26
Income tax payable			13,338		14,743
Other taxes payable			4,569		1,860
Payroll and social security contributions			34,891		39,593
Unearned revenues			12,044		11,088
Other accrued expenses			13,134		12,657
TOTAL CURRENT LIABILITIES		$	129,279	$	130,788
TOTAL LIABILITIES			552,572		491,265
TOTAL EQUITY AND LIABILITIES		$	752,632	$	724,234

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

CORE LABORATORIES N.V.
INTERIM INCOME STATEMENT
(In thousands of USD, except share and per share data)

	Ref.	Six Months Ended June 30, 2014	2013
		(Unaudited)	
REVENUES:			
Services		$ 377,034	$ 370,157
Sales		153,431	153,909
TOTAL REVENUES:		530,465	524,066
OPERATING EXPENSES:			
Cost of services		230,001	227,386
Cost of sales		111,287	111,031
		341,288	338,417
GROSS PROFIT		189,177	185,649
General and administrative expenses		22,570	25,542
Other (income) expense, net		(625)	816
OPERATING PROFIT		167,232	159,291
Finance income		(186)	(590)
Finance costs		5,157	4,532
Finance costs, net		4,971	3,942
Share of profit (loss) of associates		130	185
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		162,391	155,534
Income tax expense	12	36,555	39,700
PROFIT (LOSS) FOR THE PERIOD		$ 125,836	$ 115,834
Attributable to:			
Equity holders of the parent		$ 125,385	$ 115,352
Non-controlling interest		451	482
		$ 125,836	$ 115,834
EARNINGS PER SHARE INFORMATION:			
Basic earnings (loss) per share	13	$ 2.80	$ 2.51
Diluted earnings (loss) per share	13	$ 2.78	$ 2.49
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	13	44,783	46,020
Diluted	13	45,045	46,313

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

CORE LABORATORIES N.V.
INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(In thousands of USD)

		Six Months Ended June 30,	
	Ref.	**2014**	**2013**
		(Unaudited)	
Profit (loss) for the period		$ 125,836	$ 115,834
Pension actuarial gain and (loss)	11	(1,436)	(497)
Income taxes on pension actuarial gain and loss	11	359	124
Net income (loss) recognized directly in equity		(1,077)	(373)
Total comprehensive income (loss) for the period		$ 124,759	$ 115,461
Attributable to:			
Equity holders of the parent		$ 124,308	$ 114,979
Non-controlling interest		451	482
		$ 124,759	$ 115,461

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

CORE LABORATORIES N.V.
INTERIM STATEMENTS OF CHANGES IN EQUITY
(In thousands of USD, except share data)

(Unaudited)	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, 2013		46,349,411	$ 1,233	$ 4,111	$ 404,358	$ (9,154)	$ (171,845)	$ 5,683	$ 234,386
Comprehensive income:									
Profit (loss) for the period		—	—	—	115,352	—	—	482	115,834
Other comprehensive income:									
Pension actuarial gain	11					(373)			(373)
Total other comprehensive income									(373)
Total comprehensive (loss)									115,461
Transactions with owners:									
Stock options exercised, net of capital taxes	8	12,000	—	(1,411)	—	—	1,494	—	83
Stock-based compensation	8	90,350	—	322	(327)	—	11,335	—	11,330
Tax benefit related to stock-based awards		—	—	2,353	—	—	—	—	2,353
Repurchases of common shares	8	(742,510)	—	—	—	—	(100,416)	—	(100,416)
Dividends paid	8	—	—	—	(29,508)	—	—	—	(29,508)
BALANCE, June 30, 2013		45,709,251	$ 1,233	$ 5,375	$ 489,875	$ (9,527)	$ (259,432)	$ 6,165	$ 233,689

(Unaudited)

	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, 2014		45,101,389	$ 1,203	$ 4,597	$ 476,355	$ (10,068)	$ (245,184)	$ 6,066	$ 232,969
Comprehensive income:									
Profit (loss) for the period		—	—	—	125,385	—	—	451	125,836
Other comprehensive income:									
Pension actuarial gain	11					(1,249)			(1,249)
Currency translation adjustment						172			172
Total other comprehensive income									(1,077)
Total comprehensive (loss)									124,759
Transactions with owners:									
Stock-based compensation	8	88,189	—	11,509		—		—	11,509
Stock-based awards issued		—	—	(9,404)	—	—	9,404	—	—
Tax benefit related to stock-based awards		—	—	1,449	—	—	—	—	1,449
Repurchases of common shares	8	(709,559)	—	—	—	—	(125,294)	—	(125,294)
Cancellation of treasury shares		—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—
Non-controlling interest - dividend		—	—	—	—	—	—	(394)	(394)
Non-controlling interest - capital contribution		—	—	—	—	—	—	—	—
Dividends paid	8	—	—	—	(44,938)	—	—	—	(44,938)
BALANCE, June 30, 2014		44,480,019	$ 1,203	$ 8,151	$ 556,802	$ (11,145)	$ (361,074)	$ 6,123	$ 200,060

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

CORE LABORATORIES N.V.
INTERIM STATEMENT OF CASH FLOWS
(In thousands of USD)

	Ref.	Six Months Ended June 30, 2014	2013
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense		$ 162,391	$ 155,534
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation		12,369	11,379
Amortization		582	610
Equity in (earnings) loss of associates		130	(185)
Stock-based compensation		11,508	11,330
Finance costs		4,971	3,942
(Gain) loss on sale of assets		(298)	(531)
Gain on insurance recovery		—	(545)
Fair value (gains)/losses on other financial assets	6	(1,497)	(1,456)
Changes in assets and liabilities:			
Accounts receivable		901	(5,548)
Inventories	7	(4,571)	(5,566)
Other assets		(9,927)	3,457
Accounts payable		1,464	2,081
Accrued expenses		6,851	2,569
Other long-term liabilities		1,273	3,860
Cash provided by operating activities		186,147	180,931
Interest paid		(3,285)	(3,892)
Income tax paid		(50,368)	(40,302)
Net cash provided by operating activities		132,494	136,737
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures		(19,787)	(17,935)
Patents and other intangibles		(304)	(2,229)
Acquisitions, net of cash acquired		(1,200)	—
Proceeds from sale of assets		604	697
Interest received		186	590
Premiums on life insurance		(2,866)	—
Net cash used in investing activities		(23,367)	(18,877)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	9	(37,042)	(35,025)
Proceeds from debt borrowings	9	103,000	51,000
Stock options exercised	8	—	83
Repurchase of common shares	8	(125,294)	(100,416)
Dividends paid	8	(44,937)	(29,508)
Non-controlling interest - (dividends)/capital contributions		(394)	—
Net cash used in financing activities		(104,667)	(113,866)
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,460	3,994
CASH AND CASH EQUIVALENTS, beginning of period		25,088	19,226
CASH AND CASH EQUIVALENTS, end of period		$ 29,548	$ 23,220

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

CORE LABORATORIES N.V.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH IAS 34
JUNE 30, 2014

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Strawinskylaan 913, Tower A, Level 9, 1077 XX 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 2014 and 2013, respectively. We are listed on the New York Stock Exchange ("NYSE") and on the Euronext Amsterdam Stock Exchange.

Our business units have been aggregated into three complementary segments which provide services and products 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 condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated and are consistent with those of the previous financial year.

Basis of Preparation

Our condensed consolidated interim financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34"). The condensed consolidated interim 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. The condensed consolidated interim financial statements have not been audited and should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS.

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Estimates

The preparation of financial statements in conformity with IAS 34 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 significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

Current and Deferred Income Taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. See Footnote 12, "Income Taxes".

New and Amended Standards

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, 2014 or later periods and have been applied to our financial statements:

- IFRS 10, Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2014). 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. The adoption of this amendment had no impact on our financial statements or results of operations.
- IFRS 11, Joint Arrangements (effective for annual periods beginning on or after January 1, 2014). 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. The adoption of this amendment had no impact on our financial statements or results of operations.
- IFRS 12, Disclosures of Interests in Other Entities (effective for annual periods beginning on or after January 1, 2014). 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. The adoption of this amendment had no impact on our financial statements or results of operations.
- IAS 27, Separate Financial Statements (effective for annual periods beginning on or after January 1, 2014). 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. The adoption of this amendment had no impact on our financial statements or results of operations.
- 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. The adoption of this amendment had no impact on our financial statements or results of operations.
- 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. The adoption of this amendment had no impact on our financial statements or results of operations.

3. FINANCIAL RISKS AND RISK MANAGEMENT

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as of December 31, 2013.

4. SEASONALITY OF OPERATIONS

The operations of the Group are only slightly impacted by seasonality effects from quarter to quarter.

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 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.

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 condensed consolidated interim 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):

(Unaudited)	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
June 30, 2014					
Revenues from unaffiliated customers	$ 255,845	$ 221,273	$ 53,347	$ —	$ 530,465
Inter-segment revenues	5,532	1,181	767	(7,480)	—
Segment income (loss)	70,952	74,757	20,235	1,288	167,232
Finance costs	—	—	—	4,971	4,971
Share of profit (loss) of associates	190	(139)	—	79	130
Total assets	343,073	283,050	57,401	69,108	752,632
Capital expenditures	11,096	2,830	367	5,494	19,787
Intangible asset expenditures	78	199	7	20	304
Depreciation and amortization	7,783	3,775	605	788	12,951
June 30, 2013					
Revenues from unaffiliated customers	$ 254,467	$ 217,630	$ 51,969	$ —	$ 524,066
Inter-segment revenues	1,475	1,677	823	(3,975)	—
Segment income (loss)	71,307	71,281	17,217	(514)	159,291
Finance costs	—	—	—	3,942	3,942
Share of profit (loss) of associates	185	—	—	—	185
Total assets	315,592	272,377	52,051	67,345	707,365
Capital expenditures	11,853	3,939	1,036	1,107	17,935
Intangible asset expenditures	110	1,612	507	—	2,229
Depreciation and amortization	7,224	3,614	380	771	11,989

(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.

6. OTHER FINANCIAL ASSETS

Other financial assets are primarily 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. The fair value of the life insurance policies increased by $1.5 million during the six months ended June 30, 2014.

7. INVENTORIES

Inventories consisted of the following at June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014 (Unaudited)	December 31, 2013
Finished goods	$ 38,332	$ 37,143
Parts and materials	11,180	8,323
Work in progress	1,880	1,355
Inventories, net	$ 51,392	$ 46,821

The balances above are net of valuation reserves of $2.8 million and $2.9 million at June 30, 2014 and December 31, 2013, respectively.

8. EQUITY

Share capital

The authorized share capital of the Company as at June 30, 2014 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 is $9.4 million and consists of 46,750,002 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $361.1 million and consists of 2,269,983 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares for the six months ended June 30, 2014 and 2013 are as follows:

(Unaudited)	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2014	46,750,002	(1,648,613)	45,101,389
Issue of ordinary shares for stock based-awards	—	88,189	88,189
Repurchased own shares	—	(709,559)	(709,559)
Balance at June 30, 2014	46,750,002	(2,269,983)	44,480,019

(Unaudited)	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2013	47,899,584	(1,550,173)	46,349,411
Issue of ordinary shares for stock options	—	12,000	12,000
Issue of ordinary shares for stock based-awards	—	90,350	90,350
Repurchased own shares	—	(742,510)	(742,510)
Balance at June 30, 2013	47,899,584	(2,190,333)	45,709,251

Treasury Shares

During the six months ended June 30, 2014, we repurchased 709,559 of our common shares for $125.3 million, at an average price of $176.58 per share which included rights to 25,394 shares valued at $4.7 million, or $185.91 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to June 30, 2014, we have repurchased 0 shares at a total cost of approximately $0.0 million.

At the annual meeting of shareholders on May 13, 2014, the shareholders approved the cancellation of 1,150,000 shares of our common stock then held as treasury stock. These treasury shares were cancelled on July 28, 2014, 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.

Dividends

In February and May of 2014, we paid quarterly dividends of $0.50 per share of common stock totaling $44.9 million. On July 8, 2014, we declared a quarterly dividend of $0.50 per share of common stock which was paid on August 18, 2014 to shareholders of record on July 18, 2014.

9. BORROWINGS

Debt at June 30, 2014 and December 31, 2013 is summarized in the following table (in thousands):

	June 30, 2014	December 31, 2013
	(Unaudited)	
Senior Notes	$ 150,000	$ 150,000
Credit facility	183,000	117,000
Capital lease obligations	11	28
Deferred debt acquisition costs	(1,409)	(1,646)
Borrowings, net	$ 331,602	$ 265,382

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 $21.9 million at June 30, 2014, resulting in an available borrowing capacity under the Credit Facility of $95.1 million. In addition to those items under the Credit Facility, we had $24.4 million of outstanding letters of credit and performance guarantees and bonds from other sources at June 30, 2014.

We do not have any exposure to sub-prime lending or collateralized debt obligations. We believe we are in compliance with the covenants on our existing debt. 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.

10. 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 the six months ended June 30, 2014 is as follows (in thousands):

Balance at January 1, 2014	$ 3,859
Charged/ (credited) to the income statement:	
Additional provisions	1,896
Used during the year	(3,100)
Balance at June 30, 2014	$ 2,655

11. PENSIONS AND OTHER POSTRETIREMENT BENEFIT PLANS

	June 30, 2014	December 31, 2013
	(Unaudited)	
Balance sheet obligations for:		
Pension benefits	$ 7,205	$ 7,202
Post employment benefits - SERP benefits	14,371	14,091
Post employment benefits - deferred compensation	28,104	25,429
Post employment benefits - employee severance	12,261	11,452
Liability on the balance sheet	$ 61,941	$ 58,174

Supplemental Executive Retirement Plan (SERP) Benefits

SERP benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is $10.4 million at June 30, 2014. The remaining $4.0 million balance is for the non-executive employees of the Company.

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. 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.

Employee Severance

Employee severance relates to payment to be made to certain employees upon departure from the Company. Some of the severance payments are guaranteed in employment contracts totaling approximately $7.8 million at June 30, 2014. The remaining $4.5 million balance is for severance payments to employees required by certain local jurisdictions.

Defined Benefit Plan

The components of net periodic pension cost under this plan for the six months ended June 30, 2014 and 2013 included (in thousands):

	Six Months Ended June 30,	
	2014	2013
	(Unaudited)	
Service cost	$ 742	$ 784
Interest cost	902	831
Expected return on plan assets	(669)	(640)
Net periodic pension cost	$ 975	$ 975

The net periodic pension cost of $1.0 million and $1.0 million for the six months ended June 30, 2014 and 2013, respectively was recognized in Cost of Services in the consolidated income statement.

12. INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate for 2014 and 2013 were 25% and 25%, respectively. The effective tax rates for the six months ended June 30, 2014 and 2013 were 23% and 26%, respectively.

13. 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):

	Six Months Ended June 30,	
	2014	2013
	(Unaudited)	
Weighted average basic common shares outstanding	44,783	46,020
Effect of dilutive securities:		
Stock options	—	2
Contingent shares	105	105
Restricted stock and other	157	186
Weighted average diluted common and potential common shares outstanding	45,045	46,313

14. COMMITMENTS AND CONTINGENCIES

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

In connection with an audit of the 2008 and 2009 U.S. federal income tax returns of our U.S. consolidated group, the U.S. Internal Revenue Service has proposed that certain transfer pricing positions taken by the Company be adjusted, which could result in additional federal income tax of approximately $11 million plus interest for this two year audit period. We believe that these transactions are valid as originally recorded, and we are appealing this proposed adjustment. It is our belief that we will prevail on this issue; consequently, we have made no additional income tax accrual for this proposed adjustment.

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.

15. RELATED PARTIES

In 2014 and 2013, 25,394 shares valued at $4.7 million and 26,333 shares valued at $3.7 million, respectively, were surrendered to the Company pursuant to the terms of a stock-based compensation plan, in settlement by the participants of their 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.

In 2014 and 2013, we granted stock to each of our non-employee Directors in the amount of 756 and 1,088 shares respectively. These shares will vest, without performance obligations, on March 31, 2017 and 2016, respectively.

We had no other significant related party transactions for the six month period ended June 30, 2014.

16. SUBSEQUENT EVENTS

At the annual meeting of shareholders on May 13, 2014, the shareholders approved the cancellation of 1,150,000 shares of our common stock then held as treasury stock. These treasury shares were canceled on July 28, 2014, 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.

On July 8, 2014, we declared a quarterly dividend of $0.50 per share of common stock which was paid on August 18, 2014 to shareholders of record on July 18, 2014.