PRICEWATERHOUSECOOPERS

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To the General Meeting of Shareholders and the Board of Supervisory Director of Core Laboratories N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Core Laboratories N.V., Amsterdam as set out on pages 17 to 73. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended and the notes.

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The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 directors, as well as evaluating the overall presentation of the financial statements.

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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 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 14 May 2008
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Report for December 31, 2007

Herengracht 424
1017 BZ Amsterdam
The Netherlands

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CORE LABORATORIES N.V.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

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Annual Report of the Directors

Currency - United States Dollars ("$")

General

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

Personnel

We have approximately 4,900 employees. We have maintained similar workforce levels from 2006 and expect to generally maintain the same workforce levels in the future, subject to market conditions.

Results of Operations

Our business units have been aggregated into three complementary segments:

- *Reservoir Description*: Encompasses the characterization of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.
- *Production Enhancement*: Includes products and services relating to reservoir well completions, perforations, stimulations and production. We provide integrated services to evaluate the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.
- *Reservoir Management*: Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

General Overview and Future Outlook

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

We continue our efforts to expand our market presence by opening strategic facilities and realizing synergies within our business lines. As companies in the oil and gas industry consolidate, some of our clients have used, and may continue to use, their global presence and market influence to seek economies of scale and pricing concessions. We believe our market presence provides us a unique opportunity to service these customers.

We have established internal earnings targets that are based on current market conditions. Based on discussions with our clients and our view of the industry, we anticipate that in 2008 spending by our international clients will increase approximately 20% while we expect North American spending to be relatively flat.

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

Net revenues for the years ended 2007 and 2006 were $670.5 million and $575.7 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for approximately 76% and 75% of our revenues from operations for the years ended December 31, 2007 and 2006, respectively. We manufacture products primarily in two facilities for

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distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for approximately 24% and 25% of our revenues from operations for the years ended December 31, 2007 and 2006, respectively.

We recorded operating income of $181.5 million and $119.6 million for the years ending 2007 and 2006, respectively.

The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. Many of our acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the products and services ourselves. We intend to continue committing substantial 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. While we have acquired many of our new technologies, we incur expenses relating to our ongoing research and development program.

Investments

Fixed assets are comprised of tangible fixed asset and intangible fixed assets. During 2007 and 2006 we added $24.1 million and $27.0 million respectively. We expect to add an additional $25.0 million in 2008.

Segment Revenues

	For the Years Ended December 31,		
(USD in thousands)	2007	% Change	2006
Reservoir Description	$ 374,455	18.8%	$ 315,068
Production Enhancement	244,830	9.8%	223,056
Reservoir Management	51,255	36.4%	37,565
Total Revenues	$ 670,540	16.5%	$ 575,689

Segment Operating Income

	For the Years Ended December 31,		
(USD in thousands)	2007	% Change	2006
Reservoir Description	$ 99,849	77.5 %	$ 56,263
Production Enhancement	68,478	19.7 %	57,191
Reservoir Management	14,440	77.0 %	8,158
Corporate and other[1]	(1,300)	(35.4)%	(2,011)
Operating income	$ 181,467	51.7 %	$ 119,601

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

Reservoir Description

Revenues for our Reservoir Description segment increased by 18.8% in 2007 compared to 2006. These revenue increases resulted from unprecedented demand for our reservoir rock and especially for our reservoir fluids characterization services that include the analyses of crude oils, natural gases, reservoir formation waters, and petroleum products.

Operating income and operating income margin for the Reservoir Description segment increased due to continued growth of higher value-added and consequently higher margin products which resulted in increases in margins throughout the majority of the regions with significant increases in Asia Pacific and the U.S.

Production Enhancement

Revenues for our Production Enhancement business segment grew 9.8% in 2007 compared to 2006, primarily due to the increased acceptance of patented products and services, but were offset slightly by the softer business climate in North America. With the increase in drilling activities, demand for our well perforating and completion products and diagnostic services has also increased, facilitated by the continued improvements in our technologies such as the Completion Profiler™, GTX-SPAN™ and HERO™.

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Operating income for this segment increased to $68.5 million in 2007 from $57.2 million in 2006, an increase of 19.7%. The continued improvement in operating income was due primarily to increased sales of higher-margin services and products including new enhanced recovery technology, such as SpectraScan™, SpectraStim™, and Completion Profiler™. Also, higher-margin GTX-SPAN™ casing patches and HERO™ perforating charges and gun systems increased with global demand, while improvements in manufacturing efficiencies resulted in higher productivity per employee and lower overall costs per unit. Additionally, the demand for our technology in fracture diagnostics continued to increase as drilling activity increased in unconventional gas reservoirs.

Reservoir Management

Revenues for our Reservoir Management segment increased by 36.4% in 2007 compared to 2006. The continued increase was due to higher revenue for multi-client reservoir studies, especially studies pertaining to unconventional gas reservoirs, and increased international demand for our reservoir monitoring systems. Significant studies in 2007 and 2006 were *Reservoir Characterization and Production Properties of Gas Shales* and *Geological, Petrophysical, and Geomechanical Properties of Tight Gas Sands* and several other proprietary studies.

Operating income for this segment increased $6.3 million in 2007 over 2006, an increase of 77.0%, primarily due to incremental margins earned from the continued expansion of the multi-client reservoir study sales in the U.S. and expansion of studies being performed both onshore and offshore Libya.

Corporate and Other

Operating expenses for Corporate and Other are expenses not directly related to a particular segment. In 2007 and 2006 the overall expense not relating to a particular segment 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 program. If necessary, we supplement this cash flow with borrowings under bank credit facilities to finance some capital expenditures and business acquisitions.

The following table summarizes cash flows from continuing operations for the years ended December 31, 2007 and 2006:

(USD in thousands)	Year Ended December 31, 2007	Year Ended December 31, 2006
Cash provided by/(used in):		
Operating activities	$ 151,130	$ 124,214
Investing activities	(16,474)	(21,249)
Financing activities	(163,262)	(62,485)
Net change in cash and cash equivalents	$ (28,606)	$ 40,480

The increase in cash flow from operating activities in 2007 compared to 2006 was primarily due to an increase in net income and accrued expenses, offset by an increase in accounts receivable, prepaid and other current assets and gain on the sale of assets.

Cash flow used in investing activities decreased $4.8 million in 2007 over 2006 due to an increase in proceeds from the sale of assets and interest received for 2007 offset by acquisitions. Capital expenditures made in 2007 and 2006 were for replacement of in-place equipment and for growth through additional equipment and instrumentation in growing markets.

Cash flow used in financing activities in 2007 increased $100.8 million compared to 2006 due mainly to our convertible note offering and associated transactions in 2006. In November 2006, we issued $300 million of exchangeable notes, and in connection with this transaction we purchased a call option hedge on the notes and issued a warrant on our stock. These transactions net of the debt financing costs generated cash flow of approximately $263.3 million. The net proceeds received from these transactions were primarily used on other financing activities, such as paying off the $100 million outstanding balance of our existing credit facility and to repurchase 3,837,372 of our common shares at a cost of $251.1 million which was $69.3 million more than 2007. Additionally, cash received from exercised stock options was $3.6 million greater in 2007 as compared to 2006.

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Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

The treasury shares reported in our balance sheet as of December 31, 2007 are held by our subsidiary Core Laboratories LP.

As a result of acquisition of shares in our capital by our subsidiary Core Laboratories LP in 2007, this subsidiary has by operation of the laws of the Netherlands a contingent liability consisting of an obligation to transfer the shares currently held by this subsidiary in our capital to related parties (our (indirect) managing directors) and a corresponding contingent asset consisting of a claim against such related parties for an amount equal to the purchase price paid by Core Laboratories LP for such shares.

Due to the low inflationary rates in 2007 and 2006, the impact of inflation on our results of operations was insignificant.

Significant Events

On October 2, 2007, we moved our administrative and operational offices to a building better suited for our current operating activities in Russia and sold our building in Moscow for approximately $13.1 million which resulted in a gain of $10.2 million.

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.

Board Structure

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

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

Supervisory Director Independence

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

Supervisory Board Meetings

The Supervisory Board held four meetings in 2007. Each Supervisory Director attended at least 75% of the meetings of the Supervisory Board and of all committees on which he serves. Under our Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. We do not require our Supervisory Directors to attend our annual meetings, which are held in The Netherlands. As such, none of our Supervisory Directors attended our 2007 annual meeting.

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

Committees of the Supervisory Board

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

Audit Committee. The current members of the Audit Committee of our Supervisory Board are Messrs. Kearney (Chairman), Joyce and Perna. The Audit Committee's principal functions include making recommendations concerning the engagement of the independent public accountants, reviewing with the independent public accountants the plan and results of the engagement, approving professional services provided by the independent public accountants and reviewing the adequacy of our internal accounting controls. Each member of the Audit Committee is independent by the corporate governance standards set forth by the Dutch Code. Each member of the Audit Committee is financially literate and Mr. Kearney qualifies as an audit committee financial expert. The Audit Committee held five meetings in 2007.

Compensation Committee. The current members of the Compensation Committee of our Supervisory Board are Messrs. Ogren (Chairman), Joyce and Perna. The Compensation Committee's principal functions include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer and our senior executive officers, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the whole Supervisory Board for approval. On February 28, 2003, our Supervisory Board established an Options Subcommittee consisting of Messrs. Ogren (Chairman) and Joyce, which was renamed the Equity Awards Subcommittee in 2006. The Equity Awards Subcommittee's principal function is to review and approve awards made pursuant to our Long Term Incentive Plan. The Compensation Committee held two meetings in 2007 and the Equity Awards Subcommittee held two meetings in 2007.

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 2007 the Compensation Committee retained Stone Partners, Inc. to advise it on various compensation matters.

The 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/governance.

Nominating and Governance Committee. The current members of the Nominating and Governance Committee are Messrs. Joyce (Chairman), Schouten and Vriesendorp. The Nominating and Governance Committee's principal functions include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Each member of the Nominating and Governance Committee is independent. The Nominating and Governance Committee held one meeting in 2007. A copy of the Nominating and Governance Committee Charter may be found on the Company's website, at www.corelab.com/governance.

Qualifications of Supervisory Directors

When identifying Supervisory Director nominees, the Nominating and Governance Committee may consider, among other factors: the person's reputation, integrity and independence (under applicable Dutch Code standards); the person's skills and business, government or other professional acumen, bearing in mind the composition of the Board of Supervisory Directors and the current state of the Company and the industry generally at the time of determination; and the number of other public companies for which the person serves as director and the availability of the person's time and commitment to us. In the case of current Supervisory Directors being considered for re-nomination, the Nominating and Corporate Governance Committee will also take into account the Supervisory Director's tenure as a member of our Board of Supervisory Directors; the Supervisory Director's history of attendance at meetings of the Board of Supervisory Directors and committees thereof; and the Supervisory Director's preparation for and participation in such meetings.

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Supervisory Director Nomination Process

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

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

Shareholders seeking to recommend Supervisory Director candidates for consideration by the Nominating and Governance Committee may do so by writing to our Secretary, giving the recommended candidates' name, biographical data and qualifications. The Nominating and Governance Committee will consider all candidates submitted by shareholders within the time period set forth.

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

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

Related Person Transactions

Related person transactions have the potential to create actual or perceived conflicts of interest between us and its directors and executive officers or their immediate family members. Under its charter, the Audit Committee is charged with the responsibility of reviewing with management and the independent 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 employee.

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

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

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

There were no transactions that occurred during fiscal year 2007 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 2007, no executive officer served as:

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

Joseph R. Perna, a member of our Compensation Committee, was an officer of our Company until his retirement on March 1, 1998.

Communications with Directors; Website Access to Our Corporate Documents

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

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

Corporate Governance

General

The Company is subject to corporate governance requirements in the Netherlands. The management board of the Company supports the principles and best practice provisions of corporate governance set out in the Dutch Corporate Governance Code ("DCGC") issued in December 2003 and effective as from January 1, 2004. Pursuant to the DCGC, the Company has to state in its Annual Report whether it complies with the principles and best practice provisions of the DCGC and, if it does not comply, to explain the reasons for this non-compliance.

Compliance with the Dutch Corporate Governance Code

The Company applies the major part of the principles and provisions of the DCGC, in so far as they are applicable, with the following exceptions:

Best practice provision I.1

The corporate governance structure of the Company is not explained in a separate chapter of the Dutch annual report. Pursuant to the Rule 303A.09 of the New York Stock Exchange ("NYSE"), the Company has adopted Corporate Governance Guidelines, which are described in the Company's Proxy Statement. In addition, a copy of the Corporate Governance Guidelines are available on the Company's website at http://www.corelab.com/corporate/cgg.asp.

Best practice provision II.1.1

The sole managing director of the Company is Core Laboratories International B.V. The composition of the management board of the latter company changes from time to time. Certain members of the management board of Core Laboratories International B.V. have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities. References to managing directors in this chapter are references to Core Laboratories International B.V. as managing director of the Company and/or the managing directors of Core Laboratories International B.V.

Best practice provision II.1.2

Since the sole managing director of the Company is a legal entity, the decisions mentioned in this best practice provision are submitted to the supervisory board by officers of the Company.

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Best practice provision II.2.1 and II.2.2

The Company has not historically complied with the requirement of the DCGC that requires options to acquire shares to become vested only when the management board members have fulfilled predetermined performance objectives for a period of at least three years from the grant date or that options that do not have such performance objectives shall not be exercisable for three years from the grant date. The Company's supervisory directors have been granted options that vest one year from the date of grant. The Company employee options granted on September 26, 2001 vested ratably over a two-year period; all others vest over four years. All options are granted with an exercise price that is equal to the closing price on the day on which the option is granted. The Company does not have any future plans to modify the exercise price of any option during its term except for recapitalization events such as stock splits and stock dividends. The Company feels that it must offer similar arrangements to compete in the global marketplace where similar benefits are offered in order to be able to attract and retain high calibre management personnel. The Company also believes that this type of arrangement closely aligns the interests of management and the Company's shareholders. Currently the company is not planning to grant options but instead has issued stock-based awards as remuneration. As of this date, all options have vested and the senior executives and nonemployee directors have exercised all of their options.

Best practice provision II.2.3

New York Stock Exchange rules do not prescribe to retain shares granted to management board members without financial consideration for a period of at least five years or until at least the end of the employment, if this period is shorter. Therefore the grant of shares to managing directors has not been made subject to such restrictions.

Best practice provision II.2.6

The Company's supervisory board has not drawn up policies concerning ownership of and transactions in securities by management board members, other than securities issued by the Company. 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 II.2.7

In respect of the dismissal of a senior executive officer, as is customary in our industry, each of the Company's senior executive officers has an employment contract that regulates the termination of the officer's employment and the termination compensation due to that officer. Those employment agreements are filed with the U.S. Securities and Exchange Commission and made publicly available. In addition, the Company describes the material terms of those employment agreements in its annual proxy statement, which is provided to all shareholders as well as being described later in this annual report.

Best practice provision II.2.10

The sole member of the management board of the Company is Core Laboratories International B.V., an entity to which no remuneration is paid. With regards to remuneration paid to the supervisory directors of Core Laboratories N.V., a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company's proxy statement as required by Item 402(g) of Regulation S-K of the U.S. securities laws as well as later in this annual report. In addition, with regard 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 the disclosure to the Company's compliance officer and to the General Counsel of any substantial gift. The gift is then reviewed to see if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision II.3.4

The Company does have a general policy with regard to conflicts of interest. The Company's policy is described in its code of business conduct and ethics directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10).

Best practice provision III.1.2

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

Best practice provision III.1.3

The information mentioned in this provision is or will be provided in the Corporate Governance Guidelines.

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Best practice provision III.1.5

In respect of the administration concerning the attendance of the supervisory board members, under the Company's Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the supervisory board and the committees of which the supervisory director is a member. The Company does not require its supervisory directors to attend annual meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the Securities Exchange Act, the Company discloses its policy with regard to supervisory board members' attendance at annual meetings in its proxy statement.

Best practice provision III.2.3

The Company publishes a statement on the independence (using the SEC's definition thereof) of its supervisory directors in the proxy materials mailed out annually to its shareholders. Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Best practice provision III.3.5 and III.3.6

The Company does not have a retirement schedule for the supervisory board. The composition of the supervisory board changes from time to time. However, certain supervisory board members have been in office since the incorporation of the Company and will remain to be supervisory board members in order to make sure that the Company's senior management and supervisory board retain the benefit of their experience.

Best practice provision III.4.1

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the supervisory board to elect a vice-chairman.

Best practice provision III.4.2

In respect of this corporate structure requirement, the Company's CEO acts as chairman of the supervisory board. The CEO has been a supervisory director of the Company since 1994 and was subsequently appointed as chairman for his importance to the Company, and for his experience and knowledge of the business of the Company.

Best practice provision III.5.2

The Company publishes a report of each of the supervisory board committees in the proxy materials mailed out annually to its shareholders. Therefore, the Company does not include such a reference in its Dutch annual report.

Best practice provision III.5.10

The Company's compensation committee does review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company's CEO and non-employee supervisory board members. Also, the Company's compensation committee reviews and evaluates the policy on the remuneration of the Company's senior executives. The remuneration report of the compensation committee is subject to approval by the supervisory board. Additionally, the Company complies with New York Stock Exchange Rule 303A(5)(b)(i) which governs the composition of the Company's compensation committee and requires the committee have a charter that addresses certain topics.

Best practice provision III.6.5

With regard to the policy of the supervisory board concerning conflicts of interest between board members and the Company, the Company's policy is described in its code of business conduct and ethics directors, officers and employees pursuant to New York Stock Exchange Rule 303A(10).

Best practice provision III.7.1

As is customary in the industry in which we compete, the Company does grant annual equity compensation to supervisory board members. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of supervisory directors with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company's proxy statement as required by Item 402 of Regulation S-K.

Best practice provision III.7.2

U.S. securities laws do not require directors to retain shares for a particular length of time. While the Company had historically granted options to supervisory board members that have a one year vesting requirement it has moved to granting performance-based restricted stock that require the Company to meet or exceed certain targets over a three-year performance period before any of the awarded shares will vest.

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Best practice provision IV.1.1

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

Best practice provision IV.1.4

The Company does not have a policy with regard to additions on reserves and dividends. It decides what reserves are appropriate on a case by case basis in accordance with International Financial Reporting Standards ("IFRS"). Evaluation of dividends is done by the senior executive management of the Company, in consultation with the audit committee of the supervisory board.

Best practice provision IV.3.4.

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

Best practice provision IV.3.7

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

Best practice provision IV.3.8

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does include on the first quarterly report on Form 10-Q following the date of such meeting a summary of the actions taken at the shareholder meeting.

Best practice provision IV.3.9

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

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 Securities Exchange Act which requires the audit committee, in its capacity as a committee of the supervisory board of directors, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which requires additional requirements regarding the composition and independence of the audit committee.

Best practice provision V.4.1

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

Risk Management Approach – Best practice provision II.1.4

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

Our management is responsible for internal control in the Company and has implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore the system is designed to ensure compliance with relevant laws and regulations. The Company has

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designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which recommendations are aimed at providing a reasonable level of assurance.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses. The most important risks identified, as well as the structure of the aforesaid risk management and internal control system, are discussed in the Risk Factors section below. Significant changes and improvements in the Company's risk management and internal control system are disclosed below and have been discussed with the Supervisory Board's Audit Committee and the external auditor.

Internal representations received from management, regular management reviews, reviews of the design and implementation of the Company's risk management approach and reviews in business and functional audit committees are integral parts of the Company's risk management approach. On the basis thereof, the Management confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls have properly functioned in 2007 and that there are no indications that they will not continue to do so. The financial statements fairly represent the financial condition and result of operations of the Company and provide the required disclosures.

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

In view of all of the above the Board of Management believes that it is in compliance with the requirements of recommendation II.1.4. of the Dutch Corporate Governance Code, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof.

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 the design and operation 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. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

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

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of and with the participation of our Chief Executive Office and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting as of December 31, 2007. 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, 2007.

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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 quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors discussed below. Accordingly, the Industry, Business and International risk factors identified in prior year did not have a material negative impact on the Company's results of operations.

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:

- market prices of oil and gas and expectations about future prices;
- cost of producing oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by OPEC;
- the impact of commodity prices on the expenditure levels of our clients;
- financial condition of our client base and their ability to fund capital expenditures;
- adverse weather conditions;
- civil unrest in oil producing countries;
- level of consumption of oil, gas and petrochemicals by consumers; and
- availability of services and materials for our clients to grow their capital expenditures.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could harm 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, and our operations are subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes and expropriations of assets;
- potential adjustments to tax liabilities in multiple jurisdictions;

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- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates;
- the impact of inflation; and
- current conditions in Venezuela, Nigeria, Iran and Iraq.

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

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

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

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

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

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

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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 recent and pending 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 to our business.

We are subject to a variety of governmental regulations relating to the use, storage, discharge and disposal of chemicals and gases used in our analytical and manufacturing processes. Environmental claims or the failure to comply with present or future environmental laws and regulations could result in the assessment of damages or imposition of fines against us or the suspension or cessation of operations. New regulations could require us to acquire costly equipment or to incur other significant expenses. If we fail to control the use, or adequately restrict the discharge of, hazardous substances, we could be subject to future material liabilities. In addition, public interest in the protection of the environment has increased dramatically in recent years. 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.

Because our operations are international in nature, 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 Dutch 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.

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Amsterdam, The Netherlands,
May 14, 2008

/s/ David M. Demshur
David M. Demshur
President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)

/s/ Jan Willem Sodderland
Jan Willem Sodderland, on behalf of
Core Laboratories International B.V.
sole managing director of Core Laboratories N.V.

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

/s/ Joseph R. Perna
Joseph R. Perna
Supervisory Director

/s/ Jacobus Schouten
Jacobus Schouten
Supervisory Director

/s/ Rene R. Joyce
Rene R. Joyce
Supervisory Director

/s/ Michael C. Kearney
Michael C. Kearney
Supervisory Director

/s/ D. John Ogren
D. John Ogren
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

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CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
December 31, 2007 and 2006
(In thousands of USD, except share and per share data)

	Ref.	2007	2006
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	$ 93,038	$ 87,734
Intangible assets	6	191,085	184,415
Investment in associates	7	234	890
Deferred income tax asset	17	22,715	28,895
Derivative financial instrument	8	171,530	96,620
Other financial assets	8	9,528	6,730
Other assets		3,879	955
TOTAL NON-CURRENT ASSETS		492,009	406,239
CURRENT ASSETS			
Inventories	9	29,363	30,199
Prepaid expenses and other current assets	10	14,705	11,671
Income tax receivable	10	5,996	5,897
Accounts receivable	8,11	137,231	112,055
Cash and cash equivalents	8	25,617	54,223
TOTA L CURRENT ASSETS		212,912	214,045
Non-current asset held for sale	12	-	3,224
TOTAL ASSETS		$ 704,921	$ 623,508
SHAREHOLDERS' EQUITY			
Preference shares, EUR 0.04 par value in 2007 and in 2006; 3,000,000 shares authorized, none issued or outstanding		$ -	$ -
Common shares, EUR 0.04 par value in 2007 and in 2006; 100,000,000 shares authorized, 26,999,996 issued and 23,065,949 outstanding at 2007 and 25,608,511 issued and 23,225,121 outstanding at 2006		1,524	1,450
Additional paid-in capital		109,681	66,571
Retained earnings		263,261	223,472
Other reserves		1,799	(393)
Treasury shares (at cost), 3,934,047 at 2007 and 2,383,390 at 2006		(339,596)	(174,834)
		36,669	116,266
Minority interest		1,486	1,446
TOTAL EQUITY	14	38,155	117,712
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	8,15	223,495	206,755
Conversion option	8	171,530	96,620
Derivative financial instrument	8	118,230	68,210
Income tax payable	16	13,496	12,882
Deferred income tax liabilities	17	6,468	4,233
Provisions	18	34,655	26,129
TOTAL NON-CURRENT LIABILITIES		567,874	414,829
CURRENT LIABILITIES:			
Accounts payable	8,20	39,861	37,460
Borrowings	8,15	3,027	2,762
Income tax payable	16	952	-
Other taxes payable		9,672	10,761
Payroll and social security contributions	8,19	25,689	24,707
Other accrued expenses	8,20	19,691	15,277
TOTA L CURRENT LIABILITIES		98,892	90,967
TOTAL LIABILITIES		666,766	505,796
TOTAL LIABILITIES AND EQUITY		$ 704,921	$ 623,508

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

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CORE LABORATORIES N.V.
CONSOLIDATED INCOME STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2007 and 2006
(In thousands of USD, except per share data)

	Ref.	2007	2006
REVENUES:			
Services		$ 508,046	$ 430,118
Sales		162,494	145,571
		670,540	575,689
OPERATING EXPENSES:			
Cost of services	21,23	351,378	305,266
Cost of sales	21,23	116,102	118,818
GROSS PROFIT		203,060	151,605
General and administrative expenses	21,23	36,882	37,115
Other expense (income), net	24	(15,289)	(5,111)
OPERATING PROFIT		181,467	119,601
Finance income	26	(1,282)	(457)
Finance costs	26	17,740	10,450
Finance costs, net	26	16,458	9,993
Variance in fair value of derivative instruments	8	50,020	7,170
Share of loss of associates	7	656	123
PROFIT BEFORE INCOME TAX EXPENSE		114,333	102,315
Income tax expense	27	69,411	29,814
PROFIT FOR THE YEAR		$ 44,922	$ 72,501
Attributable to:			
Equity holders of the parent		$ 44,819	$ 72,381
Minority interest		103	120
		$ 44,922	$ 72,501
EARNINGS PER SHARE INFORMATION:			
Basic earnings per share	28	$ 1.91	$ 2.88
Diluted earnings per share	28	$ 1.84	$ 2.70
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	28	23,537	25,157
Diluted	28	24,408	26,888

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

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CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2007 and 2006
(In thousands of USD)

	Ref.	2007	2006
Pension actuarial gains and loss, net of tax	19	2,032	2,357
Net income recognized directly in equity		2,032	2,357
Profit for the year		44,922	72,501
Total recognized income for the year		$ 46,954	$ 74,858
Attributable to:			
Equity holders of the parent		$ 46,851	$ 74,738
Minority interest		103	120
		$ 46,954	$ 74,858

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

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CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
For the Years Ended December 31, 2007 and 2006
(In thousands of USD)

	Ref.	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expense		$ 114,333	$ 102,315
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	5	18,791	16,891
Amortization	6	635	468
Equity in (earnings) loss of associates	7	656	123
Stock-based compensation	23	7,766	5,943
Finance costs	26	16,458	9,993
Gain on sale of assets	5	(10,354)	(1,622)
Fair value (gains)/losses on other financial assets	8	(3,529)	(4,069)
Fair value (gains)/losses on derivative instruments	8	50,020	11,710
Changes in assets and liabilities:			
Accounts receivable	8,11	(24,459)	(14,180)
Inventories	9	1,278	(2,643)
Other assets		(5,435)	(1,137)
Accounts payable	8,20	2,173	6,254
Accrued expenses	8,20	(9,326)	10,234
Other long-term liabilities		22,662	14,298
Cash provided by operating activities		181,669	154,578
Interest paid		(738)	(4,916)
Income tax paid		(29,801)	(25,448)
Net cash provided by operating activities		151,130	124,214
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	5	(23,827)	(24,415)
Patents and other intangibles	6	(317)	(266)
Acquisitions, net of cash received	13	(7,338)	-
Proceeds from sale of assets	5	13,789	2,714
Minority interest - (dividends)/business combination		(63)	261
Interest received	26	1,282	457
Net cash used in investing activities		(16,474)	(21,249)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	15	(4,253)	(131,504)
Proceeds from debt borrowings	15	4,516	342,000
Stock options exercised	14	18,454	14,853
Repurchase of common shares	14	(181,812)	(251,088)
Proceeds from sale of warrants	8	-	56,500
Purchase of exchangeable note hedge	8	-	(86,250)
Debt refinancing costs	15	(167)	(6,996)
Net cash used in financing activities		(163,262)	(62,485)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(28,606)	40,480
CASH AND CASH EQUIVALENTS, beginning of year		54,223	13,743
CASH AND CASH EQUIVALENTS, end of year		$ 25,617	$ 54,223

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

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CORE LABORATORIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2007

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a Netherlands limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 4,900 and 4,600 employees in 2007 and 2006, respectively. We are listed on the New York Stock Exchange. These consolidated financial statements were authorized for issuance by the board of directors on May 14, 2008.

Our business units have been aggregated into three complementary segments which provide products and services for improving reservoir performance and increasing oil and gas recovery from new and existing fields: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with Part 9 Book 2 of The Netherlands Civil Code. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. In accordance with article 402 Book 2 of The Netherlands Civil Code the income statement in the Company Financial Statements is presented in abbreviated form.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendments and interpretations effective in 2007
The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2007 or later periods and have been applied to our financial statements:

- IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of our financial instruments or the disclosures relating to taxation and trade and other payables.

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Standards, amendments, and interpretations effective in 2007 but not relevant

The following standards, amendments, and interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2007 or later periods but are not relevant for our operations:

- IFRS 4, Insurance Contracts
- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Re-assessment of Embedded Derivatives
- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions

Standards, amendments and interpretations to existing standards that are not yet effective and have been early adopted

The following interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2008 or later periods that we have early adopted:

- IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (effective beginning January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. We applied IFRIC 14 starting January 1, 2007, and this interpretation did not impact our accounts.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

The following interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2008 or later periods that we have not early adopted:

- IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009). This revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. We will apply this revised standard beginning January 1, 2009 and management does not anticipate that this will result in any material changes.
- IAS 23 (Amendment), Borrowing costs (effective from January 1, 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. We will apply IAS 23 (Amended) beginning January 1, 2009 but it is currently not applicable to us as there are no qualifying assets.
- IAS 27 (Amendment), Consolidated and Separate Financial Statements (effective from January 1, 2010). The objective of this standard is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. We will apply IAS 27 (Amended) beginning January 1, 2010 and we are still evaluating the impact of the amendment to our financial position.
- IAS 32 (Amendment), Financial Instruments, Presentation (effective from January 1, 2009). As amended, IAS 32 will now require entities to classify the following types of financial instruments as equity, provided that those instruments have particular features and meet specific conditions: 1. Puttable financial instruments 2.Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only upon liquidation We will apply IAS 32 beginning January 1, 2009 and management does not anticipate that this will result in any material changes.
- IFRS 2 (Amendment) Share-based Payment (effective from January 1, 2009). The objective of this amendment clarifies that vesting conditions are service conditions and performance conditions only and specifies that all cancellations should receive the same accounting treatment. We will apply IFRS 2 (Amended) beginning January 1, 2009 and management does not anticipate that this will result in any material changes.
- IFRS 3 (Amendment), Business Combinations (effective from January 1, 2010). The objective of this standard is to enhance the relevance, reliability, and comparability of the information that an entity's financial statements provide about a business combination and its effects. We will apply IFRS 3 (Amended) beginning January 1, 2010 and we are still evaluating the impact of the amendment to our financial position.
- IFRS 8, Operating Segments (effective from January 1, 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. We will apply IFRS 8 beginning January 1, 2009 and management does not anticipate that this will result in any material changes.

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Interpretations to existing standards that are not yet effective and not relevant to our operations

The following interpretations to existing standards have been published that are mandatory for our accounting periods beginning on or after January 1, 2008 or later periods but are not relevant to our operations:

- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008). This Interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is not relevant to our operations because none of our companies provide for public sector services.
- IFRIC 13, Customer loyalty programs (effective July 1, 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to our operations because none of our companies operate any loyalty programs.

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 significant control. We use the cost method to record certain other investments in which we own less than 20% of the outstanding equity and do not exercise significant control. We record minority interest associated with consolidated subsidiaries that are less than 100% owned.

Transactions and Minority Interests

We apply a policy of treating transactions with minority interests as transactions with parties external to us. Disposals to minority interests result in gains and losses for us that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary

Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of our share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Foreign Currencies

Our functional and presentation currency is the U.S. Dollar ("USD") which is the currency of the primary economic environment in which we operate. All inter-company financing, transactions and cash flows of our subsidiaries are transacted in USD. Additionally, certain significant operations transact contractual business denominated in the USD. Accordingly, our foreign entities remeasure monetary assets and liabilities to USD at year-end exchange rates, while non-monetary items are measured at historical rates. Revenues and expenses are remeasured at the applicable month-end rate, except for depreciation and amortization and certain components of cost of sales, which are measured at historical rates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

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Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment, except for land which is shown at historical cost less impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on all assets, excluding land, using the straight-line method based on the estimated useful lives of the related assets as follows:

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 10 years

Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized and depreciated over their useful life. Historical cost and accumulated depreciation applicable to assets retired or sold are removed from the accounts, and any resulting gain or loss is included in operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. We review our assets for impairment when events or changes in circumstances indicate that the net book value of property, plant and equipment may not be recovered over its remaining service life. We evaluate our property, plant and equipment for impairment if a triggering event occurs which may indicate that an impairment is probable. An impairment loss is recognized for the amount by which the asset's carrying amount is higher than an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). The determination of fair value requires the estimation of future cash flows, and such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Assets that previously may have suffered an impairment are reviewed for possible reversal of the impairment.

Intangible Assets

Intangibles include patents, trademarks, and trade names and are measured at cost. Intangibles with finite lives are amortized using the straight-line method based on the estimated useful life of the intangible. Intangibles with indefinite lives, which consist primarily of corporate trade names, are evaluated for impairment annually. The useful lives of intangible assets range from three to thirty years.

We record goodwill as the excess of the purchase price over the fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting and is carried at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. We test goodwill for impairment annually, or more frequently if circumstances indicate that a potential impairment has occurred. Impairment losses on goodwill are not reversed. Goodwill is recorded in the cash-generating units expected to benefit from the business combination in which the goodwill arose. Groups of cash-generating units equivalent to the segment level reporting are used for the purpose of goodwill impairment testing. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Research and development expenditures are recognized in the profit and loss account as incurred. Expenses incurred for development projects are capitalized as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (i.e. it is likely that economic benefits will be realized and the expenses can be reliably estimated). Capitalized development expenses are amortized as soon as the commercial production process has commenced, with amortization being based on the estimated useful life of the asset.

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 its associates' post-acquisition profits or losses is recognized in the consolidated income

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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.

Financial Instruments at Fair Value Through Profit and Loss

Derivatives are classified as financial assets or liabilities designated at fair value through profit or loss. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Our derivative instruments do not qualify for hedge accounting. Changes in the fair value of the derivative instruments are recognized immediately in the income statement. Derivative liabilities consist of a conversion option related to our convertible notes and a warrant on our common stock. Our derivative asset consists of a call option on our stock related to our convertible notes. We hold one non-derivative financial asset, a life insurance policy, which is held at fair value. The fair value is determined by the plan administrator's actuary calculation.

At each balance sheet date we assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 12.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less and time deposits and money market investment accounts. These items are carried at cost, which approximates market value.

Non Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are carried on the consolidated balance sheet at the lower of the net carrying value of the asset or its fair value less cost to sell. Depreciation is ceased for non current assets classified as held for sale.

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 re purchase 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

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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.

Trade Payables

Trade payables are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of the convertible notes is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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.

We lease part of our machinery and have, to a large extent, the risks and rewards incidental to ownership of these assets. When the lease contract is entered into, the assets are capitalized on the balance sheet at their fair value, or the cash value of the minimum lease terms, if lower. The lease amounts payable are split on an annuity basis between a redemption and interest part, based on a fixed interest rate. The relating lease obligations, excluding the interest element, are taken up under long-term liabilities. The interest component of the lease term is recognized in the profit and loss account. The relating assets are depreciated over the remaining economic life or lease term, if shorter. The balance in capital lease at December 31, 2007 was $3,000.

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 is subject to interpretation and establishes 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

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Pensions and Other Postretirement Benefits

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

We maintain a defined benefit pension plan for substantially all of our Dutch employees. We recognize net periodic pension costs associated with this plan in income from current operations and the liability recognized in the consolidated balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. We recognize actuarial gains and losses directly in equity in the period in which they occur. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period. The projected benefit obligation and fair value of plan assets requires the use of actuarial assumptions and estimates which are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the Currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actual results could differ from those estimates.

Furthermore, we sponsor several defined contribution plans for the benefit of our employees. For defined contribution plans, we pay contributions to trusts that invest the employer's and participants' contributions as directed by the participants in the plan. We have no further payment obligations during the period in which the contribution was made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, 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.

Revenue Recognition

Revenues are recognized as services are completed or as product title is transferred and are measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. All advance client payments are classified as unearned revenues until services are provided or product title is transferred. We recognize revenue when we determine that the following criteria are met: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectibility is reasonably assured. Revenues from long-term contracts are recorded as services are rendered in proportion to the work performed. All known or anticipated losses on contracts are provided for currently. Revenues are recorded exclusive of taxes. Training and consulting service revenues are recognized as the services are performed.

Stock-Based Compensation

We issue stock-based compensation as a form of compensation for certain employees. This is accounted for under IFRS 2, "Share-Based Payment". This statement requires compensation costs related to share-based payments, including stock options, to be recognized in the consolidated income statement based on their fair values. The expense is recognized over the requisite service period of the award.

We operate a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, we revise our estimates of the number of options that are expected to vest. We recognize the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to common stock and paid-in capital when the options are exercised.

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Interest Expense / Income

Interest expense and interest income are recognized when the expense is incurred or the income is earned.

Earnings Per Share

We compute basic earnings per common share by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common and potential common share include additional shares in the weighted average share calculations associated with the incremental effect of dilutive employee stock options, restricted stock awards and contingently issuable shares.

Dividend Distribution

We have not distributed dividends on our common shares and management does not intend to distribute dividends in the foreseeable future.

3. FINANCIAL RISKS AND RISK MANAGEMENT

We are exposed to a number of financial risks inherent in our day to day operations. These risks are connected with the effects of movements in exchange rates and interest rates as well as the credit worthiness of our customers and the liquidity of our assets. Risk management is controlled by our Chief Financial Officer with oversight by the board of directors. Management does not believe we are exposed to risks to suffice entering into hedging or derivative contracts for recurring business operations. To hedge our economic risk associated with the convertible notes we issued, we entered into a derivative contract on our own stock.

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. We have not entered, or intend to enter, into derivative financial instruments for hedging or speculative purposes. We do not believe that our exposure to market risks, which are primarily related to interest rate changes, is material. In order to hedge the economic risk associated with the convertible notes, we purchased an option on our stock that matches the conversion feature that is part of the convertible notes.

Currency Risks

We operate in a number of international areas which exposes us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. Foreign exchange gains and losses are the result of fluctuations in the U.S. dollar against other currencies and are included in other expense (income) in the consolidated income statement. We recognized foreign exchange losses in countries where the USD weakened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD strengthened against the local currency and we had net monetary assets denominated in the local currency. We recognized foreign exchange gains in countries where the USD strengthened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD weakened against the local currency and we had net monetary assets denominated in the local currency. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD. We held 76% and 74% of our net monetary assets in US Dollars on December 31, 2007 and 2006, respectively.

The following table summarizes the impact on our equity and post-tax profit for the year if the US Dollar exchange changed by 10% against the listed currencies with all other variables held constant (in thousands):

	2007		2006	
	Increase 10%	**Decrease 10%**	**Increase 10%**	**Decrease 10%**
Euro	$ 2	$ (3)	$ 17	$ (21)
Pound	118	(144)	126	(154)
Canadian dollar	114	(140)	158	(193)
Mexican peso	150	(183)	127	(156)
Ruble	468	(572)	522	(638)
Total	$ 852	$ (1,042)	$ 950	$ (1,162)

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The above listed currencies represent 18% and 15% of our net monetary assets on December 31, 2007 and 2006, respectively. The overall decrease in our exposure to an increase or decrease in foreign exchange rates at December 31, 2007 is due to a decrease in our net monetary asset position in all currencies except for the Mexican Peso, which increased at December 31, 2007 as compared to December 31, 2006. This decrease in exposure was offset by a decline in value by the US Dollar compared to these currencies.

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. We are exposed to interest rate risk on our Credit Facility debt, which carries a variable interest rate. At December 31, 2007, we had no variable rate debt outstanding. The current interest bearing debt at December 31, 2007 consists primarily of convertible debt with a fixed rate of interest.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and a purchased call option on our own common shares. 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, and the call option is with a global investment firm. We consider our credit risk to be limited due to the creditworthiness and financial resources of these financial institutions and companies and the fair value of the derivatives assets in the consolidated balance sheet. We limit this risk by evaluating the credit history and credit worthiness using various credit agencies, such as Dunn 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 occasionally reviewed to ensure their financial position continues to match credit worthiness. The aim is to maintain a customer base where no one customer will account for a significant portion of our business. Our exposure to credit risk is the total balance that is not impaired which is $129.4 million at December 31, 2007. 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, 2007 and 2006.

We maintain a credit facility that is used as needed for operational purposes with a group of commercial banks with significant financial resources that share in the amount outstanding on a pre-determined ratio. The balance that may be drawn under the credit facility was $100 million at December 31, 2007 and we had issued letters of credit on the credit facility for $10.2 million at December 31, 2007. No credit limits were exceeded during the reporting period.

We hold a derivative financial asset that we purchased in connection with the issuance of our convertible notes. This derivative financial asset is designed to cover the net number of our common shares that would be deliverable to exchanging note holders in the event of an exchange of the notes. The maximum exposure to credit risk of our derivative assets at the reporting date is the fair value of the derivatives assets in the consolidated balance sheet.

Liquidity Risks

The management of liquidity risk entails maintaining sufficient cash and marketable securities along with the availability of funding through our credit facility. Our financing policy is directed at establishing and maintaining an optimal financing structure that takes into account our current asset base and our investment program. From time to time, we seek access to the capital markets when external funding is required. Our Treasury Department acts as an in-house bank that internally allocates funds that are raised centrally. Operating companies are thus funded through inter-company transactions. To the extent we need outside funding beyond our internally generated free cash flow in order to finance investments, potential acquisitions and repayment of debt, we have a revolving credit facility that matures in December 2010. This may be drawn in US Dollars up to the amount of $100 million. At December 31, 2007, no amounts had been drawn under this facility. In addition, we have outstanding $300 million of Senior Exchangeable Notes due 2011 ("Notes"). Management monitors our cash flow position in preparation of repaying the Notes balance at time of exchange or due date. In addition to our repayment commitments under our credit facilities and the Notes, we have capital lease obligations related to the purchase of equipment, and non-cancelable operating lease arrangements under which we lease property including land, buildings, office equipment and vehicles.

The following table summarizes our future contractual obligations under these arrangements into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the

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contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2007 Contractual Obligations (in thousands):	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt	$ 306,087	$ 3,837	$ 1,500	$ 300,750	$ -
Capital leases	3	3	-	-	-
Operating leases	26,858	7,208	8,289	4,964	6,397
Trade payables	39,861	39,861	-	-	-
Other	250	250	-	-	-
Total contractual obligations	$ 373,059	$ 51,159	$ 9,789	$ 305,714	$ 6,397

At December 31, 2006 Contractual Obligations (in thousands):	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt	$ 306,567	$ 3,567	$ 1,500	$ 301,500	$ -
Capital leases	10	8	2	-	-
Operating leases	38,010	8,240	11,311	6,328	12,131
Trade payables	37,460	37,460	-	-	-
Other	500	250	250	-	-
Total contractual obligations	$ 382,547	$ 49,525	$ 13,063	$ 307,828	$ 12,131

We plan on funding these obligations through operating cash flows and the unused portion of our credit facility. We have no significant purchase commitments or similar obligations outstanding at December 31, 2007. Not included in the table above are uncertain tax positions that we have accrued for at December 31, 2007, the conversion option on our Notes and warrants we sold which give the holders the right to acquire approximately 3.2 million of our common shares at a strike price of $127.56 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. All of the warrants will expire on January 25, 2012. The conversion option on the notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at an initial conversion rate of 10.5533 per $1,000 principal amount of notes, which is equal to a conversion price of approximately $94.76 per share. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. See Note 15 for further discussion.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our share repurchase program, issue new shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During 2007, our strategy, which was unchanged from 2006, was to maintain the gearing ratio less than 75%. The gearing ratio at December 31, 2007 and 2006 were as follows (in thousands):

	2007	2006
Total borrowings	$ 226,522	$ 209,517
Less: cash and cash equivalents	(25,617)	(54,223)
Net debt	200,905	155,294
Total equity	38,155	117,712
Total capital	239,060	273,006
Gearing ratio	84%	57%

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The change in the gearing ratio during 2007 was due to the increase in the fair value of our derivative liability instrument, an increase of $50.0 million for the year ended December 31, 2007 and an increase of $7.2 million for the year ended December 31, 2006. Factoring out the impact of the fair value adjustment on the derivative liability instrument, the gearing ratio would have been 69% and 55% for the years ended December 31, 2007 and 2006, respectively.

Part of our capital management includes the issuance of Senior Exchangeable Notes along with the purchase of an exchangeable note hedge and the sale of the warrant. The terms of the exchangeable note hedge directly offset the conversion terms of the Senior Exchangeable Notes. The warrant gives the holders the right to acquire approximately 3.2 million of our common shares at a strike price of $127.56 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. The maximum exposure under the warrant at the reporting date is 3.2 million shares and we have 61.9 million shares available for issuance.

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use the same Black-Scholes model that was utilized to initially value our derivative financial instruments and make assumptions that are based on the market conditions existing at each balance sheet date. These derivative instruments are fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of our stock used in the fair value estimation. If the interest rates had been 100 basis points higher/lower with all other variables held constant, our equity and post tax profit for the year would have been $6.3 million / $6.2 million lower/higher and $3.9 million / $3.8 million lower/higher at December 31, 2007 and 2006, respectively. If our stock price had been 10% higher/lower with all other variables held constant, our equity and post tax profit for the year would have been $28.7 million / $26.5 million lower/higher and $15.3 million / $14.2 million lower/higher at December 31, 2007 and 2006, respectively. If volatility had been 10% higher/lower with all other variables held constant, our equity and post tax profit for the year would have been $8.5 million / $8.6 million lower/higher and $8.6 million / $8.5 million lower/higher at December 31, 2007 and 2006, respectively. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis and utilize our historical experience, as well as various other assumptions that we believe are reasonable in a given circumstance, in order to make these estimates. Actual results could differ from our estimates, as assumptions and conditions change.

The following accounts, among others, require us to use critical estimates and assumptions:

- allowance for doubtful accounts;
- inventory reserves;
- depreciation and amortization;
- determining the fair value of financial instruments, see Note 8;
- assumptions used in determining obligations for pensions and other postretirement benefits, see Note 19;
- determining the fair value of stock-based compensation, see Note 23;
- income taxes; and
- impairment testing of long-lived assets, intangibles and goodwill.

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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.

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.

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date. Information and input from dealers are used for long-term debt and the conversion feature and related derivative instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

Estimated Impairment of Goodwill

We annually test whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, see Note 6.

If the estimated gross margin at December 31, 2007 had been 10% lower (for example, 22.5% instead of 25%) than management's estimates at December 31, 2006, 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, 14.9% instead of 13.5%) than management's estimates, we would have not recognized any impairment against goodwill.

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5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were as follows at December 31, 2007 and 2006 (in thousands):

	Land	Buildings	Machinery and Equipment	Construction In Progress	Total
At January 1, 2006					
Historical cost	5,905	54,779	115,576	4,244	180,504
Accumulated depreciation	-	(17,446)	(81,716)	-	(99,162)
Net book amount	5,905	37,333	33,860	4,244	81,342
Year ended December 31, 2006					
Opening net book amount	5,905	37,333	33,860	4,244	81,342
Additions	-	226	8,821	17,718	26,765
Disposals	-	(64)	(194)	-	(258)
Transfers	-	2,348	11,949	(14,297)	-
Asset held for sale	-	(3,224)	-	-	(3,224)
Depreciation charge	-	(1,840)	(15,051)	-	(16,891)
Closing net book amount	5,905	34,779	39,385	7,665	87,734
At December 31, 2006					
Historical cost	5,905	54,066	131,431	7,665	199,067
Accumulated depreciation	-	(19,287)	(92,046)	-	(111,333)
Net book amount	5,905	34,779	39,385	7,665	87,734
Year ended December 31, 2007					
Opening net book amount	5,905	34,779	39,385	7,665	87,734
Additions	145	301	5,490	17,891	23,827
Disposals	-	(2)	(52)	-	(54)
Transfers	-	1,866	18,185	(20,051)	-
Acquisitions	-	7	315	-	322
Depreciation charge	-	(2,000)	(16,791)	-	(18,791)
Closing net book amount	6,050	34,951	46,532	5,505	93,038
At December 31, 2007					
Historical cost	6,050	56,238	139,640	5,505	207,433
Accumulated depreciation	-	(21,287)	(93,108)	-	(114,395)
Net book amount	6,050	34,951	46,532	5,505	93,038

Machinery and equipment included in construction in progress was $4.5 million and $6.9 million for the years ended December 31, 2007 and 2006, respectively and buildings and improvements included in construction in progress was $1.0 million and $0.8 million for the years ended December 31, 2007 and 2006, respectively. In December 2006, we reclassified $3.2 million out of property, plant and equipment for a building that is being held for sale. We recorded no impairment charges related to property, plant and equipment held for use in continuing operations during the years ended December 31, 2007 and 2006.

For the years ended December 31, 2007 and 2006, depreciation expense recognized in the income statement is as follows (in thousands):

	2007	2006
Cost of sales and services	$ 16,971	$ 14,753
General and administrative	1,820	2,138
Total depreciation expense	$ 18,791	$ 16,891

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6. INTANGIBLE ASSETS

The components of intangibles as of December 31, 2007 and 2006 are as follows (in thousands):

	Goodwill	Other Intangibles	Indefinite Life Trade Names	Total
At December 31, 2005				
Cost	179,199	5,053	3,892	188,144
Accumulated amortization	-	(3,527)	-	(3,527)
Net book amount	179,199	1,526	3,892	184,617
Year ended December 31, 2006				
Opening net book amount	179,199	1,526	3,892	184,617
Additions	-	266	-	266
Amortization charge	-	(468)	-	(468)
Closing net book amount	179,199	1,324	3,892	184,415
At December 31, 2006				
Cost	179,199	5,319	3,892	188,410
Accumulated amortization	-	(3,995)	-	(3,995)
Net book amount	$ 179,199	$ 1,324	$ 3,892	$ 184,415
Year ended December 31, 2007				
Opening net book amount	179,199	1,324	3,892	184,415
Additions/acquisitions	6,182	1,123	-	7,305
Amortization charge	-	(635)	-	(635)
Closing net book amount	185,381	1,812	3,892	191,085
At December 31, 2007				
Cost	185,381	6,442	3,892	195,715
Accumulated amortization	-	(4,630)	-	(4,630)
Net book amount	$ 185,381	$ 1,812	$ 3,892	$ 191,085

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

		2007		2006	
	Original life in years	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Acquired trade secrets	3-20	$ 1,705	$ 1,494	$ 1,514	$ 1,295
Acquired patents and trademarks	5-10	2,901	2,085	2,603	1,918
Agreements not to compete	3-7	1,297	640	810	433
Acquired trade names	5-30	539	411	392	349
Acquired trade names	Indefinite	3,892	-	3,892	-
Total other intangibles and trade names		$ 10,334	$ 4,630	$ 9,211	$ 3,995

For the years ended December 31, 2007 and 2006, $0.6 million and $0.5 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 Core Laboratories N.V and are included in an impairment analysis. We performed this impairment testing at December 31, 2006 assuming a gross margin of 16%, a growth rate of 5% and a discount rate of 13.5% and no impairment was indicated. The assets and liabilities making up our cash-generating units have not changed significantly, there have been no significant events and the

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circumstances surrounding our cash-generating units have not changed significantly, and our detailed calculation resulted in an amount that exceeded our carrying amount of our cash-generating units substantially, therefore, no impairment has been recorded in 2007. No impairment losses have been reversed in 2007.

We monitor or test goodwill for impairment at least annually or more frequently if circumstances indicate a potential impairment. For purposes of this test, we group our cash-generating units ("CGU") to a level equivalent to our reportable segments, and compare the recoverable amount of CGU groupings to their net carrying value. Fair value less cost to sell is determined by estimating the present value of projected future cash flows discounted using our weighted average cost of capital. We performed this impairment testing at December 31, 2007. No impairment was indicated, and therefore, no impairment has been recorded in 2007.

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

	2007	2006
Reservoir Description	$ 89,568	$ 83,386
Production Enhancement	77,569	77,569
Reservoir Management	18,244	18,244
Total goodwill	$ 185,381	$ 179,199

The key assumptions used for the impairment calculation are as follows:

	Reservoir Description	Production Enhancement	Reservoir Management
Gross margin (1)	19%	25%	12%
Growth rate (2)	8%	15%	10%
Discount rate (3)	13.5%	13.5%	13.5%

(1) Budgeted gross margin
(2) Weighted average growth rate used to extrapolate cash flows beyond the budget period
(3) Weighted average cost of capital is used as the discount rate applied to the cash flow projections

These assumptions have been used for the analysis for each CGU grouping. Management determined the budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax. We used cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the first year are extrapolated using the estimated growth rates stated above.

7. ASSOCIATES

The investments in associates comprise the financial information of the following companies:

Name	Legal Seat	Ownership Percentage
Saybolt Tunisie	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd	Saudi Arabia	45%
Saybolt MED	Tunis, Tunisia	49%
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	China	50%

These subsidiaries are not consolidated since we do not exercise decisive control over their operations. For Saybolt Saudi Arabia Co., LTD we share in the profit at 45% however, we are responsible for 100% of the losses. At December 31, 2007 we had total receivables from these subsidiaries of $0.3 million and total payables to these subsidiaries of $0.1 million.

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Associates consisted of the following (in thousands):

	Assets	Liabilities	Revenues	Profit / (Loss)
2006				
Saybolt Tunisie	741	187	702	203
Saybolt Saudi Arabia Co., Ltd	988	414	1,567	(92)
Saybolt MED	422	126	747	30
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	476	32	34	(56)
2007				
Saybolt Tunisie	745	83	674	107
Saybolt Saudi Arabia Co., Ltd	435	546	965	(685)
Saybolt MED	340	131	709	(87)
Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	426	32	20	(52)

	2007	2006
Beginning of the year	$ 890	$ 1,141
Disposal of investment	-	(128)
Share of loss	(656)	(123)
End of the year	$ 234	$ 890

During 2006, we sold Saybolt Afrique SARL in which we held a 49% ownership in for $0.1 million and wrote-off the remaining equity which resulted in a loss of $0.1 million.

8. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below (in thousands):

		2007		2006	
	Ref.	Assets	Liabilities	Assets	Liabilities
Loan and Receivables					
Cash and cash equivalents		$ 25,617	$ -	$ 54,223	$ -
Trade receivables	11	133,564	-	108,893	-
Financial Instruments at Fair Value Through Profit and Loss					
Derivative financial instruments	15	171,530	118,230	96,620	68,210
Conversion option	15	-	171,530	-	96,620
Other financial assets		9,528	-	6,730	-
Other Financial Liabilities at Amortized Cost					
Trade payables	20	-	39,861	-	37,460
Other accrued expenses	20	-	19,691	-	15,277
Borrowings	15	-	226,522	-	209,517
Total		$ 340,239	$ 575,834	$ 266,466	$ 427,084

Other financial assets are comprised of 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 and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger.

In 2006, we issued convertible notes that are convertible into our common shares if certain conditions are met and we issued derivative financial instruments in connection with the issuance of these notes. We purchased a call option on our own common shares to hedge the conversion feature of the convertible notes and recorded this as an asset. Separately we sold a warrant on our common shares. All of these are derivative instruments are carried on the balance sheet at fair value and changes in fair value are recorded directly through the income statement. See Note 15 for further discussions. The full fair value of our derivative instruments are

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classified as a non-current asset or liability since the remaining maturity of the hedged item is more than 12 months from the balance sheet date. The fair value of these instruments was calculated using a Black-Scholes model for derivative instruments. Any net gain or loss recognized is the difference in the fair value calculated using the valuation model and the value recorded in our general ledger. The significant assumptions used in determining the fair value at December 31, 2007 for the warrant, call option and convertible notes equity option are as follows:

	Warrant	Call Option	Convertible Notes Equity Option
Expiration date	January, 25, 2012	October, 31, 2011	October, 31, 2011
Stock price at valuation date	$ 124.72	$ 124.72	$ 124.72
Instrument's strike price	$ 127.56	$ 94.76	$ 94.76
Stock volatility	35.54%	35.54%	35.54%
Interest rate	4.05%	4.05%	4.05%

9. INVENTORIES

Inventories consisted of the following at December 31, 2007 and 2006 (in thousands):

	2007	2006
Finished goods	$ 23,313	$ 24,747
Parts and materials	6,853	6,749
Work in progress	1,135	1,238
Total inventories	31,301	32,734
Less - valuation reserves	1,938	2,535
Inventories, net	$ 29,363	$ 30,199

The cost of inventories recognized as expense and included in Cost of Sales was $73.5 million and $69.3 million for the years ended December 31, 2007 and 2006, respectively. We include freight costs incurred for shipping inventory to our clients in the Cost of Sales caption in the accompanying consolidated income statement.

10. PREPAID AND OTHER CURRENT ASSETS AND INCOME TAX RECEIVABLE

Prepaid expenses and other current assets are comprised primarily of prepaid insurance, value added taxes and rents.

Income tax receivable relates to estimated tax pre-payments made in excess of actual tax liabilities. These receivables are due back as refunds from the respective taxing authorities.

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following at December 31, 2007 and 2006 (in thousands):

	2007	2006
Trade receivables	$ 133,564	$ 108,893
Other receivables	7,866	7,502
Total receivables	141,430	116,395
Less - valuation reserves	4,199	4,340
Receivables, net	$ 137,231	$ 112,055

The carrying value of trade and other receivables approximates their fair values at December 31, 2007 and 2006.

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, 2007 and 2006 we had $2.2 million and $1.5 million, respectively, that were 180 days past due but not impaired. As of December 31, 2007 and 2006 there were no receivables that were 365 days past due but not impaired. The

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amount of the provision for impaired receivables was $4.2 million and $4.3 million for 2007 and 2006, respectively. The impaired receivables related to receivables that met the criteria to be considered impaired according to our policy. We expect to collect a portion of the impaired receivables. The aging analysis of these receivables is as follows (in thousands):

	Not Impaired		Impaired	
	2007	2006	2007	2006
Not past due	$ 67,056	$ 54,929	$ -	$ -
Up to 180 days past due	60,062	48,160	44	89
180 to 365 days past due	2,247	1,464	1,607	1,797
Over 365 days past due	-	-	2,548	2,454
Total	$ 129,365	$ 104,553	$ 4,199	$ 4,340

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

	2007	2006
US dollar	$ 81,074	$ 63,041
Euro	6,881	5,901
Pound	3,941	3,357
Canadian dollar	12,607	12,127
Ruble	3,432	2,485
Other currencies	33,495	29,484
	$ 141,430	$ 116,395

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

	2007	2006
At January 1,	$ 4,340	$ 4,526
Provision for receivable impairment	262	623
Receivables written off as uncollectible	(629)	(982)
Other [1]	226	173
At December 31,	$ 4,199	$ 4,340

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.

12. NON-CURRENT ASSETS HELD FOR SALE

At December 31, 2006 we held a building for sale in our Reservoir Description business segment with a net carrying value of approximately $3.2 million. The building was sold in 2007 for a pre-tax gain of approximately $10.2 million.

13. ACQUISTIONS

In September 2007, we acquired all of the outstanding common shares of Temco, Inc., a Tulsa-based core analysis and reservoir fluids instrument manufacturing business, for $5.5 million. The acquisition resulted in goodwill of $3.8 million and intangibles of $0.8 million which was recorded in the Reservoir Description business segment.

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In December 2007, we acquired all of the assets of Entrada Geosciences LLC, a Denver based geological and field services business for $2.8 million. The acquisition resulted in goodwill of $2.4 million which has been recorded in the Reservoir Description business segment.

The acquisition of these entities were recorded to the Reservoir Description business segment and increased non-current assets by $7.3 million, current assets by $1.7 million, non-current liabilities by $0.7 million and current liabilities by $0.4 million. The assets and liabilities acquired in these acquisitions approximate their carrying value prior to the acquisition which approximated fair value. The operations of these two entities increased our consolidated revenue by $2.3 million and increased our consolidated profit before taxes by $0.6 million during the year ended December 31, 2007.

14. EQUITY

Treasury Shares

We are incorporated in The Netherlands and under the Dutch Commercial Code, a corporation and its subsidiaries can hold a maximum of 10% of their issued shares in treasury. On October 10, 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. Under the share repurchase program, we were authorized to repurchase up to the lesser of 10% of our issued common shares or freely distributable reserves. Our intention is to hold shares repurchased as a temporary investment for a variety of purposes such as to use for future acquisitions, for settlement of employee stock awards as they vest, for possible conversion of the Notes, or to resell. The program has continued to be extended for a period of 18 months at each of our annual shareholder meetings authorizing the purchase of up to 10% of our issued shares. The cancellation of shares has also been approved by shareholders at prior shareholder meetings. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization. On April 2, 2007 at our annual shareholders meeting, our shareholders gave us the authority to repurchase a further 10% of our issued shares for a period of 18 months ending on October 2, 2008.

From the activation of the share repurchase program through December 31, 2007, we have repurchased 15,046,794 shares for an aggregate purchase price of approximately $592.6 million, or an average price of $39.39 per share and have cancelled 11,112,747 shares at a cost of $253.0 million. During the twelve months ended December 31, 2007, a subsidiary repurchased 1,814,957 of our common shares for $181.8 million, at an average price of $100.17 per share which included rights to 604,411 shares valued at $48.6 million, or $80.44 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.

The number of treasury shares reported in our balance sheet as of December 31, 2007 includes shares in our capital held by our subsidiary Core Laboratories LP. Reference is made to footnote Note 22 Commitments and Contingencies in respect of a contingent asset and a contingent liability relating to such shares, each for an amount equal to the acquisition price of such shares, increased with statutory interest as from the date of acquisition of such shares.

For the year ended December 31, 2007, we issued 1,426,135 of our common shares associated with stock option exercises for which we received proceeds of approximately $18.5 million.

In June 2006, our shareholders approved a change to the par value per share from EUR 0.01 to EUR 0.04. As the result of the change in par value an increase in common shares occurred for $1.0 million which was charged to our paid-in capital account.

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	Number of Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Minority Interest	Total Shareholders' Equity
BALANCE, December 31, 2005	25,774,339	$ 474	$ 144,690	$ 151,091	$ (2,439)	$ (30,557)	$ 1,065	$ 264,324
Stock options exercised	1,023,754	20	14,833	-	-	-	-	14,853
Stock-based awards issued	264,400	3	5,940	-	-	-	-	5,943
Tax benefit of stock options exercised	-	-	8,872	-	-	-	-	8,872
Repurchases of common shares	(3,837,372)	-	-	-	-	(251,088)	-	(251,088)
Change in par value	-	977	(977)	-	-	-	-	-
Cancellation of common shares	-	(24)	(106,787)	-	-	106,811	-	-
Pension adjustment	-	-	-	-	2,357	-	-	2,357
Currency translation adjustment- pension	-	-	-	-	(311)	-	-	(311)
Minority interest - business combination	-	-	-	-	-	-	261	261
Net income	-	-	-	72,381	-	-	120	72,501
BALANCE, December 31, 2006	23,225,121	1,450	66,571	223,472	(393)	(174,834)	1,446	117,712
Stock options exercised	1,426,135	76	18,378	-	-	-	-	18,454
Stock-based awards issued	229,650	12	7,754	-	-	-	-	7,766
Tax benefit of stock options exercised	-	-	34,014	-	-	-	-	34,014
Repurchases of common shares	(1,814,957)	-	-	-	-	(181,812)	-	(181,812)
Cancellation of common shares	-	(14)	(17,036)	-	-	17,050	-	-
Pension adjustment	-	-	-	-	2,032	-	-	2,032
Currency translation adjustment- pension	-	-	-	-	160	-	-	160
Minority interest -dividend	-	-	-	-	-	-	(63)	(63)
Non-income related taxes	-	-	-	(5,030)	-	-	-	(5,030)
Net income	-	-	-	44,819	-	-	103	44,922
BALANCE, December 31, 2007	23,065,949	$ 1,524	$ 109,681	$ 263,261	$ 1,799	$(339,596)	$ 1,486	$ 38,155

Other Reserves is comprised of adjustments directly to equity and is the only equity account that is restricted.

	Pension - Restricted	Translation	Total
Balance at January 1, 2006	$ (2,643)	$ 204	$ (2,439)
Pension adjustment	2,357	-	2,357
Currency translation adjustment	-	(311)	(311)
Balance at December 31, 2006	(286)	(107)	(393)
Pension adjustment	2,032	-	2,032
Currency translation adjustment	-	160	160
Balance at December 31, 2007	$ 1,746	$ 53	$ 1,799

15. BORROWINGS

Borrowings at December 31, 2007 and 2006 is summarized in the following table (in thousands):

	2007	2006
Senior Exchangeable Notes	$ 223,495	$ 206,753
Finance lease obligations	3	10
Other indebtedness	3,024	2,754
Total debt and capital lease obligations	226,522	209,517
Less - short-term debt included in other indebtedness	3,024	2,654
Less - current maturities of long-term debt and finance lease obligations	3	108
Long-term debt and capital lease obligations, net	$ 223,495	$ 206,755

In 2006 Core Laboratories LP, a wholly owned subsidiary, issued $300 million aggregate principal amount of Senior Exchangeable Notes due 2011 ("Notes") to qualified institutional buyers. The Notes bear interest at a fixed rate of 0.25% per year and are guaranteed by Core Laboratories N.V. These notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at an initial conversion rate of 10.5533 per $1,000 principal amount of notes, which is equal to a conversion price of approximately $94.76

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per share. Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. We sold the Notes to the initial purchasers and subsequently filed a registration statement, which became effective immediately, with respect to resale of the notes and shares received in exchange for the notes. The Notes bear interest at a rate of 0.25% per year payable semiannually on May 6 and November 6 of each year, beginning on May 6, 2007.

In November 2006 in connection with the offering of the Notes, Core Laboratories LP used proceeds from the offering to enter into exchangeable note hedge transactions with a financial institution which is an affiliate of one of the initial purchasers. The exchangeable note hedge transactions are designed to cover, subject to customary anti-dilution adjustments, the net number of our common shares that would be deliverable to exchanging note holders in the event of an exchange of the notes. We paid an aggregate amount of approximately $86.3 million of the proceeds from the sale of the Notes to acquire the call options.

Core Laboratories N.V. entered into separate warrant transactions at the time of the sale of the Notes whereby we sold warrants which gave the holders the right to acquire approximately 3.2 million of our common shares at a strike price of $127.56 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. All of the warrants will expire on January 25, 2012. We received aggregate proceeds of $56.5 million from the sale of the warrants which was used to repay debt under our Credit Facility.

The purchased call options and sold warrants are separate contracts entered into by us with one financial institution, and are not part of the terms of the Notes and will not affect the holders' rights under the Notes. The purchased call options are expected to offset the potential dilution upon exchange of the Notes in the event that the market value per share of our common shares at the time of exercise is greater than the strike price of the purchased call options, which corresponds to the initial exchange price of the Notes and is simultaneously subject to certain customary adjustments. The warrants will effectively increase the exchange price of the Notes to $127.56 per share of our common shares, from our perspective, representing a 75% premium based on the last reported bid price of $72.89 per share on October 31, 2006. In accordance with IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), we recorded the exchangeable note hedge and warrants in the consolidated balance sheet as of the transaction date, and will recognize subsequent changes in fair value in the consolidated income statement.

The fair value of the underlying debt instrument, included in non-current borrowings, was calculated using a market interest rate for an equivalent non-convertible note. The carrying amounts of short term borrowings approximate their fair value.

The Notes recorded in the consolidated balance sheet is calculated as follows:

	2007	2006
Face value of the convertible notes	$ 300,000	$ 300,000
Discount on convertible notes	(72,433)	(88,261)
Net fair value of convertible notes	227,567	211,739
Deferred debt acquisition costs	(4,072)	(4,986)
Long-term debt, net	$ 223,495	$ 206,753

We maintain a revolving credit facility (the "Credit Facility"). In November, 2006, we amended this facility to decrease the aggregate borrowing commitment from $125.0 million to $100.0 million, and added an option to increase the commitment under the credit facility to $150.0 million, if certain conditions are met. The Credit Facility bears interest at variable rates from LIBOR plus 0.5% to a maximum of LIBOR plus 1.125%. The Credit Facility matures in December 2010 and requires interest payments only until maturity. These interest payments are based on the interest period selected. Our available borrowing capacity under the Credit Facility at December 31, 2007 was $89.8 million. Our available capacity is reduced by outstanding unsecured letters of credit and performance guarantees and bonds totaling $10.2 million at December 31, 2007 relating to certain projects in progress.

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

Other indebtedness includes approximately $3.0 million of debt incurred relating to the financing of our corporate insurance which the fair value approximates the book value.

The carrying amounts of our borrowings are denominated in US Dollars.

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16. INCOME TAX PAYABLE

Long-term income tax payable relates to tax exposures for tax obligations including potential interest and penalties in various taxing jurisdictions.

17. 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, 2007 and 2006 are summarized as follows (in thousands):

	2007	2006
Deferred tax assets:		
Deferred income tax asset to be recovered within 12 months	$ 1,405	$ 1,898
Deferred income tax asset to be recovered after more than 12 months	21,310	26,997
Net deferred tax asset	22,715	28,895
Deferred tax liabilities:		
Deferred income tax liability to be recovered within 12 months	-	-
Deferred income tax liability to be recovered after more than 12 months	(6,468)	(4,233)
Total deferred tax liabilities	(6,468)	(4,233)
Net deferred income tax assets, net	$ 16,247	$ 24,662
The gross movement on the deferred income tax account is as follows:		
Beginning of year	$ 24,662	$ 20,697
Income statement charge	(12,090)	1,070
Timing differences	3,675	2,895
End of year	$ 16,247	$ 24,662

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Assets

	Tax Losses	Tax Credits	Stock Compensation	Reserves	Other	Total
At December 31, 2005	$ 14,422	$ 338	$ 7,626	$ 2,332	$ 1,183	$ 25,901
Charged/(credited) to the income statement	(10,995)	6,140	2,145	1,657	1,152	99
Charged directly to equity	-	-	2,616	-	279	2,895
At December 31, 2006	3,427	6,478	12,387	3,989	2,614	28,895
Charged/(credited) to the income statement	(3,820)	2,072	(1,083)	522	(7,546)	(9,855)
Charged directly to equity	-	-	5,078	-	(1,403)	3,675
At December 31, 2007	$ (393)	$ 8,550	$ 16,382	$ 4,511	$ (6,335)	$ 22,715

Deferred Tax Liabilities

	Intangibles	Accelerated Depreciation	Stock Compensation	Reserves	Other	Total
At December 31, 2005	$ (1,440)	$ (1,733)	$ -	$ -	$ (2,031)	$ (5,204)
Charged/(credited) to the income statement	(95)	534	-	-	532	971
At December 31, 2006	(1,535)	(1,199)	-	-	(1,499)	(4,233)
Charged/(credited) to the income statement	(484)	160	-	-	(1,911)	(2,235)
At December 31, 2007	$ (2,019)	$ (1,039)	$ -	$ -	$ (3,410)	$ (6,468)

At December 31, 2007, we had net operating loss carry-forwards for income tax purposes in various tax jurisdictions of approximately $30.5 million. Of those carry-forwards that are subject to expiration, they will expire, if unused, $2.1 million in 2009, $2.1 million in 2011, $2.4 million in 2012, $1.0 million in 2013, $15.4 million in 2016, and $7.5 million in 2025. We anticipate that

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taxable income in future years will allow us to fully utilize our carry-forwards. We recorded $34.0 million and $8.9 million of tax benefit directly to equity relating to the tax benefit on stock-based compensation. Other deferred tax asset and liabilities are provided for revenues and expenses that may be recognized by the various tax jurisdictions in periods that differ from when recognized for financial reporting purposes.

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The components of provisions for 2007 are as follows (in thousands):

	Termination Benefits	Deferred Compensation	Claims from Clients	Other	Total
At January 1, 2007	$ 5,417	$ 10,413	$ 1,044	$ 9,255	$ 26,129
Charged / (credited) to the income statement:					
Additional provisions	754	3,812	232	6,435	11,233
Reversed unused	-	-	-	-	-
Used during the year	(949)	(145)	(766)	(5,877)	(7,737)
Charged to Equity	-	-	-	5,030	5,030
At December 31, 2007	$ 5,222	$ 14,080	$ 510	$ 14,843	$ 34,655

Termination Benefits

Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our four senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $2.7 million at December 31, 2007. The remaining $2.5 million balance is for the non-executive employees of the Company. See Note 19 Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires. The balance reflects the current market condition of the investments held for the participants. See Note 19 Pension and Other Postretirement Benefit Plans for further discussion of employee benefits.

Claims from Clients

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.

Other

Other provisions consist of amounts accrued related to long-term unearned revenue, certain non-income related taxes and amounts due under certain service agreements and contractual commitments. In 2007, we revised our estimate for a provision associated with non-income related taxes, and as a result a charge to Retained Earnings and an accrual to the Provisions of $5.0 million were recorded in the Consolidated Balance Sheet. This adjustment requires judgment, assumptions and estimations to quantify the uncertainties related to this liability. Management will continue to assess the outcome of the settlement of these taxes on a quarterly basis. The ultimate settlement amount and timing of this liability is uncertain, and in management's judgment could possibly expose the us to losses of approximately $20.0 million in excess of our current estimate. This estimated amount of $20 million is also surrounded with uncertainties

19. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Defined Benefit Plan

We provide a noncontributory defined benefit pension plan covering substantially all of our Dutch employees ("Dutch Plan") 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. 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.

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The overfunded status of the Dutch Plan is recorded as an asset in Other Assets in the Consolidated Balance Sheet. In 2006 the plan was amended which increased the projected benefit obligation of the plan by approximately $1.7 million for past service costs. These past service costs associated with the amendment were fully vested by the participant of the plan and have been recognized through pension costs for 2006.

The following table summarizes the change in the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2007 and 2006 (in thousands):

	2007	2006
Defined Benefit Obligation:		
Defined benefit obligation at beginning of year	$ 23,984	$ 21,185
Service cost	1,217	1,206
Interest cost	1,115	903
Benefits paid	(387)	(484)
Administrative expenses	(196)	-
Amendments	-	1,702
Actuarial (gain)/ loss, net	(3,773)	(3,150)
Unrealized (gain)/ loss on foreign exchange	2,392	2,622
Defined benefit obligation at end of year	$ 24,352	$ 23,984
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	$ 23,375	$ 19,183
Expected return on plan assets	1,131	907
Actuarial (loss) gain on plan assets	(1,045)	14
Employer contributions	1,730	1,307
Benefits paid	(387)	(484)
Administrative expenses	(196)	-
Unrealized (loss) gain on foreign exchange	2,528	2,448
Fair value of plan assets at end of year	$ 27,136	$ 23,375
Over (under)-funded status of the plan at end of the year	$ 2,784	$ (609)
Accumulated Benefit Obligation	$ 19,994	$ 19,224

The following actuarial assumptions were used to determine the actuarial present value of our defined benefit obligation at December 31, 2007 and 2006:

	2007	2006
Weighted average assumed discount rate	5.50%	4.50%
Weighted average rate of compensation increase	3.00%	3.00%
Future pension increase	2.00%	2.00%

The discount rate used to determine our defined benefit obligation at December 31, 2007 was increased from 4.50% to 5.50%. The increase in the discount rate was consistent with a general increase in long-term interest rates in The Netherlands during 2007. This change in discount rates contributed to a decrease in unrecognized actuarial loss as of December 31, 2007.

The components of net periodic pension cost under this plan for the years ended December 31, 2007 and 2006 included:

	2007	2006
Service cost	$ 1,217	$ 1,206
Interest cost	1,115	903
Expected return on plan assets	(1,019)	(875)
Past service costs	-	1,702
Net periodic pension cost	$ 1,313	$ 2,936

The net periodic pension cost of $1.3 million and $2.9 million for the years ended December 31, 2007 and 2006, respectively was recognized in Cost of Services in the consolidated Income statement.

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

	2007	2006
Weighted average assumed discount rate	5.50%	4.50%
Expected long-term rate of return on plan assets	4.25%	4.00%
Weighted average rate of compensation increase	3.00%	3.00%

Plan assets at December 31, 2007 and 2006 consisted of insurance contracts with returns comparable with governmental debt securities. Our expected long-term rate of return assumptions are based on the expected returns on these contracts. Dutch law dictates the minimum requirements for pension funding. Our goal is to meet these minimum funding requirements, while our insurance carrier invests to minimize risks associated with future benefit payments.

Our 2008 minimum funding requirements are expected to be approximately $1.6 million. Our estimate of future annual contributions is based on current funding requirements, and we believe these contributions will be sufficient to fund the plan.

	2007	2006	2005
Defined benefit obligation	24,352	23,984	21,185
Plan assets	27,136	23,375	19,183
Surplus/(deficit)	2,784	(609)	(2002)
Experience adjustments on plan liabilities	78	69	(239)
Experience adjustments on plan assets	933	46	(249)

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

2008	468
2009	527
2010	578
2011	679
2012	1,026
Succeeding five years	6,593

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2007	2006
Male	17.3	17.0
Female	20.3	20.0

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2007	2006
Male	17.3	17.0
Female	20.3	20.0

Defined Contribution Plans

We maintain four defined contribution plans (the "Defined Contribution Plans") for the benefit of eligible employees in the United States, Canada, The Netherlands and the United Kingdom. In accordance with the terms of each plan, we match the required portion of employee contributions up to specified limits and under certain plans, we may make discretionary contributions annually in accordance with the Defined Contribution Plans. For the years ended December 31, 2007 and 2006, we expensed approximately $4.6 million and $3.2 million respectively, for our matching and discretionary contributions to the Defined Contribution Plans.

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Deferred Compensation Arrangements

We have entered into deferred compensation contracts for certain key officers and an outside director. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. The charge to expense for officer deferred compensation in 2007 and 2006 was approximately $0.8 million and $0.6 million, respectively. Life insurance policies with cash surrender values have been purchased for the purpose of funding the deferred compensation contracts.

We have adopted a non-qualified deferred compensation plan that allows certain highly compensated employees to defer a portion of their salary, commission and bonus, as well as the amount of any reductions in their deferrals under the deferred compensation plan for employees in the United States (the "Deferred Comp Plan"), due to certain limitations imposed by the U.S. Internal Revenue Code of 1986, as amended. The Deferred Comp Plan also provides for employer contributions to be made on behalf of participants equal in amount to certain forfeitures of, and/or reductions in, employer contributions that participants could have received under the 401(k) Plan in the absence of certain limitations imposed by the Internal Revenue Code. Employer contributions to the deferred compensation Deferred Comp Plan were $0.2 million and $0.1 million of the years ended December 31, 2007 and 2006, respectively. These employer contributions vest ratably over a period of five years.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Termination Benefits

We have provided termination benefits to certain executives that provide salary and medical benefits for their post employment period. This liability is recorded in Provisions. See Note 30 on Directors' Compensation for further discussion.

20. 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.

21. EMPLOYEE BENEFIT EXPENSE

Employee benefit expenses are comprised of salaries, bonuses and other compensation. For the years ended December 31, 2007 and 2006, employee expense recognized in the income statement is as follows (in thousands):

	2007	2006
Wages and salaries	$ 188,927	$ 172,535
Social security costs	35,546	33,535
Stock based compensation	7,766	5,943
Total employee expense	$ 232,239	$ 212,013

Included in Social Security Costs is the expenses related to our defined benefit pension plan as described in Note 19.

For the years ended December 31, 2007 and 2006, employee expense recognized in the income statement is as follows (in thousands):

	2007	2006
Cost of sales and services	$ 210,773	$ 188,277
General and administrative	21,466	23,736
Total employee expense	$ 232,239	$ 212,013

We had approximately 4,900 and 4,600 employees in 2007 and 2006, respectively

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22. 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, 2007, consist of the following (in thousands):

2008	$ 7,208
2009	4,987
2010	3,302
2011	2,618
2012	2,346
Thereafter	6,397
Total commitments	$ 26,858

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 $11.5 million and $8.8 million for the years ended December 31, 2007 and 2006, respectively.

As of December 31, 2006 by operation of the laws of the Netherlands, our subsidiaries Core Laboratories LP and Core Laboratories Holding Inc had a contingent liability consisting of an obligation to transfer the shares held by them in our capital to our (indirect) managing directors and a corresponding contingent asset consisting of a claim against such managing directors for an amount equal to the purchase price paid by Core Laboratories LP and Core Laboratories Holding Inc for such shares.

In June 2007 a settlement agreement has been concluded between Core Laboratories N.V., Core Laboratories LP, Core Laboratories International B.V. and the managing directors of Core Laboratories International B.V. with respect to the contingent asset and contingent liability as explained above relating to the share repurchases taken place in 2006 (see Note 14) whereby all parties agree to waive their rights under Dutch law to any claim upon the other.

As a result of acquisition of shares in our capital in 2007 and by operation of the laws of the Netherlands, our subsidiary Core Laboratories LP has a contingent liability consisting of an obligation to transfer a portion of the shares currently held by that subsidiary in our capital to related parties (our (indirect) managing directors) and a corresponding contingent asset consisting of a claim against such related parties for an amount equal to the purchase price paid by Core Laboratories LP for such shares. Just as in 2007, it is our intention that these contingent liabilities/assets will be dealt with by a settlement agreement by and between all parties whereby all parties agree to waive their rights under Dutch law to any claim upon the other.

23. STOCK-BASED COMPENSATION

We have granted stock options and restricted stock awards under two stock incentive plans: the 1995 Long-Term Incentive Plan (the "Plan") and the 2006 Nonemployee Director Stock Incentive Plan (the "Director Plan "). In addition to stock options, awards under the following three compensation programs have been granted pursuant to the Plan: (1) the Executive Restricted Share Matching Program ("ESMP"), (2) the Performance Share Award Program ("PSAP") and (3) the Restricted Share Award Program ("RSAP").

1995 Long-term Incentive Plan

The Plan, as amended, provides for a maximum of 5,400,000 common shares to be granted to eligible employees. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the ESMP, 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.

From our inception in 1995 to 2001, we awarded stock options as the primary form of equity compensation. In 2001, we reassessed the form of award and elected to begin the use of restricted share grants which we believe are a stronger motivational tool

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for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas stock options may have limited perceived value and may not be as affective in retaining and motivating employees when the current value of 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 as no stock options were granted during 2007 under the Plan. At December 31, 2007, approximately 583,000 shares were available for the grant of new awards under the Plan.

2006 Nonemployee Director Stock Incentive Plan

The Director Plan provides common shares for grant to our eligible Supervisory Directors. The maximum number of shares available for award under this plan is 700,000 common shares. On June 28, 2006, the 1995 Nonemployee Director Stock Option Plan was amended, restated and renamed as the 2006 Nonemployee Director Stock Incentive Plan. The primary change effected by the 2006 amendment was to eliminate the automatic, formula grant of stock options under the prior plan and to replace that formula approach with the discretionary right of the Supervisory Board to grant stock options, restricted shares, or any combination thereof. Under the Director Plan, each nonemployee Supervisory Director is generally granted 2,000 performance restricted shares (4,000 shares if such nonemployee Supervisory Director is the Chairman) that will vest at the end of a three-year measurement period subject to our performance as measured against certain predetermined metrics. Only nonemployee Supervisory Directors are eligible for these equity-based awards under the Director Plan. As of December 31, 2007, approximately 301,000 shares were available for issuance under the Director Plan. Although restricted shares have been granted in 2007 pursuant to the Director Plan, no stock options were granted during 2007.

Executive Restricted Share Matching Program

The ESMP was implemented in June 2002 to encourage personal investment in our common stock by our executive officers. Under the program, we matched on a one-for-one basis each share that an executive purchased on the open market or held in his deferred compensation, 401(k) or other retirement account as of June 1, 2002, up to a maximum of 50,000 shares per participant.

On June 1, 2005, 132,853 shares previously issued to the participants became vested. We recorded common stock and additional paid-in-capital totaling $3.4 million and in conjunction with the vesting, 48,425 shares of common stock were surrendered by the participants to settle any personal tax liabilities which may result from the award. The surrendered shares were valued at $1.2 million, or $25.54 per share, and have been included as treasury shares.

Pursuant to the ESMP, on June 1, 2005, we issued an additional 76,200 restricted shares (the "Restricted Gross-up Shares") in the aggregate to reimburse the participants for tax liabilities resulting from the vesting of the original grant of 132,853 restricted shares under the ESMP and their eventual vesting in the Restricted Gross-up Shares. We accounted for the Restricted Gross-up Shares as an equity award resulting in the fair value being fixed at the original grant-date fair value. Compensation expense is being recorded over the vesting period based on the estimated number of shares that management believes will ultimately vest. During the year ended December 31, 2007 and 2006, we recorded $0.4 million and $1.0 million, respectively, of compensation expense for the Restricted Gross-up Shares. We have recognized a tax benefit from the vesting of the ESMP of $0.3 million in 2007.

Performance Share Award Program

Awards Under the Plan

Under the PSAP, certain executives were awarded rights to receive a pre-determined number of common shares if certain performance targets are met, as defined in the applicable agreements for the respective three-year performance period. Unless there is a change in control as defined in the PSAP, none of these awards will vest if the specified performance targets are not met as of the last day of the respective performance periods. Under this arrangement we have granted rights relating to an aggregate of 120,000 shares in 2005 and 120,000 shares in 2004.

The performance targets for the granted rights relating to 120,000 of the shares will be eligible to vest if our calculated return on equity ("ROE"), as defined in the PSAP, equals or exceeds a pre-determined target ROE on the measurement date, which is the last day of the applicable three year performance period. Pursuant to the agreement, ROE is calculated by dividing earnings before interest and income tax from continuing operations for the performance period by ending shareholders' equity for the performance period. For rights relating to 60,000 shares, the pre-determined target ROE is 18% which will be measured on December 31, 2006, the end of the three-year performance period. The pre-determined target ROE for the remaining rights relating to 120,000 shares is 24% and will be measured on December 31, 2007, the end of the three-year performance period. If our ROE for the performance period does not meet the target ROE, then the number of shares to be issued would be interpolated based on the terms of the agreement.

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All of the PSAP awards are classified as equity awards where the fair value of the awards are fixed at the original grant-date fair value with compensation recorded over the vesting period based on the estimated number of awards that management believes will ultimately vest. As of December 31, 2007, all of the stock-based compensation expense related to PSAP awards had been recognized. We recognized compensation expense of $0.9 million and $1.8 million in 2007 and 2006, respectively. We have recognized a tax benefit from the vesting of the PSAP of $3.1 million and $1.9 million in 2007 and 2006, respectively.

In February 2008, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors determined that the performance target criteria had been met relating to rights to an aggregate of 118,000 shares. We issued these 118,000 common shares on February 12, 2008 and, simultaneously, the participants surrendered 40,736 common shares to settle any personal tax liabilities which may result from the award, as permitted by the agreement. We recorded these surrendered shares as treasury stock with an aggregate cost of $4.5 million, at $111.26 per share.

Awards Under the Director Plan

On September 15, 2006, we awarded rights relating to an aggregate of 12,000 PSAP shares under the Director Plan to our nonemployee Supervisory Directors for which the performance period began on September 15, 2006 and ends on September 15, 2009. The performance target for this award is based on a calculated ROE, as defined in the agreement, with full vesting occurring if our ROE equals or exceeds the pre-determined target ROE of 35% at the end of the three-year performance period. If our ROE for the performance period does not meet the target ROE but equals or exceeds 28%, then the number of shares to be issued would be interpolated based on the terms of the agreement. This arrangement is recorded as an equity award that requires us to recognize compensation expense totaling $0.8 million over a three-year period that began on September 15, 2006, of which, $0.1 million has been recognized in 2006. The unrecognized compensation expense is expected to be recognized over an estimated amortization period of 33 months.

Restricted Share Award Program

In 2004, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors approved the RSAP to continue to attract and retain the best employees, and to better align employee interests with those of our shareholders. Under this arrangement we have granted 74,900 shares and 218,100 shares in 2007 and 2006, respectively. The shares issued in 2007 and 2006 have a six year ratable vesting schedule where 1/6th of the grant vests on each following anniversary date. No performance accelerators for early vesting exist for these awards. The RSAP is classified as an equity award. As of December 31, 2007, there was $7.3 million of unrecognized total stock-based compensation related to nonvested RSAP awards. The unrecognized compensation expense is expected to be recognized over an estimated weighted-average amortization period of 56 months. We recognized compensation expense of $6.1 million and $3.1 million in 2007 and 2006, respectively. We have recognized a tax benefit from the vesting of the RSAP of $0.7 million and $1.4 million in 2007 and 2006, respectively.

Nonvested restricted stock awards as of December 31, 2007 and changes during the year were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2005	578,600	$ 21.67
Granted	230,100	64.90
Vested	(264,400)	19.58
Forfeited	(9,600)	59.34
Nonvested at December 31, 2006	534,700	40.63
Granted	86,900	82.28
Vested	(229,650)	29.79
Forfeited	(8,650)	67.87
Nonvested at December 31, 2007	383,300	$ 55.95

The fair value of the nonvested restricted stock awards at December 31, 2007 was $47.8 million. We issue shares from authorized shares upon the exercise of options or lapsing of vesting restrictions on restricted stock. We have not issued shares out of treasury stock. We do not use cash to settle equity instruments issued under stock-based compensation awards.

Stock Options

The following table presents the change in outstanding stock options issued under the Plan and the Director Plan for the years ended December 31, 2007 and 2006. All options outstanding at December 31, 2007 are fully vested.

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	Shares	Range of Exercise Prices	Weighted Average Exercise Price
Balance as of December 31, 2005	2,735,159	0.01 - 61.19	$ 13.48
Options granted	-	-	-
Options exercised	(1,023,754)	8.38 - 61.19	14.51
Options forfeited	(70,746)	8.38 - 23.00	15.67
Balance as of December 31, 2006	1,640,659	0.01 - 25.00	12.74
Options granted	-	-	-
Options exercised	(1,426,135)	7.09 - 25.00	12.94
Options forfeited	(5,000)	18.38 - 19.38	18.58
Balance as of December 31, 2006	209,524	$ 0.01 - 25.00	$ 11.25

The fair value of the outstanding stock options at December 31, 2007 was $26.1 million. All stock options expire 10 years from date of grant. The weighted average life remaining for the stock options outstanding at December 31, 2007 was 2.8 years. The following table presents the amount of stock options set to expire in the respective years.

Year	Number of Options
2008	19,500
2009	63,715
2010	17,000
2011	70,424
2012	2,385
2013	31,500
2014	2,000
2015	3,000

The total intrinsic value of options exercised during 2007 and 2006 were $99.2 million and $47.8 million, respectively. We have recognized a tax benefit from the exercise of the stock options of $29.9 million and $2.9 million in 2007 and 2006, respectively.

In 2005, the Equity Awards Subcommittee of our Compensation Committee of our Board of Supervisory Directors approved a modification of all unvested options, whereby, all unvested options then outstanding became fully vested. Prior to the modification, there were stock options covering 322,072 common shares that were unvested, which represented less than 12% of the total number of commons shares subject to stock options that were outstanding. As a result of the modification, we determined that the increase in the intrinsic value of the unvested options over the original grant price was approximately $7.9 million. In 2005, we recorded $0.1 million of expense, which represents management's estimate of those employees that would receive a benefit by leaving the Company with fully vested options prior to the original vesting date of the option grant. Should the actual rate of employees leaving the Company with such a benefit differ from management's initial estimate at December 31, 2005, an adjustment to expense will be recorded as the difference between the actual benefit rate and the initial benefit estimate.

For the years ended December 31, 2007 and 2006, stock-based compensation expense recognized in the income statement is as follows (in thousands):

	2007	2006
Cost of sales and services	$ 4,394	$ 1,896
General and administrative	3,372	4,047
Total stock-based compensation expense	$ 7,766	$ 5,943

24. OTHER EXPENSE (INCOME), NET

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

Year Ended	
2007	2006

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Gain on sale of assets	$ (10,354)	$ (755)
Foreign exchange gain	(1,413)	(1,443)
Gain on involuntary sale of asset	-	(375)
Gain on insurance recovery	-	(492)
Other	(3,522)	(2,046)
Total other expense (income), net	$ (15,289)	$ (5,111)

On October 2, 2007, we moved our administrative and operational offices to a building better suited for our current operating activities in Russia and sold our building in Moscow for approximately $13.1 million which resulted in a gain of $10.2 million.

In 2003, the British government notified us that it would exercise its right of eminent domain thereby involuntarily acquiring the property of one of our operating facilities. Prior to December 31, 2003, we received an initial payment from the British government for $0.6 million as compensation for this property. In the second quarter of 2005, we negotiated and received an additional settlement which resulted in a $0.9 million gain. In the fourth quarter of 2006, we received a final settlement which resulted in a $0.4 million gain in excess of the gain recorded in 2005.

During the first quarter of 2005, a building at our manufacturing plant in Godley, Texas, was damaged by fire, resulting in the loss of the building, some inventory, as well as other business equipment and supplies. In June 2005, we filed claims with our insurance carrier for reimbursement of these costs resulting in a net gain of $0.3 million. In addition, we filed a claim for business interruption costs and the final settlement was reached in the first quarter of 2006, which resulted in a gain of $0.5 million in excess of the gain recorded in 2005.

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

	Year Ended	
Losses (gains) by currency	**2007**	**2006**
Canadian Dollar	$ (637)	$ (211)
Euro	(374)	(389)
Russian Ruble	(562)	(295)
Other currencies	160	(548)
Total gains	$ (1,413)	$ (1,443)

25. SEGMENT REPORTING

Primary Reporting Format

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):

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	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
DECEMBER 31, 2007					
Revenues from unaffiliated customers	$ 374,455	$ 244,830	$ 51,255	$ -	$ 670,540
Inter-segment revenues	968	1,132	1,533	(3,633)	-
Segment income (loss)	99,849	68,478	14,440	(1,300)	181,467
Finance costs					16,458
Variance in fair value of derivative instruments					50,020
Share of loss of associates	656				656
Profit before income tax expense					114,333
Income tax expense					69,411
Profit for the year					44,922
Total assets	260,301	181,462	39,332	223,826	704,921
Total liabilities	43,328	24,659	13,591	585,188	666,766
Capital expenditures	15,693	6,208	908	1,018	23,827
Intangible asset expenditures	-	307	10	-	317
Depreciation and amortization	10,430	5,126	501	3,369	19,426
DECEMBER 31, 2006					
Revenues from unaffiliated customers	$ 315,068	$ 223,056	$ 37,565	$ -	$ 575,689
Inter-segment revenues	670	798	454	(1,922)	-
Segment income (loss)	56,263	57,191	8,158	(2,011)	119,601
Finance costs					9,993
Variance in fair value of derivative instruments					7,170
Share of loss of associates	123				123
Profit before income tax expense					102,315
Income tax expense					29,814
Profit for the year					72,501
Total assets	228,440	173,828	33,980	187,260	623,508
Total liabilities	43,391	23,966	9,910	428,529	505,796
Capital expenditures	15,729	6,495	549	3,992	26,765
Intangible asset expenditures	12	240	10	4	266
Depreciation and amortization	9,143	4,837	464	2,915	17,359

1)"Corporate and other" represents those items that are not directly related to a particular segment, eliminations and the assets and liabilities of discontinued operations.

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 comprise deferred taxation and miscellaneous assets related to the corporate function.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation, borrowings and liabilities 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.

Secondary Reporting Format – Geographical Segments

We are a Netherlands company and we derive our revenues from services and product sales to customers primarily in the oil and gas industry. No single client accounted for 10% or more of revenues in any of the periods presented. The following is a summary of our operations by major location for 2007 and 2006 (in thousands):

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GEOGRAPHIC INFORMATION	United States	Canada	Europe	Other Countries	Consolidated
DECEMBER 31, 2007					
Revenues	$ 328,073	$ 72,647	$ 109,737	$ 160,083	$ 670,540
Operating income	95,184	30,560	20,729	34,994	181,467
Total assets	415,704	62,470	141,121	85,626	704,921
Capital expenditures	8,500	3,778	4,079	7,470	23,827
DECEMBER 31, 2006					
Revenues	$ 271,498	$ 74,910	$ 92,360	$ 136,921	$ 575,689
Operating income	63,142	27,694	14,968	13,797	119,601
Total assets	341,081	67,796	135,397	79,234	623,508
Capital expenditures	11,623	2,489	4,409	8,244	26,765

Operating income and total assets associated with our corporate operations have been included in the results for the United States.

26. FINANCE COSTS

The components of finance costs for 2007 and 2006 are as follows (in thousands):

	2007	2006
Bank borrowings	$ 1,912	$ 5,805
Convertible notes	15,828	4,645
Finance costs	17,740	10,450
Finance income	(1,282)	(457)
Net finance costs	$ 16,458	$ 9,993

Finance costs consist of interest expense on borrowings on bank debt and convertible notes, financial leases, amortization of discount on convertible notes and amortization of debt issuance costs. Included in the convertible notes balance for 2006 is $2.1 million for expense of debt issuance costs related to the conversion option in the notes.

27. INCOME TAXES

The components of income tax expense for 2007 and 2006 are as follows (in thousands):

	2007	2006
Current tax	57,321	28,744
Deferred tax	12,090	1,070
Income tax expense from continuing operations	$ 69,411	$ 29,814

The differences in income tax expense computed using The Netherlands statutory income tax rate of 25.5% in 2007 and 29.6% in 2006 and our income tax expense as reported in the accompanying consolidated income statement for 2007 and 2006 are as follows (in thousands):

	2007	2006
Profit before tax	$ 114,333	$ 102,315
Tax at The Netherlands income tax rate	29,155	30,285
Reserve for pending audit settlement	6,817	-
International earnings taxed at rates other than The Netherlands statutory rate	12,737	(527)
Extraterritorial income exclusion benefit	-	(495)
Non-deductible expenses	15,368	3,293
Tax attributes realized	291	(6,067)
State and provincial taxes	5,043	3,325
Income tax expense from continuing operations	$ 69,411	$ 29,814

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In 2006, income tax expense increased due to an increase in tax profits which was primarily offset by an increase in our provision for tax controversies in various jurisdictions. The income tax rate changed in The Netherlands due to a law change enacted by The Netherlands government.

28. 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,	
	2007	2006
Weighted average basic common shares outstanding	23,537	25,157
Effect of dilutive securities:		
Stock options	333	1,477
Contingent shares	95	151
Restricted stock and other	111	103
Senior exchangeable notes	332	-
Weighted average diluted common and potential common shares outstanding	24,408	26,888

We exclude the effect of anti-dilutive shares associated with these securities from the calculation of the diluted weighted average shares. If these shares had been included, the impact would have been a decrease in diluted weighted average shares outstanding of 320,000 shares and 0 shares for the years ended December 31, 2007 and 2006, respectively. Contingent shares relate to a stock-based compensation plan where a pre-determined number of common shares are awarded if certain performance targets are met.

In 2006, we sold warrants that give the holders the right to acquire approximately 3.2 million of our common shares at a strike price of $127.56 per share. These warrants could have a dilutive impact on our earnings per share if the share price exceeds the strike price of the warrants.

29. 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. In 2006, $2.4 million related to financed fixed assets has been adjusted from operating activities and $2.7 million related to financed liability insurance has been adjusted from operating activities and financing activities and $86.3 million related to the conversion feature on the convertible notes has been adjusted from financing activities.

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30. DIRECTORS' AND NON-EMPLOYEE DIRECTORS' REMUNERATIONS

The following table summarizes, with respect to our Supervisory Directors, information relating to the compensation earned for services rendered in all capacities during the fiscal year 2007.

Name and Principal Position	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
David M. Demshur President, Chief Executive Officer and Chairman of the Supervisory Board	$ 625,000	$ 449,041	$ 937,500	$ 352,000	$ 9,164(2)	$ 2,372,705
Richard L. Bergmark Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director	380,000	420,728	380,000	354,000	9,183(2)	1,543,911
Alexander Vriesendorp Supervisory Director	-	68,768 (3)	-	-	36,000	104,768
Jacobus Schouten Supervisory Director	-	68,768 (3)	-	-	36,000	104,768
John Ogren Supervisory Director	-	68,768 (3)	-	-	42,500	111,268
Michael Kearney Supervisory Director	-	68,768 (3)	-	-	57,000	125,768
Joseph Perna Supervisory Director	-	68,768 (3)	-	355,000	43,500	467,268
Rene Joyce Supervisory Director	-	68,768 (3)	-	-	48,500	117,268

(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, 2007. The awards for which compensation expense was recognized consist of (1) performance shares granted in 2004; (2) performance shares granted in 2005; (3) restricted shares granted in 2005; (4) restricted shares granted in 2006; and (5) Restricted Gross-up Share awards granted in 2002. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" for a description of the material features of these awards. No options were awarded to our named executive officers in 2006.

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

(3) Each of our non-employee Supervisory Directors had the following aggregate number of stock awards outstanding as of December 31, 2007: Joyce, 4,000; Kearney, 4,000; Ogren, 4,000; Perna, 4,000; Schouten, 4,000; and Vriesendorp, 4,000. The amounts included in the "All Other Compensation" column include the dollar amount of compensation expense we recognized for the fiscal year ended December 31, 2007. The grant date fair value of each director's award is $207,260. None of our non-employee Supervisory Directors had any option awards outstanding as of December 31, 2007.

Retainer/Fees

Each non-employee Supervisory Director were paid the following amounts during fiscal 2007:

- an annual retainer of $30,000, payable semiannually in arrears; or if the Audit Committee chair, an annual retainer of $45,000, or if the chair of either the Compensation Committee or Nominating and Governance Committee, an annual retainer of $35,000;
- $1,500 per meeting of the Supervisory Board at which the individual is present in person;
- $1,500 per meeting for each committee meeting at which the individual is present in person; and
- reimbursement for all out-of-pocket expenses incurred in attending any Supervisory Board or committee meeting.

2006 Nonemployee Director Stock Incentive Plan

Our 2006 Nonemployee Director Stock Incentive Plan, as amended, which we refer to as the "Director Plan," provides for the issuance of up to 700,000 of our common shares to eligible Supervisory Directors. Under the Director Plan, each nonemployee Supervisory Director is generally granted 2,000 performance restricted shares (4,000 shares if such nonemployee Supervisory Director

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is the Chairman) that will vest at the end of a three-year measurement period subject to our performance as measured against certain predetermined metrics. Only nonemployee Supervisory Directors are eligible for these equity-based awards.

On August 15, 2007, we awarded 2,000 restricted performance shares to each of our non-employee directors under our 2006 Non-Employee Director Stock Incentive Plan. A restricted performance share is an unvested right to receive a share of our common stock at such time or times described below. Each award is subject to the terms of our 2006 Non-Employee Director Stock Incentive Plan and an award agreement, the terms of which are materially identical for each award recipient.

The restricted performance shares are unvested and may not be sold, assigned, or otherwise transferred by an award recipient until such time as, and then only to the extent that, the restricted performance shares have vested. Subject to certain exceptions described below, the restricted performance shares will vest based on our return on equity, which is defined in the award agreement as a percentage determined by dividing (1) one-third of our aggregate earnings before interest and income taxes for the performance period that begins on August 15, 2007 and ends on August 15, 2010, by (2) total shareholders' equity as of the last day of the performance period. Specifically: (a) if our return on equity for the performance period equals or exceeds fifty percent (50%), the award recipients will fully vest in their restricted performance shares; (b) if our return on equity for the performance period is less than fifty percent (50%) but equal to or greater than forty percent (40%), the award recipients will vest in twenty-percent (20%) of their restricted performance shares, plus one and one-third percent (1-1/3%) for each one-tenth of a percent by which the return on equity exceeds forty percent (40%); and (c) if our return on equity for the performance period is less than forty percent (40%), the award recipients will not vest in the restricted performance shares.

In the event of an award recipient's death prior to the last day of the performance period, his or her restricted performance shares will vest as described above. If an award recipient's service with us terminates (other than for death) prior to the last day of the performance period, his or her restricted performance shares will be immediately forfeited to the extent not then vested. In the event of a change in control (as defined in the 2006 Non-Employee Director Stock Incentive Plan) prior to the last day of the performance period and while the award recipient is in our service (or in the event of a termination of the award recipient's service upon such change in control), all of the award recipient's restricted performance shares will vest as of the effective date of such change in control.

Other Arrangements

Mr. Perna was one of our officers until his retirement on March 1, 1998. He participates in the Group SERP. Please see "Supplemental Executive Retirement Plan" below for a discussion of the terms of that plan.

Elements of Compensation

Base Salary

Base salary is the fixed annual compensation we pay to an executive for performing specific job responsibilities. It represents the minimum income an executive may receive in any given year. We target base salaries to result in annual salaries at approximately the market median of our peer group for executives having similar responsibilities. The Compensation Committee may adjust salaries based on its annual review of the following factors:

- the individual's experience and background;
- the individual's performance during the prior year;
- the benchmark salary data;
- the general movement of salaries in the marketplace; and
- our financial and operating results.

As a result of these factors, a particular executive's base salary may be above or below the targeted median at any point in time. Messrs. Demshur and Bergmark received a 22% and 15% merit increase in 2007, respectively, in each case, as a result of our financial performance and the returns experienced by our shareholders.

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:

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- Share our success with employees;
- Provide a financial incentive to focus on specific performance targets;
- Reward employees based on individual and team performance;
- Promote a sense of shared accomplishment among employees; and
- Encourage employees to continually improve our financial and operating performance and thereby create shareholder value.

Under our annual incentive plan, the Compensation Committee has the discretion to set goals and objectives that it believes are consistent with creating shareholder value, including financial measures, operating objectives, growth goals and other measures. The Compensation Committee also considers individual achievement. The Compensation Committee designs these awards so that cash incentive compensation will approximate the market median when individual and corporate strategic objectives are achieved and will exceed the market median when performance plans are exceeded. Annual incentive awards are designed to put a significant portion of total compensation at risk.

For fiscal 2007, the following performance measures were selected and weighted by the Compensation Committee to give emphasis to performance for which participants have the most direct control:

- 50% of the annual incentive payout was based on an earnings per share target;
- 25% of the annual incentive payout was based on an earnings before interest and taxes, or EBIT, target; and
- 25% of the annual incentive payout was based on a discretionary component, which allows for recognition of outstanding effort and dedication.

Company performance goals include a threshold level below which no award will be payable. Threshold performance is generally set at 85% of budget and over a normal business cycle, we expect to achieve our threshold performance level 80% of the time. Target performance is generally set at the budgeted level for the year and we generally expect to achieve our target performance level 50-60% of the time. Maximum performance is generally set at 115% of budget and we expect to achieve or exceed this level 20% of the time. Since this plan began ten years ago, we have achieved performance in excess of the target five times and have achieved the maximum level four times.

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 75% and 50%, respectively. Under their employment agreements, each of Messrs. Demshur and Bergmark is entitled to receive amounts of up to 150% and 100%, 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 2007 led to growth in revenues, earnings and return on invested capital ultimately providing industry leading shareholder returns. As a result, our diluted earnings per share and EBIT exceeded our maximum performance targets for 2007. Each executive officer received a cash incentive payment as reflected in the Summary Compensation Table, which amounts represent for Mr. Demshur, 150% of his year-end base salary and Mr. Bergmark, 100% of his year-end base salary.

Equity Incentive Compensation

We currently administer long-term incentive compensation awards through our LTIP. Specifically, we encourage share ownership by awarding long-term equity incentive awards under programs, consisting of the Performance Share Award Program, or "PSAP," Restricted Share Award Program, or "RSAP." We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success by personally benefiting through the ownership of our common shares and/or rights, which recognize growth, development and financial success over a longer time horizon.

We use restricted share grants as our primary form of equity compensation, which we believe are a stronger motivational tool for our employees. Restricted share awards provide some value to an employee during periods of stock market volatility, whereas other forms of equity compensation, such as stock options, may have limited perceived value and may do little to retain and motivate employees when the current value of the company's stock is less than the option price. Currently, our long-term equity incentive compensation is exclusively in the form of restricted shares and performance restricted shares.

The Equity Awards Committee, a subcommittee of our Compensation Committee, based on recommendations from our Chief Executive Officer, determines the amount and terms of our long-term incentive awards by periodically reviewing competitive market

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data and each executive's long-term past performance, ability to contribute to our future success, and time in the current job. The subcommittee takes into account the risk of losing the executive to other employment opportunities and the value and potential for appreciation in our shares. The number of shares previously granted or vested pursuant to prior grants is not typically a factor that is used when determining subsequent grants to an executive officer. The subcommittee considers the foregoing factors together and subjectively determines the appropriate magnitude of the award.

The subcommittee awards restricted shares and performance restricted shares that vest over a period of years. Restricted share awards vest based on an employee's continued employment over a period of time. The subcommittee determines the appropriate length of the vesting period which for most restricted shares is at a rate of 1/6 per year over a period of six years. Performance restricted shares vest if we achieve certain performance goals generally over a three-year period, which allow us to compensate our employees as we meet or exceed our business objectives.

We have no program, plan or practice to time the grant of restricted shares or performance shares to executives in coordination with material non-public information.

Restricted Share Award Program

In March 2007, 6,600 restricted shares were granted to each of Mr. Bergmark, which we believe are in line with awards made by companies in our peer group based on a multiple of salary. At his request, Mr. Demshur was not granted an award. Subject to continued employment, 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 2007, is reflected in Stock Awards in the Summary Compensation Table.

Performance Share Award Program

Under the PSAP, our executive officers were awarded rights to receive a pre-determined number of common shares if certain performance targets were met, as defined in the applicable agreements for the respective three-year performance period. The following discussion relates to a PSAP awards granted in 2003, 2004 and 2005.

In January 2007, the subcommittee determined that the performance target criteria had been met relating to both tranches of the 2004 performance shares, which covered an aggregate (equally divided between the two tranches) for both tranches of 120,000 performance shares, of which awards with respect to 60,000 shares were granted to our executive officers, and we issued the common shares on January 31, 2007. With respect to the performance shares under the first tranche of this award, the performance target criteria for full vesting required our common shares to perform at or above the 75th percentile of the companies comprising the OSX at the end of the three-year period. The other half of the performance shares under these awards fully vested if we achieved a return on equity of 18% or more during the performance period. Compensation expense relating to these awards, which we recognized for financial accounting purposes during fiscal 2006, is reflected in Stock Awards in the Summary Compensation Table.

In February 2008, the subcommittee determined that the performance target criteria for full vesting had been met relating to the 2005 performance shares and we issued the common shares on February 12, 2008. Compensation expense relating to these PSAP awards which we recognized for financial accounting purposes during fiscal 2007, which covers an aggregate of 120,000 performance shares, of which awards with respect to 60,000 shares were granted to our executive officers. The performance target criteria for full vesting required that our return on equity for the three-year performance period that began on January 1, 2005 equals or exceeds 24%.

Executive Restricted Share Matching Program

The Executive Restricted Share Matching Program was implemented in June 2002 to encourage personal investment in our common shares by executive officers. The program concluded on June 1, 2007 and no further awards are contemplated under the program. Under the program, we matched on a one-for-one basis each share that an executive purchased on the open market or held in his/her deferred compensation, 401(k) or other retirement account as of June 1, 2002, up to a maximum of 50,000 shares per participant. The shares purchased or held by the executives for matching purposes were 47,394 and 49,259 for Messrs. Demshur and Bergmark, respectively. Pursuant to the ESMP, in June 2005, we issued additional restricted shares (the "Restricted Gross-up Shares") to reimburse them for tax liabilities resulting from the vesting of the original grant in June 2002 of 132,853 restricted shares under the ESMP and their eventual vesting in the Restricted Gross-up Shares provided the participant maintained their share ownership through June 1, 2007. The restrictions on the additional 76,200 shares lapsed on June 1, 2007. Compensation expense relating to these awards, which we recognized for financial accounting purposes during fiscal 2007, is reflected in Stock Awards in the Summary Compensation Table.

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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 coverage, life insurance, accidental death and dismemberment, long-term disability insurance, and flexible spending accounts. Our plans do not discriminate in favor of our executive officers.

401(k)

We offer a defined contribution 401(k) plan to substantially all of our employees in the United States. We provide this plan to assist our employees in saving some amount of their cash compensation for retirement in a tax efficient manner. Participants may contribute up to 60% of their base and cash incentive compensation, subject to the current limits under the Internal Revenue Code of 1986, as amended (the "Code"). We match employee contributions under this plan up to the first 4% of the participant's contribution and may make additional discretionary contributions. For plan year 2007, we contributed an additional 3% 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 2008.

Deferred Compensation Plan

Through our subsidiary, Core Laboratories LP, we have adopted a nonqualified deferred compensation plan that permits certain employees, including all executive officers, to elect to defer all or a part of their cash compensation (base, annual incentives and/or commissions) from us until the termination of their status as an employee. Participating employees are eligible to receive a matching deferral under the nonqualified deferred compensation plan that compensates them for contributions they could not receive from us under the 401(k) plan due to the various limits imposed on 401(k) plans by the U.S. federal income tax laws.

The employer matching contributions vest at a rate of 20% per year over a period of 5 years. Discretionary employer contributions may also be made on behalf of participants in the plan and are subject to discretionary vesting schedules determined at the time of such contributions. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plan are forfeited upon a participant's termination of employment to the extent they are not vested at that time.

Supplemental Executive Retirement Plans

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

Other Perquisites and Personal Benefits

We do not offer any perquisites or other personal benefits to any executive with a value over $10,000 beyond those discussed above.

We believe in the importance of providing attractive intangible benefits to all employees such as open and honest communications, ethical business practices, and a safe work environment.

Executive Compensation Policies

Share Retention Guidelines

We suggest that each executive and senior manager own our common shares equal in value to at least one times that person's annual base salary. Alignment with shareholder interests is reflected in current stock ownership among the named executive officers, the value of which ranges from approximately 48 to 120 times annual base salary based on the closing price of our common stock on December 31, 2007. 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 four executive officers to ensure they will perform their roles for an extended period of time. These agreements are described in more detail elsewhere in this proxy statement. These agreements provide for severance compensation to be paid if the employment of the executives is terminated under certain conditions, such as following a change in control, termination by him for any reason or termination by us for any reason other than upon his death or disability, for "cause" or upon a material breach of a material provision of his employment agreement, each as defined in the agreements.

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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 in "Potential Payments Upon Termination or Change in Control." We believe these payments are appropriate because the terminated executive is bound by confidentiality, nonsolicitation and non-compete provisions covering two years after termination and because we and the executive have a mutually agreed to severance package that is in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in our and our shareholders' best interests.

Employment Agreements

Our executive employment agreements include provisions governing the payment of severance benefits if employment is terminated by the executive for any reason or by the Company for any reason other than (1) death or disability, (2) for cause, or (3) the executive's material breach of a material provision of the employment agreement. In such event, our executive severance benefits will be comprised of:

(a) the payment of a lump-sum amount equal to the sum of:

- 200% of his base salary as in effect immediately prior to the termination; and
- two times 45% of the maximum annual incentive bonus he could have earned pursuant to his employment agreement;

(b) provision of a benefits package for the executive and his spouse and dependent children consisting of medical, hospital, dental, disability and life insurance benefits at least as favorable as those benefits provided to the executive and his spouse and dependent children immediately prior to termination, for as long as the executive and his spouse or dependent children are living;

(c) the provision of outplacement services at a cost not to exceed 100% of the executive's annual base salary as in effect immediately prior to the termination;

(d) the full and immediate vesting and exercisability of all of his outstanding stock options, which options shall remain exercisable for the greater of (1) three months following such termination, or (2) the period provided in the plan or plans pursuant to which such stock options were granted.

For purposes of calculating the lifetime medical benefits, we assume the following:

- a discount rate of 6%;
- mortality under the 1994 Group Annuity Reserving Table projected to 2002;
- a medical trend of 5% per annum;
- that medical benefits are to be coordinated with Medicare such that premiums will be reduced by 50% for ages 65 and older; and
- that the health plan is fully insured and community rated and will continue to be so in the future.

For purposes of calculating the welfare benefits, we assume the following:

- the basic life insurance benefit was valued as a whole life premium a discount rate of 5%;
- mortality under the 1994 Group Annuity Reserving Table projected to 2002;
- the accidental death and disability coverage was valued as 11.5% of the value of basic life insurance benefit, per the current premium ratio and this benefit was assumed to continue beyond age 65; and

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- the long-term disability premium was escalated at 4% to age 65, reflecting the age-related incidence of disability as well as increased administrative costs; no value is attributed to the benefit beyond age 65, as long-term disability coverage is rarely available once employment ends.

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

If the executive's employment is terminated for any reason within three years following a change in control, the executive will be entitled to the same benefits described above except that certain outstanding stock options shall remain exercisable for the greater of (i) one year following such termination, or (ii) the period provided in the plan or plans pursuant to which such stock options were granted the lump-sum payment described in clause (a) above shall be equal to three times the sum of:

- his base salary as in effect immediately prior to his termination of employment; and
- the greater of (A) 45% of the maximum annual incentive bonus he could have earned pursuant to his employment contract for the year in which his employment terminates or (B) the highest annual bonus he received in the three fiscal years ending prior to the fiscal year in which occurred the change in control.

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

The calculation of the Section 4999 gross-up amounts described above is based upon an excise tax rate under Section 4999 of 20%, a 35% federal income tax rate and a 1.45% medicare tax rate. For purposes of the gross-up calculations, we have assumed that (1) no amounts will be discounted as attributable to reasonable compensation, (2) all cash severance payments are contingent on a change in control (although we believe there may be a viable position to the contrary with respect to at least a portion of the cash severance payments), and (3) we could rebut the presumption required under applicable regulations that the restricted shares granted in 2007 were contingent upon a change in control.

The tax gross-up payment described above will be payable to the executive for any excise tax incurred under Section 4999 of the Code regardless of whether his employment is terminated. However, the amount of the gross-up payment will change based upon whether the executive's employment with us is terminated because the amount of compensation subject to the Section 4999 excise tax will change.

Each executive's employment agreement contains a standard confidentiality and nonsolicitation provision and requires that the executive not compete with the business conducted by the Company at any time during the period that he is employed by the Company and for the two-year period thereafter unless his employment with the Company is terminated by him for good reason, or by the Company for cause. Notwithstanding, the post-employment noncompetition and nonsolicitation restrictions terminate upon a change in control of the Company.

The employment agreements generally use the following terms:

"Cause" means the executive has been convicted of any felony or a misdemeanor involving moral turpitude.

"Change in Control" means a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company if (i) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% or more of the common equity of the resulting entity, (ii) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% of the voting securities of the resulting entity, or (iii) the persons who were members of the Supervisory Board of Directors immediately prior to the transaction are not the majority of the board of the resulting entity immediately after the transaction. A Change in Control also occurs when (i) there is shareholder approval of a plan of dissolution or liquidation of the Company, (ii) any person or entity acquires or gains ownership of control of more than 30% of the combined voting power of outstanding securities of the Company or resulting entity, or (iii) a change in the composition of the Board of Directors the results of which are that fewer than a majority of the supervisory directors are incumbent directors.

A copy of the Company's Compensation Committee charter may be found on the Company's website, at *http://www.corelab.com/governance*.

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31. RELATED PARTIES

In 2007 and 2006, 604,411 shares valued at $48.6 million and 258,003 shares valued at $15.9 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 23 on Stock-Based Compensation and Note 30 on Directors' Remuneration. We had no other significant related party transactions for the year ended December 31, 2007.

The following table lists subsidiaries of the parent company that are included in the consolidated group:

Co. No.	Name	Legal Seat	Ownership %
21	Core Laboratories Resources N.V.	Curacao, Netherlands Antilles	100%
23	Core Laboratories International Licensing N.V.	Curacao, Netherlands Antilles	100%
25	Core Laboratories International Trading N.V.	Curacao, Netherlands Antilles	100%
27	Core Laboratories I.P. Inc.	Delaware, United States	100%
35	Core Laboratories Holding Inc.	Delaware, United States	100%
48	Core Laboratories Middle East Services B.V.	Rotterdam, The Netherlands	100%
49	Core Export Sales, Inc.	Bridgetown, Barbados	100%
50	Core Laboratories LP	Delaware, United States	100%
52	Core Laboratories Canada Limited	Alberta, Canada	100%
53	PT Corelab Indonesia	Jakarta, Indonesia	70%
55	Core Laboratories SDN BHD	Kuala Lumpur, Malaysia	100%
56	Core Laboratories Australia PTY LTD	Perth, Australia	100%
62	Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
63	Core Laboratories Sales N.V.	Curacao, Netherlands Antilles	100%
64	Core Laboratories (U.K.) Limited	London, United Kingdom	100%
65	Core Laboratories Netherlands B.V.	Amsterdam, The Netherlands	100%
66	Corelab Nigeria Limited	Lagos, Nigeria	100%
70	Core Laboratories Venezuela S.A.	Caracas, Venezuela	100%
73	Core Laboratories Corporate Holding B.V.	Amsterdam, The Netherlands	100%
74	Corelab Brasil Ltda	Rio de Janeiro, Brazil	100%
76	Abdullah Fuad Core Laboratory Company	Saudi Arabia	51%
100	Saybolt International B.V.	Rotterdam, The Netherlands	100%
101	Saybolt Holding B.V.	Rotterdam, The Netherlands	100%
102	Saybolt Denmark A/S	Copenhagen, Denmark	100%
103	Saybolt van Duyn GmbH	Essen, Germany	100%
104	Saybolt Espana S.A.	Madrid, Spain	100%
105	Saybolt Estonia Ltd.	Tallinn, Estonia	100%
106	Saybolt Finland Oy	Hamina, Finland	100%
108	Saybolt Italia S.R.L.	Siracusa, Italy	100%
109	Saybolt Malta Ltd.	Kalafran, Malta	100%
111	Saybolt Greece, Ltd.	Athens, Greece	100%
112	Saybolt (Portugal) Inspeccao de Productos Petroliferos, Lda.	Lisbon, Portugal	100%
115	Saybolt South Africa PTY LTD	Cape Town, South Africa	73%
116	Saybolt Sweden AB	Gothenburg, Sweden	100%
117	Saybolt Thailand Ltd.	Bangkok, Thailand	100%
118	Saybolt United Kingdom Ltd.	Purfleet, United Kingdom	100%
120	Saybolt Nederland B.V.	Rotterdam, The Netherlands	100%
122	Saybolt North America B.V.	Rotterdam, The Netherlands	100%
123	Saybolt de Mexico S.A. de C.V.	Coatzacoalcos, Mexico	100%
130	Saybolt LP	Delaware, United States	100%
132	Core Laboratories Panama, S.A.	Panama City, Panama	100%
133	E.W. Saybolt & Co. (Cayman) Ltd.	Grand Cayman	100%
134	Saybolt Analyt Holding B.V.	Rotterdam, The Netherlands	100%
137	Saybolt Evrasia ZAO	Moscow, Russia Federation	100%
138	Saybolt-Ukraine	Odessa, Ukraine	100%
139	Saybolt Bulgaria Ltd.	Bourgas, Bulgaria	100%
141	Saybolt Baltija, Ltd.	Klaipeda, Lithuania	100%
142	Saybolt Latvia	Ventspils, Latvia	100%

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Co. No.	Name	Legal Seat	Ownership %
144	E.W. Saybolt Co N.V.	St. Eustatius, Netherland Antilles	100%
148	Saybolt Bahamas Ltd.	Freeport, Bahamas	100%
151	Saybolt de Costa Rica, S.A.	San Jose, Costa Rica	99%
152	Saybolt West Indies N.V.	Kingston, Jamaica	100%
153	Saybolt Colombia Ltda.	Barranquilla, Colombia	95%
155	Saybolt Aruba N.V.	Aruba	100%
156	Saybolt Bonaire N.V.	Bonaire, Netherlands Antilles	100%
157	Saybolt Caribbean N.V.	Aruba	100%
158	Saybolt Curacao N.V.	Curacao, Netherlands Antilles	100%
159	Saybolt Trinidad & Tobago Ltd.	Marabella, Trinidad	100%
160	Saybolt Eastern Hemisphere B.V.	Rotterdam, The Netherlands	100%
165	Saybolt (M) SDN BHD	Kuala Lumpur, Malaysia	40%
166	PT Citra Wosaji Indonesia	Jakarta, Indonesia	65%
170	Saybolt Azerbaijan, Ltd.	Baku, Azerbaijan	100%
171	Saybolt Azerbaijan B.V.	Rotterdam, The Netherlands	50%
172	Beheersmaatschappij Het Scheur BV	Rotterdam, The Netherlands	100%
175	Core Laboratories El Salvador S.A. de C.V.	San Salvador, El Salvador	100%
177	Saybolt Belgium	Antwerp, Belgium	100%
179	Saybolt (Tianjin) Meteorology & Inspection Company Ltd.	Tianjin, China	100%
181	Saybolt Latin America Holding B.V.	Rotterdam, The Netherlands	100%
183	Core Laboratories Angola Ltd.	Luanda, Angola	100%
184	Saybolt Inspection Services India Private Limited	Mumbai, India	100%
188	Saybolt (Singapore) PTE LTD	Singapore	100%
190	Core Laboratories (H.K.) Limited	Hong Kong	100%
192	Quantoil Ltd.	London, United Kingdom	100%
195	E.W. Saybolt & Co. S.A.	Panama City, Panama	100%
200	Owen Oil Tools LP	Texas, United States	100%
204	Owen Oil Tools de Mexico, S.A. de C.V.	Tabasco, Mexico	100%
205	Owen Oil Tools de Venezuela, C.A.	Anaco, Anzoategui, Venezuela	100%
210	Owen Compliance Services, Inc.	Texas, United States	100%
212	Owen de Mexico S.A. de C.V.	Mexico City, Mexico	100%
213	Owen Oil Tools (U.K.) Ltd.	Croydon, United Kingdom	100%
219	Owen Oil Tools Argentina, S.A.	Buenos Aires, Argentina	100%
226	Core Laboratories LLP (Kazakhstan)	Aktau, Kazakhstan	100%
260	Petroleum Analysts ZAO	Moscow, Russia Federation	100%
261	OOO Lab Technics	Moscow, Russia Federation	100%
262	Saybolt Belarus	Minsk, Belarus	100%
270	Saybolt Test OOO	Bashkortostan, Russian Federation	100%
273	Saybolt Armenia	Yerevan, Armenia	100%
277	SP TOO Saybolt Kazakhstan	Almaty, Kazakhstan	90%
278	Saybolt Mongol HHK	Mongolia	100%
290	Core Lab de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
292	Core Lab Operations S.A. de C.V.	Mexico City, Mexico	100%
293	ProTechnics de Mexico, S.A. de C.V.	Mexico City, Mexico	100%
294	Core Lab Services S.A. de C.V.	Mexico City, Mexico	100%
297	Core Lab Petroleum Services S.A. de C.V.	Mexico City, Mexico	99%
298	Core Lab Executives S.A. de C.V.	Mexico City, Mexico	99%
325	Stim-Lab, Inc.	Oklahoma, United States	100%
350	Core Laboratories Global N.V.	Curacao, Netherlands Antilles	100%
370	Coherence Technology Company, Inc.	Colorado, United States	100%
375	CTC Pulsonic Nigeria Limited	Lagos, Nigeria	80%
381	Production Enhancement Corporation	Delaware, United States	100%
391	PENCOR International Ltd.	Jersey, Channel Islands	100%
400	Coreton Limited	Croydon, United Kingdom	100%
411	FE & FEFH Holding, Inc.	Alberta, Canada	100%

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The following table lists subsidiaries of the parent company that are not included in the consolidated group:

Co. No.	Name	Legal Seat	Ownership %
-	Saybolt Tunisie	Tunis, Tunisia	49%
-	Saybolt Med	Tunisia	49%
-	Saybolt Saudi Arabia Ltd.	Saudi Arabia	45%
-	Core Laboratories Malta Holding Limited	Malta	99%
-	Core Laboratories Malta Limited	Malta	99%
-	Saybolt Maroc	Morocco	49%
-	Shanghai SIC - Saybolt Commodities Surveying Co Ltd.	China	50%

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Company financial statements

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CORE LABORATORIES N.V.
BALANCE SHEET
December 31, 2007 and 2006
(In thousands, except share and per share data)
(After proposed appropriation of results)

	Ref.	2007	2006
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	3	$ 461,931	$ 370,387
Deferred income tax asset	7	962	3,538
Other assets	3	3,634	3,410
TOTAL NON-CURRENT ASSETS		466,527	377,335
CURRENT ASSETS			
Prepaid expenses and other current assets		887	652
Receivables from subsidiaries		74,515	99,255
Accounts receivable		113	125
Cash and cash equivalents		6,713	1,572
TOTAL CURRENT ASSETS		82,228	101,604
TOTAL ASSETS		$ 548,755	$ 478,939
SHAREHOLDERS' EQUITY			
Preference shares, EUR 0.04 par value in 2007 and 2006; 3,000,000 shares authorized, none issued or outstanding		$ -	$ -
Common shares, EUR 0.04 par value in 2007 and 2006; 100,000,000 shares authorized, 26,999,996 issued and 23,065,949 outstanding at 2007 and 25,608,511 issued and 23,225,121 outstanding at 2006		1,574	1,201
Additional paid-in capital		109,681	66,571
Retained earnings		263,261	223,472
Other reserves		1,749	(144)
Treasury shares (at cost), 3,934,047 at 2007 and 2,383,390 at 2006		(339,596)	(174,834)
TOTAL EQUITY	4	36,669	116,266
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term payable to subsidiaries	7	8,163	8,319
Derivative financial instrument	4	118,230	68,210
Provisions	5	51,467	44,204
TOTAL NON-CURRENT LIABILITIES		177,860	120,733
CURRENT LIABILITIES:			
Accounts payable		2,417	698
Borrowings		3,024	2,654
Payables to subsidiaries		322,438	235,646
Income tax payable		2,404	157
Other accrued expenses		3,943	2,785
TOTAL CURRENT LIABILITIES		334,226	241,940
TOTAL LIABILITIES		512,086	362,673
TOTAL LIABILITIES AND EQUITY		$ 548,755	$ 478,939

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

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CORE LABORATORIES N.V.
INCOME STATEMENTS
For the Years Ended December 31, 2007 and 2006
(In thousands of USD)

	Ref.	2007	2006
Stand alone company net loss after taxation		$ (48,532)	$ (11,587)
Profit from subsidiaries after tax		93,351	83,968
Result after taxation		$ 44,819	$ 72,381

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

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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 14 employees in 2007.

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

2. ACCOUNTING PRINCIPLES

General

For the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Core Laboratories N.V. applies the option provided in Section 2:362 (8) of The Netherlands Civil Code. The accounting principles as described in the notes to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), also apply to the Parent Company-only financial statements, unless indicated otherwise.

The effect from the 2006 financial year, Core Laboratories N.V. has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted within the European Union. In the consolidated financial statements, first application of these accounting principles resulted in changes in the applied principles and valuation of assets, provisions and equity ("IFRS 1 Adjustments"). These IFRS 1 Adjustments were mainly implemented retroactively in the comparative figures as of January 1, 2005.

In 2007, Core Laboratories N.V. has opted to apply the accounting principles used in the consolidated financial statements to the Company financial statements according to Section 2:362 (8) of Dutch Civil Code. This provides a clearer presentation of the Company's financial statements. Shareholders' equity and results of operations in the Company financial statements will remain equal to shareholders' equity and results of operations (less minority interest) in the consolidated financial statements, which is generally accepted according to Dutch practice.

Investments in Subsidiaries

Investments in affiliates and other companies over which Core Laboratories N.V. exercises predominant control or over which it has predominant control are valued at net equity value, the basis of the accounting principles as applied by the consolidated financial statements. Minority interests with an equity deficit are carried at nil. A provision is formed if and when the Company is fully or partially liable for the debts of the affiliate, or has the firm intention to allow the affiliate to pay its debts.

In determining the net equity value, the transitional rules are taken into account for determining the values and the accounting principles of the first application of the IFRS principles applied in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year amounts in order to conform to the current year's presentation. These reclassifications had no impact on reported net income for the years ended December 31, 2007 and 2006.

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3. FINANCIAL ASSETS

Investments in Subsidiaries

(in thousands)	2007	2006
Book value at January 1:	$ 370,387	$ 426,930
Capital contribution/ (transfers)	(4,262)	(136,665)
(Reduction of) / Additional negative net asset value stated at nil	2,455	(2,362)
Reserves	-	(1,484)
Net income from subsidiaries	93,351	83,968
Book value at December 31:	$ 461,931	$ 370,387

For a listing of directly and indirectly held subsidiaries that are included in the financial fixed assets as investments in affiliates, see Note 31 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. EQUITY

Share capital

The authorized share capital of the Company as at December 31, 2007 amounts to EUR 4 million and consists of 100,000,000 ordinary shares with a par value of EUR 0.04 each.

Issued and paid in share capital amounts to $111.3 million and consists of 26,999,996 issued ordinary shares with a par value of EUR 0.04 each. Repurchased ordinary shares amounts to $339.6 million and consists of 3,934,047 ordinary shares with a par value of EUR 0.04 each.

The movements in the number of shares in 2007 are as follows:

	Ordinary Shares	**Repurchased Ordinary Shares**
Balance as at January 1, 2007	25,608,511	2,383,390
Issue of ordinary shares	1,655,785	-
Repurchased own shares	-	1,814,957
Shares cancelled	(264,300)	(264,300)
Balance as at December 31, 2007	26,999,996	3,934,047

The contribution received in 2007 on 1,426,135 shares of stock options exercised was made in cash. The issue-related costs are deducted from paid-in capital. An additional 229,650 shares were issued related to executive compensation plans for no cash.

During the year ended December 31, 2007, we repurchased 1,814,957 shares of our common stock for an aggregate amount of $181.8 million, or an average price of $100.17 per share, and during 2007 we have cancelled treasury shares for a total of 264,300 shares with a historical cost of 17.1 million. The total cancelled shares in 2007 represent 1.0% of total share capital at December 31, 2007.

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The movement in shareholders' equity is as follows (in thousands):

	Common Shares	Additional Paid-In Capital	Accumulated Earnings	Other Reserves - Restricted	Repurchased Shares	Total Shareholders' Equity
BALANCE, December 31, 2006	$ 1,201	$ 66,571	$ 223,472	$ (144)	$ (174,834)	$ 116,266
Stock options exercised, net of capital taxes	76	18,378	-	-	-	18,454
Stock-based awards issued	12	7,754	-	-	-	7,766
Tax benefit of stock options exercised	-	34,014	-	-	-	34,014
Repurchases of common shares	-	-	-	-	(181,812)	(181,812)
Cancellation of common shares	(14)	(17,036)	-	-	17,050	-
Cumulative translation adjustment	299	-	-	(299)	-	-
Pension adjustment	-	-	-	2,192	-	2,192
Non-income related taxes	-	-	(5,030)	-	-	(5,030)
Net income	-	-	44,819	-	-	44,819
BALANCE, December 31, 2007	$ 1,574	$ 109,681	$ 263,261	$ 1,749	$ (339,596)	$ 36,669

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 $299,000 related to this re-measurement, as indicated in the movement schedule above.

We enacted a share repurchase program which was approved by shareholders at our annual meeting in 1995 and at each subsequent annual meeting. Under the terms of the most recent approval, we are allowed to purchase up to 10% of our outstanding shares until October 2008. We began purchasing shares under this program on October 29, 2002.

Such shares, unless cancelled, may be reissued for a variety of purposes such as to use for future acquisitions, for settlement of employee stock awards as they vest, or possible conversion of the Notes. However, being incorporated in The Netherlands, under the Dutch Civil Code ("DCC") a corporation can hold a maximum of 10% of their outstanding shares in treasury. Therefore, it may be necessary to cancel repurchased shares to remain in compliance with the DCC.

If the repurchased shares are cancelled, the Parent Company treats the repurchased shares as financed with the recognized share capital and paid-in capital for Dutch tax purposes. Should this occur, these shares are amortized against the actual share capital and paid-in capital as included in the Company's equity.

The authorized share capital consists of 100,000,000 authorized common shares of which 26,999,996 shares are issued and 23,065,949 are outstanding at December 31, 2007. The shares have a par value of EUR 0.04. We applied a translation rate of 1.463 Euros per U.S. dollar as of December 31, 2007.

Stock options exercised in 2007 relate to our long-term incentive plan and were exercised at the request of certain employees.

At December 31, 2007, the Company has outstanding stock options of 209,524 shares at exercise prices ranging from $0.01 to $25.00 awarded to employees with a weighted average contractual life of 2.8 years.

Treasury Shares

Taking into account the capital protection measures of article 207, Book 2 of the Civil Code, 3,934,047 shares with a nominal value of $339.6 million were acquired by the Company as at the end of the financial year (2006: 2,383,390 shares).

(in thousands)	2007	2006
Balance as at January 1,	$ 174,834	$ 30,557
Repurchase own shares	181,812	251,088
Cancelled shares	(17,050)	(106,811)
Balance as at December 31,	$ 339,596	$ 174,834

A portion of the treasury shares reported in our balance sheet as of December 31, 2007 are held by our subsidiary Core Laboratories LP. Reference is made to Note 22 Commitments and Contingencies for the Consolidated Financial Statements in respect

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of a contingent asset and a contingent liability relating to such shares, each for an amount equal to the acquisition price of such share, increased with statutory interest as from the date of acquisition of such shares.

Conversion Feature on Notes Issued by Subsidiary

In 2006 Core Laboratories LP, a wholly owned subsidiary, issued $250 million aggregate principal amount of Senior Exchangeable Notes due 2011 ("Notes") to qualified institutional buyers. The Notes bear interest at a rate of 0.25% per year and are guaranteed by Core Laboratories N.V. The Notes' effective interest rate is 0.25%. These notes are exchangeable into shares of Core Laboratories N.V. under certain circumstances at an initial conversion rate of 10.5533 per $1,000 principal amount of notes, which is equal to a conversion price of approximately $94.76 per share. The exchange is contingent upon the following circumstances:

> *Satisfaction of sale price condition* - If in any calendar quarter beginning after the quarter ending December 31, 2006, the closing sale price per share of Core Laboratories NV common shares for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than approximately $123.18 (this is 130.0% of the exchange price per Core Laboratories NV common shares for the notes assuming no events have occurred that would require an adjustment to the exchange rate);
>
> *Satisfaction of trading price condition* - During the five business-day period immediately following any ten consecutive trading day period in which the trading price per $1,000 principal amounts of notes for each day of that period was less than 95% of the product of the sales price of Core Laboratories NV common shares and the then applicable exchange rate;
>
> *Specified corporate transactions* - Upon the occurrence of specified corporate transactions as described in the Notes Agreement (e.g., fundamental change/change of control, distribution of common share rights to purchase shares at less than market price; distribution of assets, debt securities, or rights to purchase securities at a value exceeding 20% of common share market price).

Upon exchange, holders will receive cash up to the principal amount, and any excess exchange value will be delivered in Core Laboratories N.V. common shares. On November 17, 2006, the initial purchasers exercised their option to purchase an additional $50 million of the 0.25% senior exchangeable notes due 2011, increasing the aggregate issuance of such notes to $300 million. We sold the Notes to the initial purchasers in reliance on Rule 144A of the Securities Act and subsequently filed a registration statement on Form S-3, which became effective immediately, pursuant to the Securities Act with respect to resale of the notes and shares received in exchange for the notes on December 22, 2006. The Notes bear interest at a rate of 0.25% per year payable semiannually on May 6 and November 6 of each year, beginning on May 6, 2007. Total debt issuance costs were $6.7 million of which $4.7 million were capitalized in connection with the issuance of the Notes in other long-term assets on our consolidated balance sheet and are being amortized through November 2011.

Core Laboratories LP used proceeds of the offering to enter into exchangeable note hedge transactions with a financial institution which is an affiliate of one of the initial purchasers. The exchangeable note hedge transactions are designed to cover, subject to customary anti-dilution adjustments, the net number of our common shares that would be deliverable to exchanging note holders in the event of an exchange of the notes. We paid an aggregate amount of approximately $86.3 million of the proceeds from the sale of the Notes to acquire the call options which was recorded as a derivative financial instrument.

Core Laboratories N.V. also entered into separate warrant transactions at the time of the sale of the Notes whereby we sold warrants which give the holders the right to acquire approximately 3.2 million of our common shares at a strike price of $127.56 per share. Upon exercise of the warrants, we have the option to deliver cash or our common shares equal to the difference between the then market price and strike price. All of the warrants will expire on January 25, 2012. We received aggregate proceeds of $56.5 million from the sale of the warrants which was recorded as a derivative financial instrument.

The fair value of the warrant, which are not traded in an active market, is determined by using valuation techniques. We use the same Black-Scholes model that was utilized to initially value our derivative financial instrument and make assumptions that are based on the market conditions existing at each balance sheet date. This derivative instrument is fair valued through the profit and loss and the fair value is directly influenced by interest rates, the volatility and the trading price of the Company's stock used in the fair value estimation. See Note 8 and 15 in the Consolidated Financial Statements for further discussion.

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5. PROVISIONS

All of the provisions are of a long-term nature and are specified as follows (in thousands):

	Deferred Compensation	Consolidated Participating Interests	Income Tax Payable	Other	Total
At January 1, 2007	$ 5,230	$ 29,740	$ 7,025	$ 2,209	$ 44,204
Charged / (credited) to the income statement:					
Additional provisions	585	2,325	-	532	3,442
Used during the year	(127)	-	(1,082)	-	(1,209)
Charged to Equity	-	-	-	5,030	5,030
At December 31, 2007	$ 5,688	$ 32,065	$ 5,943	$ 7,771	$ 51,467

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires. The balance reflects the current market condition of the investments held for the participants.

Consolidated Participating Interests

Consolidated participating interests represent provisions for subsidiaries which have an equity deficit.

Income Tax Payable

Income tax payable represents an accrual for uncertain tax positions relating to tax returns under audit.

Other

Other includes termination benefits and a provision for non income related taxes. Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our four senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $2.7 million at December 31, 2007. In 2007, we revised our estimate for a provision associated with non-income related taxes, and as a result a charge to Retained Earnings and an accrual to the Provisions of $5.0 million were recorded in the Consolidated Balance Sheet. This adjustment requires judgment, assumptions and estimations to quantify the uncertainties related to this liability. Management will continue to assess the outcome of the settlement of these taxes on a quarterly basis. The ultimate settlement amount and timing of this liability is uncertain, and in management's judgment could possibly expose us to losses of approximately $20.0 million in excess of our current estimate. This estimated amount of $20.0 million is also surrounded with uncertainties

6. LONG TERM LIABILITIES

Liabilities of a long-term nature are due greater than 5 years are specified as follows (in thousands):

	Long Term Inter-company Liability
At January 1, 2007	$ 8,319
Charged / (credited) to the income statement:	
Additional provisions	-
Release/payments	(156)
At December 31, 2007	$ 8,163

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7. 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 27, Income Taxes to Consolidated Financial Statements.

The deferred tax assets at December 31, 2007 relate to a severance liability and stock based compensation.

8. RELATED PARTIES

For related party discussions, see Note 31 of the Consolidated Financial Statements.

9. SUPERVISORY DIRECTORS

For a discussion of Supervisory Director remuneration and related party transactions, see Note 30 and 31 to the Notes to Consolidated Financial Statements.

/s/ David M. Demshur
David M. Demshur
President, Chief Executive Officer and Supervisory Director (Principal Executive Officer)

/s/ Jan Willem Sodderland
Jan Willem Sodderland, on behalf of Core Laboratories International B.V. sole managing director of Core Laboratories N.V.

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

/s/ Joseph R. Perna
Joseph R. Perna
Supervisory Director

/s/ Jacobus Schouten
Jacobus Schouten
Supervisory Director

/s/ Rene R. Joyce
Rene R. Joyce
Supervisory Director

/s/ Michael C. Kearney
Michael C. Kearney
Supervisory Director

/s/ D. John Ogren
D. John Ogren
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

Amsterdam, The Netherlands,
May 14, 2008

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Other information

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To the General Meeting of Shareholders and the Board of Supervisory Director of Core Laboratories N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Core Laboratories N.V., Amsterdam as set out on pages 17 to 73. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement s for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 directors, 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 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 14 May 2008
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

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1 Auditor's Report

The Auditor's report is included on page 76.

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 Company has never paid dividends on its common shares and currently has no plans to pay dividends on its common shares. The Board of Supervisory Directors proposes to add the result of $44.8 million to the retained earnings. The Company expects to retain all available earnings generated by our operations for the development and growth of the business along with share repurchases under our share repurchase program. Any future determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, income tax treatment of payments, general business conditions and such other factors we may deem relevant. Because Core Laboratories N.V. is a holding company that conducts substantially all of its operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

3 Branches

The consolidated financial statements include the financial information for the following branch locations:

Name	Legal Seat
Core Laboratories International B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
Core Laboratories International B.V. - Colombia Branch	Bogota, Colombia
Core Laboratories International B.V. - Pakistan Branch	Karachi, Pakistan
Core Laboratories International B.V. - India Branch	Mumbai, India
Core Laboratories International B.V. - Dubai Branch	Dubai, United Arab Emirates
Core Laboratories International B.V. -Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Ecuador Branch	Quito, Ecuador
Core Laboratories LP - China Rep Office	Beijing, China
Core Laboratories Sales N.V. - Mexico Branch	Villahermosa, Mexico
Saybolt LP. Virgin Islands Branch	St. Croix, USVI
Saybolt LP Puerto Rico Branch	Guayanilla, Puerto Rico
Saybolt International B.V. - Qatar Branch	Doha, Qatar
Saybolt International B.V. - Bahrain Branch	Manama, Bahrain
Saybolt International B.V. - Kuwait Branch	Mangaf, Kuwait
Saybolt International B.V. - Yemen Branch	Aden, Yemen
Saybolt Analyt Holding B.V. - Beijing Rep. Office	Beijing, China
Saybolt Analyt Holding B.V. - Turkmenistan	Turkenbashi, Turkmenistan
Saybolt Analyt Holding B.V. - Georgia Rep. Office	Batumi, Georgia
Saybolt Analyt Holding B.V. Rep. Office	Moscow, Russia
Saybolt West Indies N.V. - Jamaica Branch	Jamaica
Saybolt Tianjin M&I Company Xiamen Branch	Xiamen, China
Saybolt Tianjin M&I - Zhuhai Branch	Zhuhai, China
Saybolt Afrique SARL - Mauritian Branch	Mauritius
EW Saybolt & Co SA - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Shanghai SIC - Saybolt Commodities Surveying Co Ltd - Taiwan Branch	Tawain
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

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