CORE LABORATORIES N.V.

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

Semi-Annual Report for June 30, 2018

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

CORE LABORATORIES N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEMI-ANNUAL REPORT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018

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Semi-Annual Report of the Directors

Currency - United States Dollars (“$”)

Business review

Core Laboratories N.V. is a limited liability company incorporated in the Netherlands. It was established in 1936 and is one of the world's leading providers of proprietary and patented reservoir description and production enhancement services and products to the oil and gas industry. These services and products can enable our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. Core Laboratories N.V. has over 70 offices in more than 50 countries and employs approximately 4,600 people worldwide.

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

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

- *Reservoir Description:* Encompasses the characterization of petroleum reservoir rock, fluid and gas samples to increase production and improve recovery of oil and gas from our clients' reservoirs. We provide laboratory based analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry. We also provide proprietary and joint industry studies based on these types of analysis.
- *Production Enhancement:* Includes services and products relating to reservoir well completions, perforations, stimulations and production. We provide integrated diagnostic services to evaluate and monitor the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

Financial Review

Revenue

<u>Services Revenue</u>

Services revenue increased 2% to $241.9 million for the six months ended June 30, 2018 from $237.5 million for the six months ended June 30, 2017, which is primarily attributable to increases in North America exploration and production activity levels in 2018 compared with 2017. International activity has remained flat as most international development projects continue to be funded largely from operating budgets. We continue to focus on large-scale core analyses and reservoir fluids characterization studies in the Eagle Ford, the Permian Basin and the Gulf of Mexico, along with Guyana, Malaysia and other international locations such as offshore South America, and the Middle East, including Kuwait and the United Arab Emirates. Additionally, we have client interest in our existing multi-client reservoir studies such as the *Tight Oil Reservoirs of the Midland Basin* study and the *Deepwater Gulf of Mexico - Phase II* as well as several major enhanced oil recovery ("EOR") projects for unconventional reservoirs such as the newly initiated *Unconventional EOR in the Eagle Ford Formation* and similar EOR joint industry projects for tight-oil developments in other basins.

<u>Product Sales Revenue</u>

Revenue associated with product sales increased 34% to $103.6 million for the six months ended June 30, 2018 from $77.3 million for the six months ended June 30, 2017. Our product sales revenue is primarily driven by completions of wells in the North American market and, more specifically, the activity associated with the completion of each stage in a wellbore. We continue to benefit from increasing completion activity in the U.S. and our clients' acceptance of new products which were led by our newly introduced technologies, including our HERO® PerFRAC perforating system.

Operating expenses

<u>Cost of Services</u>

Cost of services expressed as a percentage of services revenue was comparable at 73% and 72% for the six months ended June 30, 2018 and June 30, 2017, respectively.

Cost of Product Sales

Cost of product sales expressed as a percentage of product sales revenue improved to 74% for the six months ended June 30, 2018, compared to 85% for the same period in 2017. The improvement in cost of product sales as a percentage of revenue was primarily due to the improved absorption of our fixed costs as a result of increased revenue and activity.

Operating margin

Operating margin for the six month period ended June 30, 2018 increased to 19.6%, compared to 16.9% for the same period of 2017, primarily due to our fixed-cost structure being absorbed on higher revenue in 2018 when compared to 2017.

Cash Flow

The following table summarizes cash flows (in thousands):

	Six Months Ended June 30,		
	2018	**2017**	**% Change**
Cash provided by/(used in):			
Operating activities	$ 50,075	$ 48,473	3 %
Investing activities	(13,306)	(9,913)	(34)%
Financing activities	(38,148)	(39,006)	2 %
Net change in cash and cash equivalents	$ (1,379)	$ (446)	209 %

Cash flows provided by operating activities for the first six months of 2018 compared to the same period in 2017 increased primarily due to increased net income offset by changes in working capital.

The increase in cash flows used in investing activities during the first six months of 2018 compared to the same period in 2017 was primarily attributable to increased capital expenditures in 2018.

Cash flows used in financing activities decreased for the first six months of 2018 compared to the same period in 2017. During the first six months of 2018, we increased our debt by $16 million, as compared to increasing it by $17 million during the first six months of 2017. In the first six months of 2018, we repurchased 36,258 shares of our common stock for an aggregate purchase price of $4.0 million compared to the repurchase of 69,428 shares for an aggregate purchase price of $7.4 million during the same period in 2017. During the first six months of 2018, we used $49 million to pay dividends, which is consistent with the amount paid for the same period in 2017.

Equity

During the six months ended June 30, 2018, we repurchased 36,258 of our common shares for $4.0 million. These included rights to 16,258 shares valued at $1.7 million that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards. We distributed 55,589 treasury shares upon vesting of stock-based awards during the six months ended June 30, 2018.

In February and May, 2018, we paid a quarterly dividend of $0.55 per share of common stock.

Segment Analysis

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields. The following tables summarize our results by segment (in thousands):

	Six Months Ended June 30, 2018	2017	% Change
Revenue:			
Reservoir Description	$ 202,916	$ 209,208	(3)%
Production Enhancement	142,577	105,613	35 %
Consolidated	$ 345,493	$ 314,821	10 %
Operating income (loss):			
Reservoir Description	$ 30,313	$ 35,364	(14)%
Production Enhancement	36,783	17,198	114 %
Corporate and Other (1)	521	559	(7)%
Consolidated	$ 67,617	$ 53,121	27 %

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

Reservoir Description

Revenue from the Reservoir Description segment decreased 3% to $202.9 million for the six months ended June 30, 2018, compared to $209.2 million for the six months ended June 30, 2017. The decrease in revenue year-over-year is primarily attributable to delays in the recovery of international field development activity primarily in the North Sea, Middle East and Asia-Pacific regions. During the first half of 2018, Core provided its clients with on-site sample collection services and pressure-volume-temperature ("PVT") laboratory measurements that allowed clients to calculate the economic value of their reservoirs under primary production. Furthermore, these data form the criteria necessary to determine when secondary, and possibly tertiary, recovery techniques might best be applied to optimize the EUR from these reservoirs. New fluid phase behavior projects were initiated in the Eagle Ford, the Permian Basin and the Gulf of Mexico, along with Guyana, Malaysia and other international locations. In addition to these PVT services, Core Lab performed customized reservoir condition EOR studies. These include the determination of minimum miscibility pressures, physical measurements of crude oil properties following gas injection and thermodynamic testing for reservoir simulation models. These test results allow Core's clients to calculate the economic viability of miscible tertiary recovery processes, which could extend reservoir life and improve incremental hydrocarbon production.

Operating income for the six months ended June 30, 2018 decreased to $30.3 million compared to $35.4 million for the same period in 2017. This decrease was primarily due to lower international activity levels during the first half of 2018 compared to the same period of 2017 and increased costs associated with the deployment of new laboratory technology and infrastructure to service markets, such as new client-driven labs in Qatar and Indonesia which impacted operating margins for the six months ended June 30, 2018.

Production Enhancement

Revenue from the Production Enhancement segment increased 35% to $142.6 million for the six months ended June 30, 2018, compared to $105.6 million for the six months ended June 30, 2017. Our clients continue to seek technological solutions for increasing daily production and estimated ultimate recoveries from their reservoirs. We continue to benefit from the increasing completion activity in the U.S. and our clients' acceptance of new services and products which were led by the FLOW**PROFILER** EDS™ and HERO® PerFRAC technologies.

Operating income in the six months ended June 30, 2018 was $36.8 million, a 114% increase from $17.2 million during the same period of 2017. The increased profitability is due to increased demand for our higher margin services and products and the impact of higher revenue on our fixed-cost structure.

Outlook

As part of our long-term growth strategy, we continue our efforts to expand our market presence by opening or expanding facilities in strategic areas and realizing synergies within our business lines subject to client demand and market conditions. We believe our market presence provides us a unique opportunity to service clients who have global operations whether they are international oil companies, national oil companies, or independent oil companies.

We are encouraged by the increased focus of our major clients regarding capital management, return on invested capital ("ROIC"), free cash flow, and returning capital back to their shareholders, as opposed to a focus on production growth at any cost. The companies adopting value versus volume metrics tend to be the more technologically sophisticated operators and form the foundation of Core's worldwide client base. We expect to benefit from our clients' shift in focus from strictly production growth to employing higher technological solutions in their efforts to maximize economic production growth and estimated ultimate recovery ("EUR").

Crude oil prices began to recover and become more stable during 2017, especially during the second half of 2017. On average, pricing for crude oil improved over 16% for 2017 when compared to 2016. This trend has continued in 2018, with crude oil prices improving 19% since the end of 2017, and as a result land-based activity associated with the exploitation and production of oil in the United States continued to increase during the first half of 2018.

North America completion activity levels continued to expand in the first half of 2018. According to Baker Hughes, the U.S. land-based rig count at June 30, 2018 was 13% higher than at the end of 2017. We believe this increase is in response to the improved pricing of crude oil as the average price of crude oil for the six months ended June 30, 2018 was approximately $68.10 per barrel while the average price of crude oil for 2017 was approximately $52.46 per barrel. We expect the average U.S. rig count and associated activities to remain at similar levels for the remainder of 2018, with completion activity levels showing modest growth. However, the U.S. completion growth rate may moderate until certain logistical bottlenecks are resolved (e.g. for the industry to hire and train new frac crews, acquire and/or update pressure pumping equipment, and supply chain logistics). In addition, an emerging trend to larger pad drilling sites, increasing from six to eight wells up to 24 wells, will create an increase in drilled but uncompleted wells over the next several quarters. Combined, these issues could impact the rate of revenue growth opportunity for any company that is reliant on completions as a catalyst for growth.

We continue to focus on large-scale core analyses and reservoir fluids characterization studies in the Eagle Ford, the Permian Basin and the Gulf of Mexico, along with Guyana, Malaysia and other international locations such as offshore South America, and the Middle East, including Kuwait and the United Arab Emirates. We also focus on complex completions in unconventional tight-oil reservoirs, technological solutions and services for increasing daily productions and EURs.

Additionally, renewed investment at a global level is critical in order to meet future supply needs. Oil company recognition of the need for investment is evidenced by the approximately 25 - 30 final investment decision ("FIDs") estimated to be announced in 2018, with 15 already announced year-to-date. These FIDs would follow the more than 20 FIDs announced in 2017. However, the delays in the recovery of international field development activity are impacting and deferring revenue opportunities for the Company in 2018.

Cautionary Statement Regarding Forward-Looking Statements

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

Statement of Directors' Responsibilities

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

- the condensed consolidated interim financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the assets, the liabilities, the financial position and the profits or the loss of Core Laboratories N.V. and its consolidated companies; and

- the interim management report for the six months ended June 30, 2018 gives a true and fair view of the information required pursuant to section 5:25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Act on Financial Supervision.

Amsterdam, The Netherlands,
August 24, 2018

/s/ Christopher S. Hill

Christopher S. Hill
Senior Vice President and Chief Financial Officer

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

	Ref.	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net		$ 122,787	$ 123,098
Intangible assets, net	5	234,172	235,021
Investment in associates		3,626	3,557
Deferred tax assets, net		15,092	17,747
Derivative financial assets	9	549	70
Other financial assets	8	47,481	46,331
Other assets		5,313	5,260
TOTAL NON-CURRENT ASSETS		$ 429,020	$ 431,084
CURRENT ASSETS			
Inventories	10	$ 39,855	$ 33,317
Prepaid expenses and other current assets		49,007	41,547
Income taxes receivable		11,899	7,508
Accounts receivable		136,148	133,097
Cash and cash equivalents		13,021	14,400
TOTAL CURRENT ASSETS		249,930	229,869
TOTAL ASSETS		$ 678,950	$ 660,953
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value; 200,000,000 shares authorized, 44,796.252 issued and 44,203,536 outstanding at 2018 and 44,796,252 issued and 44,184,205 outstanding at 2017	11	$ 1,148	$ 1,148
Additional paid-in capital	11	57,324	53,454
Retained earnings		253,291	254,361
Other reserves		(12,727)	(13,026)
Treasury shares (at cost), 592,716 at 2018 and 612,047 at 2017	11	(72,301)	(76,269)
TOTAL SHAREHOLDERS' EQUITY		226,735	219,668
Non-controlling interest		3,991	3,888
TOTAL EQUITY		$ 230,726	$ 223,556
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	12	$ 241,687	$ 226,989
Income taxes payable		14,262	14,262
Contract Liabilities	14	4,664	4,442
Deferred tax liabilities, net		10,305	9,158
Post-employment benefit plans	15	80,362	79,311
Derivative financial instruments	9	—	492
Provisions	13	(231)	5,856
TOTAL NON-CURRENT LIABILITIES		$ 351,049	$ 340,510
CURRENT LIABILITIES			
Accounts payable		$ 45,278	$ 41,697
Income taxes payable		1,557	1,106
Other taxes payable		6,024	6,300
Payroll and social security contributions		21,883	29,227
Unearned revenue	14	12,908	12,927
Other accrued expenses		9,525	5,630
TOTAL CURRENT LIABILITIES		97,175	96,887
TOTAL LIABILITIES		448,224	437,397
TOTAL EQUITY AND LIABILITIES		$ 678,950	$ 660,953

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

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

		Six Months Ended June 30,	
	Ref.	**2018**	**2017**
		(Unaudited)	
REVENUES:			
Services		$ 241,880	$ 237,542
Product sales		103,613	77,279
TOTAL REVENUES:		345,493	314,821
OPERATING EXPENSES:			
Cost of services		177,315	172,080
Cost of product sales		76,166	65,991
TOTAL OPERATING EXPENSES:		253,481	238,071
GROSS PROFIT		**92,012**	**76,750**
General and administrative expenses		24,384	23,238
Other expense, net		11	391
OPERATING PROFIT		67,617	53,121
Finance income		(8)	(3)
Finance costs		6,416	5,308
Finance costs, net		6,408	5,305
Share of profit of associates		69	175
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE		61,278	47,991
Income tax expense	16	12,936	7,289
PROFIT FROM CONTINUING OPERATIONS		$ 48,342	$ 40,702
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, net of income taxes		(674)	1,445
PROFIT FOR THE PERIOD		$ 47,668	$ 42,147
Attributable to:			
Equity holders of the parent		$ 47,565	$ 42,104
Non-controlling interest		103	43
		$ 47,668	$ 42,147
EARNINGS PER SHARE INFORMATION:			
Basic earnings (loss) per share	17	$ 1.08	$ 0.95
Diluted earnings (loss) per share	17	$ 1.07	$ 0.95
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	17	44,191	44,162
Diluted	17	44,515	44,360

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

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

	Ref.	Six Months Ended June 30, 2018	2017
		(Unaudited)	
Profit for the period		$ 47,668	$ 42,147
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	15	(610)	747
Income taxes on post-employment benefit obligations	15	143	(187)
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	9	971	110
Income taxes on cash flow hedges	9	(205)	(39)
Net income (loss) recognized directly in equity		299	631
Total comprehensive income for the period		$ 47,967	$ 42,778
Attributable to:			
Equity holders of the parent		$ 47,864	$ 42,735
Non-controlling interest		103	43
		$ 47,967	$ 42,778

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

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

(Unaudited)	Ref.	Number of Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-controlling Interest	Total Equity
BALANCE, January 1, 2017		44,151,261	$ 1,148	$ 54,576	$ 269,370	$ (15,231)	$ (80,773)	$ 3,943	$ 233,033
Comprehensive income:									
Profit (loss) for the period		—	—	—	42,104	—	—	43	42,147
Other comprehensive income:									
Pension remeasurement	15					560			560
Cash flow hedges	9					71			71
Total other comprehensive income (loss)									631
Total comprehensive income									42,778
Transactions with owners:									
Stock-based compensation	11	—	—	(5,453)	—	—	5,453	—	—
Stock-based awards issued	11	46,402	—	9,985	—	—	—	—	9,985
Tax Benefit on stock compensation		—	—	84	(84)	—	—	—	—
Repurchases of common shares	11	(69,428)	—	—		—	(7,388)	—	(7,388)
Non-controlling interest - dividend		—	—	—	—	—	—	(27)	(27)
Dividends paid	11	—	—	—	(48,590)	—	—	—	(48,590)
BALANCE, June 30, 2017		44,128,235	$ 1,148	$ 59,192	$ 262,800	$ (14,600)	$ (82,708)	$ 3,959	$ 229,791

(Unaudited)	Ref.	Number of Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Other Reserves	Treasury Stock	Non-controlling Interest	Total Equity
BALANCE, January 1, 2018		44,184,205	$ 1,148	$ 53,454	$ 254,361	$ (13,026)	$ (76,269)	$ 3,888	$ 223,556
Comprehensive income:									
Profit (loss) for the period		—	—	—	47,565	—	—	103	47,668
Other comprehensive income:									
Pension remeasurement	15					(467)			(467)
Cash flow hedges	9					766			766
Total other comprehensive income (loss)									299
Total comprehensive income									47,967
Transactions with owners:									
Stock-based compensation	11	—	—	(7,928)	—	—	7,928	—	—
Stock-based awards issued	11	55,589	—	11,798	—	—	—	—	11,798
Repurchases of common shares	11	(36,258)	—	—		—	(3,960)	—	(3,960)
Dividends paid	11	—	—	—	(48,635)	—	—	—	(48,635)
BALANCE, June 30, 2018		44,203,536	$ 1,148	$ 57,324	$ 253,291	$ (12,727)	$ (72,301)	$ 3,991	$ 230,726

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

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

	Ref.	Six Months Ended June 30, 2018	2017
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from continuing operations before income tax expense		$ 61,278	$ 47,991
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation		11,210	12,058
Amortization		476	435
Equity in earnings of associates		(69)	(175)
Stock-based compensation	11	11,798	9,985
Finance costs		6,408	5,305
(Gain) loss on sale of assets		(71)	135
Fair value (gains)/losses on other financial assets	8	688	(707)
Changes in assets and liabilities:			
Accounts receivable		(3,052)	(14,653)
Inventories	10	(6,537)	(1,877)
Other assets		(11,066)	(1,848)
Accounts payable		3,645	8,443
Accrued expenses		3,588	(3,001)
Other long-term liabilities		(7,260)	169
Cash provided by operating activities		71,036	62,260
Interest paid		(5,572)	(5,150)
Income tax paid		(15,389)	(8,637)
Net cash provided by operating activities		$ 50,075	$ 48,473
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures		$ (11,915)	$ (9,362)
Patents and other intangibles		(878)	(203)
Proceeds from sale of assets		199	511
Interest received		8	3
Premiums on life insurance		(720)	(862)
Net cash used in investing activities		$ (13,306)	$ (9,913)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	12	$ (57,000)	$ (67,000)
Proceeds from debt borrowings	12	73,000	84,000
Repurchase of common shares	11	(3,960)	(7,388)
Dividends paid	11	(48,635)	(48,591)
Non-controlling interest - (dividends)/capital contributions		—	(27)
Debt financing costs	12	(1,553)	—
Net cash used in financing activities		(38,148)	(39,006)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,379)	(446)
CASH AND CASH EQUIVALENTS, beginning of period		14,400	14,764
CASH AND CASH EQUIVALENTS, end of period		$ 13,021	$ 14,318

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

CORE LABORATORIES N.V.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH IAS 34
JUNE 30, 2018

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", the "Company", "we", "our" or "us") is a limited liability company incorporated and domiciled in the Netherlands. The address of the registered office is Strawinskylaan 913, Tower A, Level 9, 1077 XX Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description and production enhancement services and products to the oil and gas industry. These services and products are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and had approximately 4,600 employees at June 30, 2018 and 2017. We are listed on the New York Stock Exchange ("NYSE") and on the Euronext Amsterdam Stock Exchange.

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

- *Reservoir Description:* Encompasses the characterization of petroleum reservoir rock, fluid and gas samples to increase production and improve recovery of oil and gas from our clients' reservoirs. We provide laboratory based analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry. We also provide proprietary and joint industry studies based on these types of analysis.
- *Production Enhancement:* Includes services and products relating to reservoir well completions, perforations, stimulations and production. We provide integrated diagnostic services to evaluate and monitor the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated and are consistent with those of the previous financial year.

Basis of Preparation

Our condensed consolidated interim financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34"). The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The condensed consolidated interim financial statements have not been audited and should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with Part 9 Book 2 of the Dutch Civil Code.

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

Estimates

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The significant judgments made by management in applying our accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes.

Current and Deferred Income Taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. See Note 16 - *Income Taxes*.

New and Amended Standards

Pronouncements Adopted in 2018

In May 2014, the International Accounting Standards Board issued International Financial Reporting Standard 15 - *Revenue from Contracts with Customers* ("IFRS 15"), which provides guidance on revenue recognition. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance requires entities to apply a five-step method to (1) identify the contract(s) with customers; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s) in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. We adopted this standard and all related amendments on January 1, 2018. The adoption of this standard did not result in any material changes to our revenue recognition policies and procedures nor to our financial statements. Upon adoption we used the modified retrospective approach; this approach resulted in no cumulative adjustment to retained earnings or net income and no adjustments to prior periods.

IFRS 15 - Revenue from Contracts with Customers

Revenue Recognition

All of our revenue is derived from contracts with clients and is reported as revenue in the Consolidated Statements of Operations. Our contracts generally include standard commercial payment terms generally acceptable in each region, and do not include financing with extended payment terms. We have no significant obligations for refunds, warranties, or similar obligations. Our revenue does not include taxes collected from our customers. In certain circumstances we apply the guidance in IFRS 15 - *Revenue From Contracts with Customers* ("IFRS 15") to a portfolio of contracts with similar characteristics. We use estimates and assumptions when accounting for a portfolio that reflect the size and composition of the portfolio of contracts.

A performance obligation is a promise in a contract to transfer a distinct service or good to a client, and is the unit of account under IFRS 15. We have contracts with two general groups of performance obligations: those that require us to perform analysis and/or diagnostic tests in our laboratory or at the client's wellsite and those from the sale of tools, diagnostic and equipment products and related services. We recognize revenue at an amount that reflects the consideration expected to be received in exchange for such services or goods as described below by applying the five-step method to: (1) identify the contract(s) with clients; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s) in the contract; and (5) recognize revenue when (or as) we satisfy the performance obligation(s).

Services Revenue: We provide a variety of services to clients in the oil and gas industry. Where services are provided related to the testing and analysis of rock and fluids, we recognize revenue upon the provision of the test results or analysis to the client. For our design, field engineering and completion diagnostic services, we recognize revenue upon the delivery of those services at the well site or delivery of diagnostic data. In the case of our consortia studies, we have multiple performance obligations and revenue is recognized at the point in time when the testing and analysis results on each contributed core are made available to our consortia members. We conduct testing and provide analysis services in support of our consortia studies recognizing revenue as the testing and analysis results are made available to our consortia members.

Product Sales Revenue: We manufacture equipment that we sell to our clients in the oil and gas industry. Revenue is recognized when title to that equipment passes to the client, which is typically when the product is shipped to the client or picked up by the client at our facilities, as set out in the contract.

For arrangements that include multiple performance obligations, we allocate revenue to each performance obligation based on estimates of the price that we would charge the client for each promised service or product if it were sold on a standalone basis.

To a lesser extent in all of our business segments, we enter into other types of contracts including service arrangements and non-subscription software and licensing agreements. We recognize revenue for these arrangements over time or at a point in time depending on our evaluation of when the client obtains control of the promised services or products.

Contract Assets and Liabilities

Contract assets and liabilities result due to the timing of revenue recognition, billings and cash collections.

Contract assets include our right to payment for goods and services already transferred to a customer when the right to payment is conditional on something other than the passage of time, for example contracts where we recognize revenue over time but do not have a contractual right to payment until we complete the performance obligations. Contract assets are included in our accounts receivable and are not material as of June 30, 2018.

Contract liabilities consist of advance payments received and billings in excess of revenue recognized. We generally receive up-front payments relating to our consortia studies; we recognize revenue over the life of the study as the testing and analysis results are made available to our consortia members. We record billings in excess of revenue recognized for contracts with a duration less than twelve months as unearned revenue. We classify contract liabilities for contracts with a duration greater than twelve months as current or non-current based on the timing of when we expect to recognize revenue. The current portion of contract liabilities is included in unearned revenue and the non-current portion of contract liabilities is included in long-term contract liabilities in our consolidated balance sheet. The total balance of our contract liabilities at June 30, 2018 and December 31, 2017 was $9.2 million and $6.7 million, respectively.

Disaggregation of Revenue

We contract with clients for service revenue and/or product sales revenue. We present revenue disaggregated by services and product sales in our Consolidated Statements of Operations. For revenue disaggregated by reportable segment, please see Note 7, *Segment Reporting*.

3. FINANCIAL RISKS AND RISK MANAGEMENT

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with our annual financial statements as of December 31, 2017.

4. SEASONALITY OF OPERATIONS

Our operations are only slightly impacted by seasonality effects from period to period.

5. ACQUISITIONS

We had no significant acquisitions during the six months ended June 30, 2018.

6. DISCONTINUED OPERATIONS

In the first quarter of 2018, the Company committed to divest the business of our full range of permanent downhole monitoring systems and related services, which had been part of our Production Enhancement segment. We anticipate the sale of this business line will occur by the end of the first quarter of 2019.

The associated results of operations are separately reported as Discontinued Operations for all periods presented on the Consolidated Statements of Operations. Balance sheet items for this discontinued business, including an allocation of goodwill from the Production Enhancement segment, have been reclassified to Other current assets and Other current liabilities in the Consolidated Balance Sheet. Cash flows from this discontinued business are shown in the table below. As such, the results from continuing operations for the Company and segment highlights for Production Enhancement, exclude these discontinued operations.

Selected data for this discontinued business consisted of the following (in thousands):

	Six Months Ended	
	June 30, 2018	June 30, 2017
Service revenue	$ 902	$ 633
Sales revenue	1,710	6,256
Total revenue	2,612	6,889
Cost of services, exclusive of depreciation expense shown below	874	390
Cost of product sales, exclusive of depreciation expense shown below	2,180	4,645
Depreciation and Amortization	102	236
Other Expense (income)	22	(74)
Operating Income (loss)	(566)	1,692
Income tax expense (benefit)	108	247
Income (loss) from discontinued operations, net of income taxes	$ (674)	$ 1,445

	June 30, 2018	December 31, 2017
Current assets	$ 2,529	$ 2,549
Non-current assets	2,185	1,048
Total assets	$ 4,714	$ 3,597
Current liabilities	$ 840	$ 221
Non-current liabilities	75	75
Total liabilities	$ 915	$ 296

Net cash provided by (used in) operating activities of discontinued operations for the six months ended June 30, 2018 was $0.1 million.

7. SEGMENT REPORTING

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

- *Reservoir Description:* Encompasses the characterization of petroleum reservoir rock, fluid and gas samples to increase production and improve recovery of oil and gas from our clients' reservoirs. We provide laboratory based analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry. We also provide proprietary and joint industry studies based on these types of analysis.
- *Production Enhancement:* Includes services and products relating to reservoir well completions, perforations, stimulations and production. We provide integrated diagnostic services to evaluate and monitor the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

Results for these business segments are presented below. We use the same accounting policies to prepare our business segment results as are used to prepare our condensed consolidated interim financial statements. We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense).

Summarized financial information concerning our segments is shown in the following table (in thousands):

	Reservoir Description	Production Enhancement	Corporate & Other [1]	Consolidated
Six Months Ended June 30, 2018				
Revenues from unaffiliated customers	$ 202,916	$ 142,577	$ —	$ 345,493
Inter-segment revenues	120	152	(272)	—
Segment income (loss)	30,313	36,783	521	67,617
Finance costs	—	—	6,408	6,408
Share of profit (loss) of associates	69	—	—	69
Total assets (at end of period)	362,790	243,726	72,434	678,950
Capital expenditures	7,565	3,785	565	11,915
Intangible asset expenditures	372	587	(81)	878
Depreciation and amortization	8,537	2,008	1,141	11,686
Six Months Ended June 30, 2017				
Revenues from unaffiliated customers	$ 209,208	$ 105,613	$ —	$ 314,821
Inter-segment revenues	221	450	(671)	—
Segment income (loss)	35,364	17,198	559	53,121
Finance costs	—	—	5,305	5,305
Share of profit (loss) of associates	175	—	—	175
Total assets (at end of period)	387,278	222,684	63,335	673,297
Capital expenditures	4,675	3,789	898	9,362
Intangible asset expenditures	14	179	10	203
Depreciation and amortization	9,148	2,306	1,039	12,493

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

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and intangible assets. Unallocated assets in Corporate and Other is comprised of deferred taxation and miscellaneous assets related to the corporate function.

Capital expenditures comprise additions to property, plant and equipment.

Our general and administrative costs are allocated to the segments on a proportional basis relative to each segment's costs of sales.

8. OTHER FINANCIAL ASSETS

The Company's only financial assets relate to certain aspects of the Company's employee benefit plans, such as the fair value of life insurance policies, and our derivative instruments. The fair value of the life insurance policies increased by $1.2 million during the six months ended June 30, 2018.

We use the market approach to value certain assets and liabilities at fair value using significant other observable inputs (Level 2) with the assistance of a third party specialist. We do not have any assets or liabilities measured at fair value on a recurring basis using quoted prices in an active market (Level 1) or significant unobservable inputs (Level 3). Gains and losses related to the fair value changes in the deferred compensation assets and liabilities are recorded in General and administrative expense in the Income Statement. Gains and losses related to the fair value of the interest rate swaps are recorded in Other comprehensive income (loss). The following table summarizes the fair value balances (in thousands):

		Fair Value Measurement at June 30, 2018		
	Total	Level 1	Level 2	Level 3
Assets:				
Deferred compensation assets [1]	$ 47,481	$ —	$ 47,481	$ —
5 year interest rate swap	205	—	205	—
10 year interest rate swap	344	—	344	—
	$ 48,030	$ —	$ 48,030	$ —
Liabilities:				
Deferred compensation plan	$ 38,583	$ —	$ 38,583	$ —
	$ 38,583	$ —	$ 38,583	$ —

		Fair Value Measurement at December 31, 2017		
	Total	Level 1	Level 2	Level 3
Assets:				
Deferred compensation assets [1]	$ 46,331	$ —	$ 46,331	$ —
5 year interest rate swap	70	—	70	—
	$ 46,401	$ —	$ 46,401	$ —
Liabilities:				
Deferred compensation plan	$ 37,280	$ —	$ 37,280	$ —
10 year interest rate swap	492	—	492	—
	$ 37,772	$ —	$ 37,772	$ —

(1) Deferred compensation assets consist of the cash surrender value of life insurance policies and are intended to assist in the funding of the deferred compensation agreements and are included in Other assets in the Balance Sheet.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risks relating to fluctuations in interest rates. To mitigate these risks, we utilize derivative instruments in the form of interest rate swaps. We do not enter into derivative transactions for speculative purposes.

Interest Rate Risk

Our Credit Facility bears interest at variable rates from LIBOR plus 1.375% to a maximum of LIBOR plus 2.00%. As a result of two interest rate swap agreements, we are subject to interest rate risk on debt in excess of $50 million drawn on our Credit Facility.

In 2014, we entered into two interest rate swap agreements for a total notional amount of $50 million to hedge changes in the variable rate interest expense on $50 million of our existing or replacement LIBOR-priced debt. Under the first swap agreement of $25 million, we have fixed the LIBOR portion of the interest rate at 1.73% through August 29, 2019, and under the second swap agreement of $25 million, we have fixed the LIBOR portion of the interest rate at 2.5% through August 29, 2024. Each swap is measured at fair value and recorded in our Consolidated Balance Sheet as a liability. They are designated and qualify as cash flow hedging instruments. Unrealized losses are deferred to shareholders' equity as a component of accumulated other comprehensive loss (AOCL) and are recognized in income as an increase to interest expense in the period in which the related cash flows being hedged are recognized in expense.

At June 30, 2018, we had fixed rate long-term debt aggregating $200 million and variable rate long-term debt aggregating $44 million, after taking into account the effect of the swaps.

The fair values of outstanding derivative instruments are as follows (in thousands):

	Fair Value of Derivatives		
	June 30, 2018	**December 31, 2017**	**Balance Sheet Classification**
Derivatives designated as hedges:			
5 year interest rate swap	$ 205	$ 70	Other long-term assets (liabilities)
10 year interest rate swap	344	(492)	Other long-term assets (liabilities)
	$ 549	$ (422)	

The fair value of all outstanding derivatives was determined using a model with inputs that are observable in the market (Level 2) or can be derived from or corroborated by observable data.

The effect of the interest rate swaps on the Consolidated Statement of Operations was as follows (in thousands):

	Six Months Ended		
	June 30, 2018	**June 30, 2017**	**Income Statement Classification**
Derivatives designated as hedges:			
5 year interest rate swap	$ (4)	$ 105	Increase (decrease) to interest expense
10 year interest rate swap	93	202	Increase to interest expense
	$ 89	$ 307	

10. INVENTORIES

Inventories consisted of the following (in thousands):

	June 30, 2018	**December 31, 2017**
Finished goods	$ 25,200	$ 21,668
Parts and materials	11,476	10,613
Work in progress	3,179	1,036
Inventories, net	$ 39,855	$ 33,317

The balances above are net of valuation reserves of $3.2 million at both June 30, 2018 and December 31, 2017.

11. EQUITY

Share capital

The authorized share capital of the Company at June 30, 2018 amounts to EUR 4.12 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each and 6,000,000 preferred shares with a par value of EUR 0.02 each.

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Issued and paid in share capital is $58.5 million and consists of 44,796,252 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $72.3 million and consists of 592,716 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares are as follows:

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2018	44,796,252	(612,047)	44,184,205
Issuance of ordinary shares for share-based awards	—	55,589	55,589
Repurchased own shares	—	(36,258)	(36,258)
Balance at June 30, 2018	44,796,252	(592,716)	44,203,536

	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2017	44,796,252	(644,991)	44,151,261
Issue of ordinary shares for share-based awards	—	46,402	46,402
Repurchased own shares	—	(69,428)	(69,428)
Balance at June 30, 2017	44,796,252	(668,017)	44,128,235

Treasury Shares

During the six months ended June 30, 2018, we repurchased 36,258 of our common shares for $4.0 million. These included rights to 16,258 shares valued at $1.7 million that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards. We distributed 55,589 treasury shares upon vesting of stock-based awards during the six months ended June 30, 2018.

Dividends

In February and May, 2018, we paid a quarterly dividend of $0.55 per share of common stock.

12. BORROWINGS

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

On June 19, 2018, we entered into an agreement to amend our revolving credit facility ("Credit Facility"). To appropriately size the facility, the aggregate borrowing commitment has been reduced from $400 million to $300 million. The Credit Facility provides an option to increase the commitment under the Credit Facility by an additional $100 million to bring the total borrowings available to $400 million if certain prescribed conditions are met by the Company. The Credit Facility bears interest at variable rates from LIBOR plus 1.375% to a maximum of LIBOR plus 2.00%. Any outstanding balance under the Credit Facility is due June 19, 2023, when the Credit Facility matures. Our available capacity at any point in time is reduced by borrowings outstanding at the time and outstanding letters of credit which totaled $12.8 million at June 30, 2018, resulting in an available borrowing capacity under the Credit Facility of $193.2 million. In addition to those items under the Credit Facility, we had $13.4 million of outstanding letters of credit and performance guarantees and bonds from other sources as of June 30, 2018.

The estimated fair value of total debt at June 30, 2018 and December 31, 2017 approximated the book value of total debt. The fair value was estimated using Level 2 inputs by calculating the sum of the discounted future interest and principal payments through the date of maturity.

Debt at is summarized in the following table (in thousands):

	June 30, 2018	December 31, 2017
Senior notes	$ 150,000	$ 150,000
Credit facility	94,000	78,000
Deferred debt acquisition costs	(2,313)	(1,011)
Total borrowings	241,687	226,989
Less - current maturities	—	—
Borrowings, net	$ 241,687	$ 226,989

In 2014, we entered into two interest rate swap agreements for a total notional amount of $50 million. See Note 9 - *Derivative Instruments and Hedging Activities*.

The terms of the Credit Facility, which remained substantially the same, and Senior Notes require us to meet certain covenants, including, but not limited to, an interest coverage ratio (consolidated EBITDA divided by interest expense) and a leverage ratio (consolidated net indebtedness divided by consolidated EBITDA), where consolidated EBITDA (as defined in each agreement) and interest expense are calculated using the most recent four fiscal quarters. The Credit Facility has the more restrictive covenants with a minimum interest coverage ratio of 3.0 to 1.0 and a maximum leverage ratio of 2.5 to 1.0. We believe that we are in compliance with all such covenants contained in our credit agreements. Certain of our material, wholly-owned subsidiaries are guarantors or co-borrowers under the Credit Facility and Senior Notes.

We do not have any exposure to sub-prime lending or collateralized debt obligations. We believe our future cash flows from operating activities, supplemented, if necessary, 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.

13. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions consist of accrued amounts related to claims from clients, and amounts due under certain service agreements and contractual commitments.

Claims from clients occur from disputes that may arise from the providing of services. These are investigated and resolved once a determination is made. The timing of any potential settlement varies for each claim.

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

Balance at January 1, 2018	$ 5,856
Charged/ (credited) to the income statement:	
Additional provisions	157
Reclassed to short-term	(1,764)
Used during the year	(4,480)
Balance at June 30, 2018	$ (231)

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

The balance of contract assets and contract liabilities consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Contract assets		
Current	$ 673	$ 325
Contract Liabilities		
Current	$ 4,538	$ 2,252
Non-current	4,664	4,442
	$ 9,202	$ 6,694

		June 30, 2018
Estimate of when contract liabilities will be recognized		
within 12 months	$	4,538
within 12 to 24 months		3,988
greater than 24 months		676

We did not recognize any impairment losses on our receivables and contract assets for the six months ended June 30, 2018.

15. PENSIONS AND OTHER POSTRETIREMENT BENEFIT PLANS

	June 30, 2018		December 31, 2017	
Balance sheet obligations for:				
Post-employment benefits - Dutch Defined Benefit Plan	$	10,253	$	10,253
Post-employment benefits - SERP		17,528		17,973
Post-employment benefits - Deferred Compensation Plan		38,583		37,280
Post-employment benefits - Employee Severance		13,998		13,805
Liability on the balance sheet	$	80,362	$	79,311

Supplemental Executive Retirement Plan (SERP) Benefits

SERP benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is $10.2 million at June 30, 2018. The remaining $7.3 million balance is for the non-executive employees of the Company.

Deferred Compensation

Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. The benefits under these contracts are fully vested and payment of benefits generally commences as of the last day of the month following the termination of services except that the payment of benefits for select executives generally commences on the first working day following a six month waiting period following the date of termination.

Employee Severance

Employee severance relates to payments to be made to certain employees upon departure from the Company. Some of the severance payments are guaranteed in employment contracts totaling approximately $8.7 million at June 30, 2018. The remaining $5.3 million balance is for severance payments to employees required by certain local jurisdictions.

Defined Benefit Plan

The components of net periodic pension cost under this plan included (in thousands):

	Six Months Ended June 30,			
	2018		2017	
Service cost	$	741	$	741
Interest cost		636		543
Expected return on plan assets		(549)		(460)
Net periodic pension cost	$	828	$	824

The net periodic pension cost of $0.8 million and $0.8 million for the six months ended June 30, 2018 and 2017, respectively was recognized in Cost of Services in the consolidated income statement.

16. INCOME TAXES

The effective tax rates for the six months ended June 30, 2018 and 2017 were 21.1% and 15.2%, respectively.

17. EARNINGS PER SHARE

The following table summarizes the calculation of weighted average common shares outstanding used in the computation of diluted earnings per share (in thousands):

	Six Months Ended June 30,	
	2018	2017
Weighted average basic common shares outstanding	44,191	44,162
Effect of dilutive securities:		
Contingent shares	255	143
Restricted stock and other	69	55
Weighted average diluted common and potential common shares outstanding	44,515	44,360

18. COMMITMENTS AND CONTINGENCIES

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

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.

19. RELATED PARTIES

During the six months ended June 30, 2018, we repurchased 36,258 of our common shares for $4.0 million. These included rights to 16,258 shares valued at $1.7 million that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards. We distributed 55,589 treasury shares upon vesting of stock-based awards during the six months ended June 30, 2018.

In 2018, we granted 1,387 shares of our common stock to each of our non-employee Directors. These shares will vest without performance obligations on March 31, 2019.

We had no other significant related party transactions for the six month period ended June 30, 2018.

20. SUBSEQUENT EVENTS

On July 13, 2018, we declared a quarterly dividend of $0.55 per share of common stock which was paid on August 13, 2018 to shareholders of record on July 23, 2018.