CORE LABORATORIES N.V.

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

Semi-Annual Report for June 30, 2012

Herengracht 424
1017 BZ Amsterdam
The Netherlands

CORE LABORATORIES N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEMI-ANNUAL REPORT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

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Semi-Annual Report of the Directors

Currency - United States Dollars ("$")

Business review

Core Laboratories N.V. is a Netherlands limited liability company. It was established in 1936 and is one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management products and services to the oil and gas industry. These products and services can enable our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. Core Laboratories N.V. has over 70 offices in more than 50 countries and employs approximately 5,000 people worldwide.

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

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

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

Financial Review

Revenue

<u>*Services Revenue*</u>

Services revenue increased to $338.4 million for the six months ended June 30, 2012, up 13% when compared to $298.3 million for the same period of 2011. The increase in services revenue was primarily due to our continued focus on worldwide crude-oil related and large natural gas for liquefaction projects, especially those related to the development of deepwater fields offshore West and East Africa, the eastern Mediterranean, and the Gulf of Mexico.

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

Revenue associated with product sales increased to $142.8 million for the six months ended June 30, 2012, up 6% from $134.2 million for the same period of 2011. The increase in product sales revenue was primarily driven by increasing market penetration and the evolution of our patented and proprietary diagnostics technologies and services.

Operating expenses

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

Cost of services expressed as a percentage of services revenue was 62% for the six months ended June 30, 2012, an improvement when compared to 68% in the same period in 2011. During 2012, we recognized the benefit of a lower fixed cost structure that was established in 2011 when restructuring charges and other personnel costs were taken in the second quarter of 2011.

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

Cost of product sales expressed as a percentage of product sales revenue was 75% for the six months ended June 30, 2012, up from 72% during the same period in 2011. The cost of raw materials, especially specialty steel, increased substantially in the second half of 2011 which increased our cost of sales in 2012 as these raw materials are converted to finished goods and sold.

Operating margin

Operating margin for the six month period ended June 30, 2012 was 34.5% an increase of 360 basis points over the 30.9% for the same period of 2011. Our margins expanded as a result of higher revenues generated through our fixed cost structure.

Cash Flow

The following table summarizes cash flows for the six months ended June 30, 2012 and 2011 (in thousands):

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	% Change
	(Unaudited)		
Cash provided by/(used in):			
Operating activities	$ 103,057	$ 98,916	4 %
Investing activities	(13,451)	(10,976)	23 %
Financing activities	(95,530)	(197,259)	(52)%
Net change in cash and cash equivalents	$ (5,924)	$ (109,319)	(95)%

The increase in cash flows from operating activities for the first six months of 2012 compared to the same period in 2011 was primarily attributable to increased net income offset by decreases in current and long-term liabilities.

Cash flows used in investing activities were higher during 2012 when compared to 2011 primarily due to an increase in capital expenditures. Capital expenditures were $14.9 million and $12.0 million for the six month periods ended June 30, 2012 and 2011, respectively.

The decrease in cash flows used in financing activities for the first six months of 2012 when compared to the same period in 2011 was due to a decrease of $57.8 million in the amount used for settlement of Warrants, a decrease of $1.9 million in the amount paid for the repurchase of our common shares, and a decrease of $45.7 million in the amount of net debt reduction. In the first six months of 2011, we settled Warrants in the amount of $57.8 million. All of these Warrants were settled during 2011. During the first six months of 2012, we repurchased 403,383 shares for an aggregate price of $50.2 million compared to 574,174 shares for an aggregate price of $52.1 million during the same period in 2011. In the first six months of 2012 and 2011, our debt decreased by a net of $18.7 million and $64.5 million, respectively.

Equity

During the six months ended June 30, 2012, we repurchased 403,383 of our common shares for $50.2 million. Included in this total were rights to 38,590 shares valued at $4.9 million that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards.

In February and May 2012, we paid a quarterly dividend of $0.28 per share of common stock. In addition, on July 10, 2012, we declared a quarterly dividend of $0.28 per share of common stock which was paid on August 20, 2012 to shareholders of record on July 20, 2012.

Segment Analysis

Our operations are managed primarily in three complementary segments - Reservoir Description, Production Enhancement and Reservoir Management. The following tables summarize our results by operating segment for the six months ended June 30, 2012 and 2011 (in thousands):

	Six Months Ended June 30, 2012	2011	% Change
	(Unaudited)		
Revenue:			
Reservoir Description	$ 242,568	$ 226,379	7%
Production Enhancement	196,280	170,885	15%
Reservoir Management	42,349	35,254	20%
Consolidated	$ 481,197	$ 432,518	11%
Operating income (loss):			
Reservoir Description	$ 70,179	$ 53,149	32%
Production Enhancement	63,030	47,884	32%
Reservoir Management	14,998	14,027	7%
Corporate and Other[1]	(2,680)	(426)	NM
Consolidated	$ 145,527	$ 114,634	27%

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

"NM" means not meaningful

Reservoir Description

Revenue from the Reservoir Description segment increased 7%, or $16.2 million, to $242.6 million for the six months ended June 30, 2012, compared to $226.4 million in the same period of 2011. This segment's operations, which focus on international crude-oil related products, continued to benefit from large-scale core analyses and reservoir fluids characterization studies in the Asia-Pacific areas, offshore West and East Africa, the Eastern Mediterranean region and the Middle East, including Iraq, Kuwait, and the United Arab Emirates.

Operating income increased by 32%, or $17.0 million, to $70.2 million for the six months ended June 30, 2012, compared to $53.1 million for the same period of 2011. Operating margin for the six months ended June 30, 2012 was 29%, compared to 23% for the same period in 2011. This increase is a result of the reduction of staff during the latter part of 2011 resulting in a lower cost structure in 2012.

Production Enhancement

Revenue from the Production Enhancement segment increased by 15%, or $25.4 million, to $196.3 million for the six months ended June 30, 2012, compared to $170.9 million in the same period of 2011. The revenue increase was primarily due to demand for our stimulation diagnostic services both for fracture diagnostics in North America and flood diagnostics internationally.

Operating income increased by 32% to $63.0 million for the six months ended June 30, 2012 over the same period of 2011. Operating margins increased to 32% in the six months ended June 30, 2012 from 28% for the same period in 2011. The increase in operating income from 2011 to 2012 was primarily driven by increased revenue from services related to our proprietary and patented diagnostic technologies, such as SpectraChem® Plus+, SpectraScan®, ZeroWash®, our HERO™ line of perforating charges and gun systems and our HTD-Blast™ perforating system, which is used for the perforation of extended-reach horizontal wells in non-conventional reservoirs.

Reservoir Management

Revenue from the Reservoir Management segment increased by 20% to $42.3 million for the six months ended June 30, 2012 compared to $35.3 million for the same period of 2011. The increase in revenue was due to ongoing interest in several of our existing multi-client reservoir studies such as the Tight Oil Reservoirs of the Midland Basin study and the Eagle Ford Shale study along with studies of African east coast reservoirs potentials.

Operating income was $15.0 million for the six months ended June 30, 2012 compared to $14.0 million for the same period of 2011. Operating margins decreased to 35% in the six months ended June 30, 2012 compared to 40% for the same period in 2011. The higher margin in 2011 was a result of increased participation in completed projects.

Risk Factors

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

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

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a more detailed discussion of some of the foregoing risks and uncertainties, see our Annual Report and Financial Statements for the fiscal year ended December 31, 2011.

Outlook

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

We have established internal earnings targets that are based on market conditions existing at the time our targets were established. Based on recent activity levels, we believe that the current level of activities, workflows, and operating margins both outside North America and within North America, particularly that relate to oil development projects, will grow moderately during the remainder of 2012. We believe that deepwater projects worldwide will increase during the remainder of 2012, particularly offshore Africa, the Middle East, Asia Pacific and deepwater Gulf of Mexico. In addition, we believe that activities in unconventional oil-shale reservoirs will increase during the remainder of 2012, not only in North America, but in South America and North Africa as well.

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, 2012 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the assets, the liabilities, the financial position and the profits or the loss of Core Laboratories N.V. and its consolidated companies (jointly referred to as "the Group"); and

- the interim management report for the six months ended June 30, 2012 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 31, 2012

/s/ Richard L. Bergmark

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

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

ASSETS	Ref.	June 30, 2012 (Unaudited)	December 31, 2011
NON-CURRENT ASSETS			
Property, plant and equipment		$ 118,665	$ 115,295
Intangible assets		217,239	216,576
Investment in associates		1,216	969
Deferred income tax asset		50,828	50,137
Other financial assets	6	18,983	17,663
Other assets		3,334	2,844
TOTAL NON-CURRENT ASSETS		410,265	403,484
CURRENT ASSETS			
Inventories	7	58,181	53,214
Prepaid expenses and other current assets		17,291	15,566
Income tax receivable		8,912	1,414
Accounts receivable		170,707	170,805
Cash and cash equivalents		23,408	29,332
TOTAL CURRENT ASSETS		278,499	270,331
TOTAL ASSETS		$ 688,764	$ 673,815
SHAREHOLDERS' EQUITY			
Common shares, EUR 0.02 par value in 2012 and in 2011; 200,000,000 shares authorized, 49,037,808 issued and 47,366,753 outstanding at 2012 and 49,037,806 issued and 47,629,472 outstanding at 2011		$ 1,376	$ 1,376
Additional paid-in capital		91,456	87,290
Retained earnings		337,981	257,941
Other reserves		(5,395)	(5,512)
Treasury shares (at cost), 1,671,055 at 2012 and 1,408,334 at 2011		(149,088)	(107,406)
TOTAL SHAREHOLDERS' EQUITY		276,330	233,689
Non-controlling interest		3,766	3,752
TOTAL EQUITY	8	$ 280,096	$ 237,441
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	9	$ 203,687	$ 220,478
Income tax payable		20,793	20,316
Deferred income tax liabilities		18,404	19,549
Unearned revenues		100	100
Provisions	11	44,151	42,504
TOTAL NON-CURRENT LIABILITIES		$ 287,135	$ 302,947
CURRENT LIABILITIES:			
Accounts payable		$ 51,280	$ 57,639
Borrowings	9	623	2,344
Income tax payable		3,814	793
Other taxes payable		8,833	8,566
Payroll and social security contributions		26,830	34,670
Unearned revenues		18,334	19,154
Other accrued expenses		11,819	10,261
TOTAL CURRENT LIABILITIES		$ 121,533	$ 133,427
TOTAL LIABILITIES		408,668	436,374
TOTAL EQUITY AND LIABILITIES		$ 688,764	$ 673,815

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

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

	Ref.	Six Months Ended June 30, 2012	2011
		(Unaudited)	
REVENUES:			
Services		$ 338,418	$ 298,333
Sales		142,779	134,185
TOTAL REVENUES:		481,197	432,518
OPERATING EXPENSES:			
Cost of services		208,254	202,480
Cost of sales		106,765	96,206
		315,019	298,686
GROSS PROFIT		166,178	133,832
General and administrative expenses		22,083	20,719
Other (income) expense, net	17	(1,432)	(1,521)
OPERATING PROFIT		145,527	114,634
Variance in fair value of derivative instruments (gain) loss, net	13	—	158,385
Loss on exchange of senior exchangeable notes	14	—	2,727
Finance income		(15)	(85)
Finance costs		4,367	5,207
Finance costs, net		4,352	166,234
Share of profit (loss) of associates		247	117
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		141,422	(51,483)
Income tax expense	15	34,744	32,764
PROFIT (LOSS) FOR THE PERIOD		$ 106,678	$ (84,247)
Attributable to:			
Equity holders of the parent		$ 106,664	$ (83,882)
Non-controlling interest		14	(365)
		$ 106,678	$ (84,247)
EARNINGS PER SHARE INFORMATION:			
Basic earnings (loss) per share	16	$ 2.24	$ (1.84)
Diluted earnings (loss) per share	16	$ 2.23	$ (1.71)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	16	47,539	45,587
Diluted	16	47,868	48,942

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, 2012	Six Months Ended June 30, 2011
		(Unaudited)	
Profit (loss) for the period		$ 106,678	$ (84,247)
Pension actuarial gain and (loss)	12	155	177
Income taxes on pension actuarial gain and loss	12	(38)	(52)
Net income (loss) recognized directly in equity		117	125
Total comprehensive income (loss) for the period		$ 106,795	$ (84,122)
Attributable to:			
Equity holders of the parent		$ 106,781	$ (83,757)
Non-controlling interest		14	(365)
		$ 106,795	$ (84,122)

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, 2011		45,521,186	$ 1,397	$ 27,460	$ 269,162	$ (5,265)	$ (242,690)	$ 2,849	$ 52,913
Comprehensive income:									
Profit (loss) for the period		—	—	—	(83,882)	—	—	(365)	(84,247)
Other comprehensive income:									
Pension actuarial gain	12					125			125
Total other comprehensive income									125
Total comprehensive (loss)									(84,122)
Transactions with owners:									
Stock options exercised, net of capital taxes	8	31,642	—	(1,377)	—	—	1,618	—	241
Stock-based compensation	8	104,200	—	(200)	—	—	5,616	—	5,416
Tax benefit related to stock-based awards		—	—	2,289	—	—	—	—	2,289
Exchange of senior exchangeable notes	14	770,391	—	32,944	—	—	43,452	—	76,396
Settlement of warrants	13	630,744	—	14,917	—	—	38,188	—	53,105
Repurchases of common shares	8	(574,174)	—	—	—	—	(52,097)	—	(52,097)
Non-controlling interest - dividend		—	—	—	—	—	—	895	895
Non-controlling interest - capital contribution		—	—	—	—	—	—	(240)	(240)
Dividends paid	8	—	—	—	(22,709)	—	—	—	(22,709)
BALANCE, June 30, 2011		46,483,989	$ 1,397	$ 76,033	$ 162,571	$ (5,140)	$ (205,913)	$ 3,139	$ 32,087

(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, 2012		47,629,472	$ 1,376	$ 87,290	$ 257,941	$ (5,512)	$ (107,406)	$ 3,752	$ 237,441
Comprehensive income:									
Profit (loss) for the period		—	—	—	106,664	—	—	14	106,678
Other comprehensive income:									
Pension actuarial gain	12					117			117
Total other comprehensive income									117
Total comprehensive (loss)									106,795
Transactions with owners:									
Stock options exercised, net of capital taxes	8	1,042	—	(60)	—	—	65	—	5
Stock-based compensation	8	139,620	—	760	—	—	8,413	—	9,173
Tax benefit related to stock-based awards		—	—	3,466	—	—	—	—	3,466
Repurchases of common shares	8	(403,383)	—	—	—	—	(50,160)	—	(50,160)
Other		2	—	—	—	—	—	—	—
Dividends paid	8	—	—	—	(26,624)	—	—	—	(26,624)
BALANCE, June 30, 2012		47,366,753	$ 1,376	$ 91,456	$ 337,981	$ (5,395)	$ (149,088)	$ 3,766	$ 74,742

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, 2012	2011
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax expense		$ 141,422	$ (51,483)
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation		10,384	11,047
Amortization		576	589
Equity in (earnings) loss of associates		(247)	(117)
Stock-based compensation		9,172	5,417
Finance costs		4,352	5,122
(Gain) loss on sale of assets		(313)	(138)
Gain on insurance recovery		(101)	(779)
Loss on exchange of senior exchangeable notes	14	—	2,727
Fair value (gains)/losses on other financial assets	6	(622)	(2,505)
Fair value (gains)/losses on derivative instruments	13	—	158,385
Changes in assets and liabilities:			
Accounts receivable		(2,090)	(5,587)
Inventories	7	(4,967)	(8,529)
Other assets		(4,677)	161
Accounts payable		(5,285)	16,622
Accrued expenses		(9,077)	19,816
Other long-term liabilities		5,263	5,563
Cash provided by operating activities		143,790	156,311
Interest paid		(3,557)	(136)
Income tax paid		(37,176)	(57,259)
Net cash provided by operating activities		103,057	98,916
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures		(14,894)	(11,984)
Patents and other intangibles		(684)	(132)
Acquisitions, net of cash acquired		(556)	—
Cash in escrow		2,188	—
Proceeds from sale of assets		379	171
Proceeds from insurance recovery		101	884
Interest received		15	85
Net cash used in investing activities		(13,451)	(10,976)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt borrowings	9	(48,744)	(64,477)
Proceeds from debt borrowings	9	30,000	—
Stock options exercised	8	5	241
Settlement of warrants	13	—	(57,778)
Repurchase of common shares	8	(50,160)	(52,097)
Dividends paid	8	(26,624)	(22,709)
Non-controlling interest - (dividends)/capital contributions		—	655
Debt financing costs	9	(7)	(1,094)
Net cash used in financing activities		(95,530)	(197,259)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(5,924)	(109,319)
CASH AND CASH EQUIVALENTS, beginning of period		29,332	133,880
CASH AND CASH EQUIVALENTS, end of period		$ 23,408	24,561

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

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", "we", "our" or "us") is a Netherlands limited liability company incorporated and domiciled in The Netherlands. The address of the registered office is Herengracht 424, 1017 BZ Amsterdam, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and had approximately 5,000 and 5,000 employees in 2012 and 2011, respectively. We are listed on the New York Stock Exchange ("NYSE") and on the NYSE Euronext Amsterdam Stock Exchange.

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 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, 2012 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, 2011, which have been prepared in accordance with IFRS.

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

Estimates

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

Current and Deferred Income Taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. See Footnote 15, "Income Taxes".

New and Amended Standards

There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would have a material impact on our financial statements.

3. FINANCIAL RISKS AND RISK MANAGEMENT

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as of December 31, 2011.

4. SEASONALITY OF OPERATIONS

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

5. SEGMENT REPORTING

We operate our business in three reportable segments: (1) Reservoir Description, (2) Production Enhancement and (3) Reservoir Management. These business segments provide different services and utilize different technologies.

- *Reservoir Description*: Encompasses the characterization of petroleum reservoir rock, fluid and gas samples. We provide analytical and field services to characterize properties of crude oil and petroleum products to the oil and gas industry.
- *Production Enhancement*: Includes 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 condensed consolidated interim financial statements. We evaluate performance based on income or loss from continuing operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning our segments is shown in the following table (in thousands):

(Unaudited)	Reservoir Description	Production Enhancement	Reservoir Management	Corporate & Other [1]	Consolidated
June 30, 2012					
Revenues from unaffiliated customers	$ 242,568	$ 196,280	$ 42,349	$ —	$ 481,197
Inter-segment revenues	1,296	1,083	804	(3,183)	—
Segment income (loss)	70,179	63,030	14,998	(2,680)	145,527
Finance costs	—	—	—	4,352	4,352
Share of profit (loss) of associates	247	—	—	—	247
Total assets	306,113	266,153	42,562	74,731	689,559
Capital expenditures	6,146	4,268	440	4,040	14,894
Intangible asset expenditures	18	662	4	—	684
Depreciation and amortization	6,992	2,500	342	1,126	10,960
June 30, 2011					
Revenues from unaffiliated customers	$ 226,379	$ 170,885	$ 35,254	$ —	$ 432,518
Inter-segment revenues	816	665	954	(2,435)	—
Segment income (loss)	53,149	47,884	14,027	(426)	114,634
Finance costs	—	—	—	5,122	5,122
Loss on exchange of senior exchangeable notes	—	—	—	2,727	2,727
Variance in fair value of derivative instruments (gain) loss, net	—	—	—	158,385	158,385
Share of profit (loss) of associates	117	—	—	—	117
Total assets	298,621	228,210	37,142	75,090	639,063
Capital expenditures	7,382	3,303	391	908	11,984
Intangible asset expenditures	18	92	17	5	132
Depreciation and amortization	6,999	3,217	349	1,071	11,636

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

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

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

Capital expenditures comprise additions to property, plant and equipment.

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

6. OTHER FINANCIAL ASSETS

Other financial assets are primarily comprised of life insurance policies with cash surrender value which have been purchased by us to assist in funding deferred compensation arrangements with certain employees. These policies are carried at market value and the gain or loss recognized is the difference in the fair value actuarially calculated and the value recorded in our general ledger. The fair value of the life insurance policies increased by $0.6 million during the six months ended June 30, 2012.

7. INVENTORIES

Inventories consisted of the following at June 30, 2012 and December 31, 2011 (in thousands):

	June 30, 2012 (Unaudited)	December 31, 2011
Finished goods	$ 40,768	$ 32,604
Parts and materials	15,410	18,004
Work in progress	2,003	2,606
Inventories, net	$ 58,181	$ 53,214

The balances above are net of valuation reserves of $2.9 million and $2.9 million at June 30, 2012 and December 31, 2011, respectively.

8. EQUITY

Share capital

The authorized share capital of the Company as at June 30, 2012 amounts to EUR 4 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each.

Issued and paid in share capital amounts to $92.8 million and consists of 49,037,808 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $149.1 million and consists of 1,671,055 ordinary shares with a par value of EUR 0.02 each.

The movements in the number of shares for the six months ended June 30, 2012 and 2011 are as follows:

(Unaudited)	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2012	49,037,806	(1,408,334)	47,629,472
Issue of ordinary shares for stock options	—	1,042	1,042
Issue of ordinary shares for stock based-awards	—	139,620	139,620
Cancellation of treasury shares	—	—	—
Repurchased own shares	—	(403,383)	(403,383)
Other	2	—	2
Balance at June 30, 2012	49,037,808	(1,671,055)	47,366,753

(Unaudited)	Ordinary Shares	Repurchased Ordinary Shares	Shares Outstanding
Balance at January 1, 2011	49,739,912	(4,218,726)	45,521,186
Issue of ordinary shares for stock options	—	31,642	31,642
Issue of ordinary shares for stock based-awards	—	104,200	104,200
Issue of ordinary shares for exchange of Notes	—	770,391	770,391
Issue of ordinary shares for exchange of Warrants	—	630,744	630,744
Cancellation of treasury shares	—	—	—
Repurchased own shares	—	(574,174)	(574,174)
Balance at June 30, 2011	49,739,912	(3,255,923)	46,483,989

Treasury Shares

During the six months ended June 30, 2012, we repurchased 403,383 of our common shares for $50.2 million, at an average price of $124.35 per share which included rights to 38,590 shares valued at $4.9 million, or $127.65 per share, that were surrendered to us pursuant to the terms of a stock-based compensation plan, in consideration of the exercise price of their stock options and their personal tax burdens that may result from the issuance of common shares under this plan. Subsequent to June 30, 2012, we have repurchased 193,513 shares at a total cost of approximately $21.9 million, including 2,427 shares relating to the vesting of restricted stock.

At the annual meeting of shareholders on May 16, 2012, the shareholders approved the cancellation of 1,138,224 shares of our common stock then held as treasury stock. These treasury shares were cancelled on August 1, 2012, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

Dividends

Cash dividends of $0.28 per share were paid in February and May of 2012 totaling $26.6 million. On July 10, 2012, we declared a quarterly dividend of $0.28 per share of common stock which was paid on August 20, 2012 to shareholders of record on July 20, 2012.

9. BORROWINGS

Debt at June 30, 2012 and December 31, 2011 is summarized in the following table (in thousands):

	June 30, 2012	December 31, 2011
	(Unaudited)	
Current debt:		
Capital lease obligations	$ 49	$ 57
Other indebtedness	574	2,287
Total current debt	623	2,344
Non-current debt:		
Senior Notes	150,000	150,000
Credit facility	56,000	73,000
Capital lease obligations	53	75
Deferred debt acquisition costs	(2,366)	(2,597)
Total non-current debt	203,687	220,478
Borrowings, net	$ 204,310	$ 225,166

Our available capacity at any point in time is reduced by borrowings outstanding at the time and outstanding letters of credit and performance guarantees and bonds which totaled $16.0 million at June 30, 2012, resulting in an available borrowing capacity under the Credit Facility of $228.0 million. In addition to those items under the Credit Facility, we had $24.9 million of outstanding letters of credit and performance guarantees and bonds from other sources at June 30, 2012.

We do not have any exposure to sub-prime lending or collateralized debt obligations. We believe we are in compliance with the covenants on our existing debt. We believe our future cash flows from operating activities, supplemented by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

10. DERIVATIVE LIABILITIES

In 2006, Core Laboratories LP, an entity 100% indirectly owned by Core Laboratories N.V., issued $300 million aggregate principal amount of Senior Exchangeable Notes (the "Exchangeable Notes"). The Exchangeable Notes were exchangeable into shares of Core Laboratories N.V. common stock under certain circumstances whereby holders received cash for the principal amount plus any amount related to fractional shares, and any excess exchange value was delivered in whole shares of Core Laboratories N.V. common stock at the completion of the valuation period as defined under the Exchangeable Note Indenture agreement. The exchange component was separated from the note and recorded as a derivative with fair value changes recorded through the income statement. The fair value of the Exchangeable Notes at June 30, 2011 was $115.5 million. The Exchangeable Notes fully matured on October 31, 2011.

In 2006, we sold warrants that gave the holders the right to acquire our common shares. The fair value of the warrants at June 30, 2011 was $173.6 million. All of the warrants were fully settled by December 31, 2011.

11. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The components of provisions for June 30, 2012 are as follows (in thousands):

(Unaudited)	**Termination Benefits**	**Deferred Compensation**	**Pension**	**Other**	**Total**
At June 30, 2012	$ 10,709	$ 26,384	$ 4,555	$ 2,503	$ 44,151
At December 31, 2011	9,851	24,116	5,503	3,034	42,504

Termination Benefits
Termination benefits represent an accrual for future payouts guaranteed to employees upon departure from the Company. In 1998, we entered into employment agreements with our senior executive officers that provided for severance benefits. The value of the long-term liability for the benefits due upon severing the employment of these employees is approximately $6.7 million at June 30, 2012. The remaining $4.0 million balance is for the non-executive employees of the Company.

Deferred Compensation
Deferred Compensation relates to additional retirement liabilities for certain employees of the Company. These are not payable until the employee retires.

Pension
The unfunded pension liability as of June 30, 2012 was $4.6 million.

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

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

12. PENSIONS

Defined Benefit Plan

The components of net periodic pension cost under this plan for the six months ended June 30, 2012 and 2011 included (in thousands):

	Six Months Ended June 30,			
	2012		2011	
	(Unaudited)			
Service cost	$	572	$	687
Interest cost		853		886
Expected return on plan assets		(610)		(412)
Net periodic pension cost	$	815	$	1,161

The net periodic pension cost of $0.8 million and $1.2 million for the six months ended June 30, 2012 and 2011, respectively was recognized in Cost of Services in the consolidated income statement.

13. (GAIN)/LOSS ON FAIR VALUE OF DERIVATIVES

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", we recorded the exchangeable feature of the Exchangeable Notes and the Warrants in the consolidated balance sheet as of the transaction date, and recognized subsequent changes in fair value in the consolidated income statement.

During the six months ended June 30, 2011, we early exchanged 64,477 of our Exchangeable Notes at the request of the noteholders. We recognized the change in the fair value of these Exchangeable Notes through our profit and loss accounts based on their value immediately prior to the settlement upon early exchange. The Exchangeable Notes fully matured on October 31, 2011.

During the six months ended June 30, 2011, the settlement of 3,213,678 of our Warrants was accelerated through a series of agreements with the holder of the Warrants. The Warrants were settled in two substantially equal 20-day tranches during May and June of 2011. In each of these tranches, the exercise price was adjusted based on the daily volume weighted average price of our common stock. These agreements gave us the option of settling in either cash or our common stock. We recognized the change in the fair value of the Warrants through our profit and loss accounts based on their value immediately prior to settlement. All of the Warrants were settled prior to December 31, 2011.

The change in the fair value of the derivatives during the six months ended June 30, 2012 and 2011 resulted in the following (in thousands):

	Six Months Ended June 30,			
	2012		2011	
	(Unaudited)			
Exchangeable notes	$	—	$	43,034
Warrants		—		115,351
Total (gain)/loss on fair value of derivative instruments			$	158,385

14. (GAIN)/LOSS ON DEBT RETIREMENT

Under the terms of the Exchangeable Notes, defined criteria were met which allowed the Exchangeable Notes to be early exchanged during 2011. During the six months ended June 30, 2011, we received requests to exchange 64,477 Exchangeable Notes. The balance of debt discount associated with the Exchangeable Notes that were exchanged was written off resulting in a loss of $2.7 million for the period ending June 30, 2011. The Exchangeable Notes fully matured on October 31, 2011.

15. INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate for 2012 and 2011 were 25% and (65)%, respectively. The effective tax rates for the six months ended June 30, 2012 and 2011 were 25% and (64)%, respectively.

The change in effective tax rate is primarily due to non-deductible fluctuations in the fair value of the Company's Warrants and Exchangeable Notes of $158.4 million in 2011. All of the Warrants and Exchangeable Notes were settled prior to December 31, 2011. See Footnote 13, "Gain/(Loss) on Variance of Derivative Liabilities".

16. 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,	
	2012	**2011**
	(Unaudited)	
Weighted average basic common shares outstanding	47,539	45,587
Effect of dilutive securities:		
Stock options	12	24
Contingent shares	124	63
Restricted stock and other	193	274
Senior exchangeable notes	—	1,176
Warrants	—	1,818
Weighted average diluted common and potential common shares outstanding	47,868	48,942

Included in the table above are 1,176,000 shares which were added to the share count for the six months ended June 30, 2011 for the dilutive effect of our Exchangeable Notes. These shares were included in calculating the impact to our dilutive earnings per share for the six months ended June 30, 2011. The Exchangeable Notes fully matured on October 31, 2011.

Included in the table above are 1,818,000 shares which were added to the share count for the six months ended June 30, 2011 because the average share price exceeded the strike price of the Warrants. These shares were included in calculating the impact to our dilutive earnings per share for the six months ended June 30, 2011. The Warrants were early settled by the end of 2011.

17. 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 products and services. 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.

As a result of a fire in 2011 at one of our supplier's facilities that provided certain high performance specialty steel tubulars used with the Company's perforating systems, we filed a claim under our business interruption insurance policy in the amount of $5 million. During the first six months of 2012, we received notice and payment from the insurer that they agreed with $3.4 million of the claim and will continue reviewing the remainder of the claim. As a result, we recorded a gain of $3.4 million. The claim is still open and any additional amounts agreed to will be recorded as a component of "Other (Income) Expense, Net" in that period.

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.

18. RELATED PARTIES

In 2012 and 2011, 38,590 shares valued at $4.9 million and 50,177 shares valued at $5.1 million, respectively, were surrendered to the Company pursuant to the terms of a stock-based compensation plan, in settlement by the participants of their exercise cost in the stock options and their personal tax burdens that may result from the issuance of common shares under this arrangement. These shares were surrendered at the then current market price on the date of settlement.

In 2012 and 2011, we granted stock to each of our non-employee Directors in the amount of 1,141 and 1,469 shares respectively. These shares will vest, without performance obligations, on March 31, 2015 and 2014, respectively.

We had no other significant related party transactions for the six month period ended June 30, 2012.

19. SUBSEQUENT EVENTS

During the first quarter of 2012, we received notice of partial settlement of $3.4 million for a business interruption claim we filed in 2011 with our property insurance carrier for reimbursement of loss. Subsequent to June 30, 2012, we have received an additional $1.0 million on this claim which will be recorded through profit and loss during the second half of 2012 as described in footnote 17, Commitments and Contingencies.

At the annual meeting of shareholders on May 16, 2012, the shareholders approved the cancellation of 1,138,224 shares of our common stock then held as treasury stock. These treasury shares were canceled on August 1, 2012, after the expiration of the waiting period required under Dutch law. We charged the excess of the cost of the treasury stock over its par value to additional paid-in capital.

On July 10, 2012, we declared a quarterly dividend of $0.28 per share of common stock which was paid on August 20, 2012 to shareholders of record on July 20, 2012.