UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ______________

Commission File Number 001-14273

CORE LABORATORIES N.V.

(Exact name of Registrant as specified in its charter)

The Netherlands	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Herengracht 424 **1017 BZ Amsterdam** **The Netherlands**	**Not Applicable**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(31-20) 420-3191**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Shares, NLG 0.03 Par Value Per Share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of March 19, 2002, the number of common shares outstanding was 33,208,571. At that date, the aggregate market value of common shares held by non-affiliates of the registrant was approximately $476,647,757.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT	Part of 10-K
1. Proxy statement to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 with respect to the 2002 annual meeting of shareholders.	PART III

CORE LABORATORIES N.V.
FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

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PART I

ITEM 1. BUSINESS

General

Core Laboratories N.V. (“Core Laboratories”, “we”, “our” or “us”) was established in 1936 and is one of the world’s leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services to the oil and gas industry. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 4,300 employees.

Business Strategy

Our business strategy is to continue to provide advanced technologies that improve reservoir performance by (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the services and products offered throughout our global network of offices and (iii) acquiring complementary technologies that add key technologies or market presence and enhance existing products and services.

Development of New Technologies, Services and Products

We conduct research and development to meet the needs of our customers who are continually seeking new technologies to lower their costs of finding, developing and producing oil and gas. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, oil and gas producers have, on a proportional basis, increased expenditures on high-technology services which improve their understanding of the reservoir thereby increasing production of oil and gas from their producing fields. We intend to continue concentrating our efforts on technologies that enhance development and production efficiencies.

International Expansion of Services and Products

Another component of our business strategy is to broaden the spectrum of services and products offered to our clients on a global basis. We plan to use our worldwide network of offices to offer many of our new services and products that have been developed internally or obtained through acquisitions. This allows us to enhance our revenues through efficient utilization of our worldwide network.

Acquisitions

We continually review potential acquisitions to add key technologies, enhance market presence or complement existing businesses. Our recent acquisitions reflect our desire to broaden the services we offer within our three primary business segments to our clients. Our 2001 acquisitions are summarized as follows:

- In August 2001, we purchased from Tesco Corporation all of the assets associated with Tesco’s Gris Gun (“Gris Gun”) business. Gris Gun supplies wellbore perforating gun systems and other related completion products primarily to the Canadian market. These products and services are similar to the systems and completion products we offer worldwide through our Production Enhancement segment.

- In May 2001, we acquired PROMORE Engineering Inc. (“PROMORE”). PROMORE is a leading provider of innovative solutions for production optimization and monitoring reservoir environments with permanent real-time systems.

More information relating to acquisitions is included in Note 3 of the Notes to Consolidated Financial Statements.

Operations

We derive our revenues from services and sales to customers primarily in the oil and gas industry.

Our reservoir optimization technologies are interrelated and are organized into three complementary segments. Disclosure relating to the results of these business segments is included in Note 11 of the Notes to Consolidated Financial Statements.

- *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.

We offer our services worldwide through our global network of offices. Services accounted for approximately 81%, 77% and 81% of our revenues from operations for the years ended December 31, 2001, 2000 and 1999, respectively.

We manufacture products primarily in four facilities for distribution on a global basis. Product sales accounted for approximately 19%, 23% and 19% of our revenues from operations for the years ended December 31, 2001, 2000 and 1999, respectively.

The sales backlog at December 31, 2001 was approximately $5.5 million, compared to $6.0 million at December 31, 2000. Sources of raw material are readily available and our sales backlog should be filled in 2002.

Reservoir Description

Commercial oil and gas fields consist of porous and permeable reservoir rocks that contain natural gas, crude oil and water. Due to the density differences of the fluids, natural gas typically caps the field and overlies an oil layer, which overlies the water. We provide services that characterize the porous reservoir rock and all three reservoir fluids. Services relating to these fluids include determining quality and measuring quantity of the fluids and their derived products.

We analyze samples of reservoir rocks for their porosity, which determines reservoir storage capacity, and for their permeability, which defines the ability of the fluids to flow through the rock. These measurements are used to determine how much oil and gas are present in a reservoir and the rates at which the oil and gas can be produced. We also use our proprietary technologies to correlate the reservoir description data to wireline logs and seismic data. These data sets are also used to determine the different acoustic velocities of reservoir rocks containing water, oil and natural gas. These velocity measurements are used in conjunction with our in-reservoir seismic monitoring services.

Production Enhancement

The data we produce to describe a reservoir system is used to enhance oil and gas production so that it will exceed the average oilfield recovery factor which is approximately 40%. Two production-enhancement methods commonly used are (i) hydraulic fracturing of the reservoir rock to improve flow and (ii) flooding the field with water, carbon dioxide or hydrocarbon gases to force more oil and gas to the wellbore. Many oilfields today are hydraulically fractured and flooded to maximize oil and gas recovery. Our technologies play a key role in the success of both methods.

The hydraulic fracturing of a producing formation is achieved by pumping a proppant material in a gel slurry into the reservoir zone at extremely high pressures. This forces fractures to open in the rock and "props" or holds the fractures open so that reservoir fluids can flow to the production wellbore.

Our data on rock type and strength are critical for determining the proper design of the hydraulic fracturing job. In addition, our testing indicates whether the gel slurry is compatible with the reservoir fluids so that damage does not occur to the porous rock network. Our proprietary ZeroWash™ tracer technology is also used to determine that the proppant material was properly placed in the fracture to ensure effective flow and increased recovery.

We conduct dynamic flow tests of the reservoir fluids through the reservoir rock, at actual reservoir pressure and temperature, to realistically simulate the actual flooding of a producing zone. We use patented technologies, such as our Saturation Monitoring by the Attenuation of X-rays (SMAX™), to help design the enhanced recovery project. After a field flood is initiated, we are often involved in monitoring the progress of the flood to ensure the maximum amount of incremental production.

We are also an industry leader in high-performance perforating and completion systems engineered to maximize well productivity by reducing, eliminating or overcoming formation damage during the completion of oil and gas wells. Our acquisition of the assets relating to the Gris Gun business reflects a continuation of our growth strategy to add technologies that can enhance our market position.

Among the numerous technologies we offer is the Completion Profiler™. The Completion Profiler™ is a unique completion system we developed to determine flow rates from reservoir zones after they have been hydraulically fractured. This provides our clients with production information without additional well time. Patent applications covering the technology have been filed in the United States and in certain foreign jurisdictions.

We have also realized a high level of market acceptance with our new PackScan™ technology. PackScan™ is a tool used to monitor the wellbore in an unconsolidated reservoir. PackScan™ measures the density changes in the area around the tool and is designed to observe the changes within the wellbore to verify the completeness of the gravel pack protection of the wellbore.

Reservoir Management

Reservoir description and production enhancement information, when applied across an entire oilfield, is used to maximize daily production and the ultimate total recovery from the reservoir. We are involved in numerous large-scale reservoir management projects, applying proprietary and state-of-the-art techniques from the earliest phases of a field development program until the last economic barrel of oil is recovered.

These projects are of increasing importance to oil companies as the incremental barrel is often the lowest cost and most profitable barrel in the reservoir. Producing incremental barrels increases our clients' cash flows and we believe these increased cash flows from the incremental production will result in increased capital expenditures, ultimately leading to future opportunities for us.

As an example of our desire to collect as many reservoir parameters directly in the reservoir, we added the ability to collect, and monitor on a real-time and permanent basis, temperature, pressure and production flow. These new industry leading technologies were added to our service lines when we acquired PROMORE in May 2001.

Marketing and Sales

We market and sell our services and products through a combination of print advertising, technical seminars, trade shows and sales representatives. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices.

Research and Development

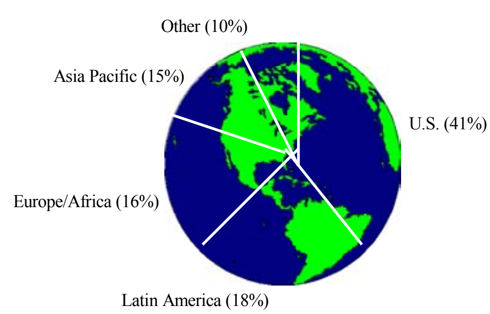
The market for our products and services is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to develop or acquire new products and services on a cost-effective basis and to introduce them into the marketplace in a timely manner. We view the cost to acquire many of our technologies to be, in essence, expenditures to gain the benefit of the acquired company's research and development projects. Research and development expenditures are charged to expense as incurred. We intend to continue committing substantial financial resources and effort to the development of new products and services. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Substantially all of the new technologies have resulted from requests and guidance from our clients, particularly major oil companies. Additional disclosure relating to research and development is included in Note 2 of the Notes to Consolidated Financial Statements.

Patents and Trademarks

We believe our patents, trademarks and other intellectual property rights are an important factor in maintaining our technological advantage, although no one patent is considered essential to our success. Typically, we will seek to protect our intellectual technology in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. In addition to patents, in many instances we protect our trade secrets through confidentiality agreements with our employees and our customers.

International Operations

Geographic Breakdown of 2001 Revenues



We operate facilities in more than 50 countries. Our non-U.S. operations accounted for approximately 59%, 60% and 56% of our revenues from operations during the years ended December 31, 2001, 2000 and 1999, respectively. In addition, some of our revenues in the U.S. are generated by projects located outside the U.S.

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our foreign contracts are denominated in a currency other than the U.S. dollar to an amount generally equal to the expenses expected to be incurred in such foreign currency. We have not historically engaged in and do not currently intend to engage in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations. More information on international operations is included in Note 11 of the Notes to Consolidated Financial Statements.

Environmental Regulation

We are subject to a variety of governmental regulations relating to the use, storage, discharge and disposal of chemicals and gases used in our analytical and manufacturing processes. Consistent with our quality assurance and control principles, we have established proactive environmental policies with respect to the handling and disposal of such chemicals, gases, emissions and waste materials. We have engaged outside consultants to audit our environmental activities and have implemented health and safety education and training programs. We believe that our operations are currently in compliance with applicable environmental laws and regulations, and that continued compliance with existing requirements will not have a material adverse effect on our financial position or results of operations. Public interest in the protection of the environment, however, has increased dramatically in recent years. We anticipate that the trend toward more expansive and stricter environmental laws and regulations will continue, the occurrence of which may require us to increase capital expenditures or operating expenses.

Competition

The businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our product and service lines, we face competition in these lines, primarily from independent, regional companies. We compete in different product and service lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new products and services, performance and quality, customer service, pricing, industry trends and general economic trends.

Reliance on the Oil and Gas Industry

Our business and operations are substantially dependent upon the condition of the global oil and gas industry. Future downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial position or results of operations.

The oil and gas industry is highly cyclical and has been subject to significant economic downturns at various times as a result of numerous factors affecting the supply of and demand for oil and natural gas, including the level of capital expenditures of the oil and gas industry; the level of drilling activity; the level of production activity; market prices of oil and gas; worldwide economic conditions; interest rates and the cost of capital; environmental regulations; tax policies; political requirements of national governments; coordination by the Organization of Petroleum Exporting Countries ("OPEC"); cost of producing oil and natural gas; and technological advances.

Employees

As of December 31, 2001, we had approximately 4,300 employees. We do not have any material collective bargaining agreements and consider relations with our employees to be good.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors discussed below.

Industry risks

The oil and gas industry is highly cyclical and there are numerous factors affecting the supply of and demand for oil and natural gas, which include:

- market prices of oil and gas;
- cost of producing oil and natural gas;
- the level of drilling and production activity;
- mergers, consolidations and downsizing among our clients;
- coordination by the OPEC; and
- the impact of commodity prices on the expenditure levels of our customers.

Business risks

Our results of operations could be adversely affected by risks and uncertainties in the business environment in which we operate, including:

- competition in our markets;
- the realization of anticipated synergies from acquired businesses and future acquisitions;
- our ability to continue to develop or acquire new and useful technology; and
- interest rates and the cost of capital.

International risks

We conduct our business in over 50 countries and are subject to political and economic instability and the laws and regulations in the countries in which we operate. These include:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, and embargos and expropriations of assets;
- potential income tax liabilities in multiple jurisdictions;
- fluctuations and changes in currency exchange rates; and
- the impact of inflation.

Other risks

The events of September 11, the economic downturn and political events that followed and continue to unfold could result in lower demand for our products and services. Our client base could be impacted by events we cannot predict or we could be impacted by a change in the conduct of business, transportation and security measures. In addition we are subject to other risk factors such as the impact of environmental regulations, litigation risks as well as the dependence on the oil and gas industry. Many of these risks are beyond our control. In addition, future trends for pricing, margins, revenues and profitability remain difficult to predict in the industries we serve and under current economic and political conditions. We do not feel obligated to publicly update any of our forward-looking statements.

ITEM 2. PROPERTIES

Currently, we have over 70 offices (totaling more than one million square feet) in more than 50 countries. In these locations, we typically lease our office facilities. We serve our worldwide customers through six Advanced Technology Centers ("ATC's") which are located in Houston, Texas; Calgary, Canada; Jakarta, Indonesia; Rotterdam, The Netherlands; Aberdeen, Scotland; and Maracaibo, Venezuela. The ATC's are supported by over 50 regional specialty centers located throughout the global energy producing provinces. Our facilities are adequately utilized for current operations. However, expansion into new facilities may be required to accommodate future growth.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business. We believe that the outcome of current legal actions will not have a material adverse effect upon our financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2001.

PART II

ITEM 5. MARKET FOR THE COMMON SHARES AND RELATED SHAREHOLDER MATTERS

Price Range of Common Shares

Our common shares trade on the New York Stock Exchange ("NYSE") under the symbol "CLB". The range of high and low sales prices per share of the common shares as reported by the NYSE are set in the following table for the periods indicated.

	High	Low
2001		
First Quarter	$ 27.63	$ 18.05
Second Quarter	26.14	15.85
Third Quarter	20.30	9.90
Fourth Quarter	17.65	11.25
2000		
First Quarter	$ 29.13	$ 18.38
Second Quarter	31.38	23.00
Third Quarter	29.75	15.69
Fourth Quarter	28.56	18.44

On March 19, 2002, the closing price, as quoted by the NYSE, was $14.59 per share. As of March 19, 2002, there were 33,208,571 common shares held by approximately 207 record holders and approximately 12,743 beneficial holders.

Dividend Policy

We have never paid dividends on our common shares and currently have no plans to pay dividends on the common shares. We expect that we will retain all available earnings generated by our operations for the development and growth of our business. Any future determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, general business conditions and such other factors as they deem relevant. Because we are a holding company that conducts substantially all of our operations through subsidiaries, our ability to pay cash dividends on the common shares is dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements. See "Liquidity and Capital Resources" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Recent Issuance of Unregistered Securities

In connection with our 2001 acquisitions, we issued approximately 706,000 common shares, with an estimated value of $14.5 million. Disclosure related to recent issuances of common shares is included in Note 3 of the Notes to Consolidated Financial Statements. With respect to the shares issued in each acquisition, we relied on exemption from registration under Section 4(2) of the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data for the periods indicated. We have restated all prior periods to reflect the pooling-of-interests acquisition of PROMORE in 2001. Results from our environmental testing assets are included in all periods through September 30, 1999. These assets were sold effective September 30, 1999. The selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements.

	Years Ended December 31,				
	2001 [1,3]	**2000** [1]	**1999** [1,3]	**1998** [1,2]	**1997** [1,4]
Financial Statement Data:	(in thousands, except per share data)				
Revenues	$ 376,572	$ 340,933	$ 325,827	$ 319,685	$ 254,334
Income from continuing operations	20,632	17,830	2,196	21,256	18,010
Working capital	139,342	121,330	93,574	62,644	53,523
Total assets	439,500	413,346	374,526	369,266	268,144
Long-term debt, including current maturities	95,543	83,738	87,230	91,889	78,099
Shareholders' equity	275,606	251,065	212,728	203,954	120,749
Per Share Data:					
Income from continuing operations:					
Basic	$ 0.62	$ 0.55	$ 0.07	$ 0.73	$ 0.72
Diluted	$ 0.60	$ 0.53	$ 0.07	$ 0.70	$ 0.70
Weighted average common shares outstanding:					
Basic	33,075	32,388	31,449	29,226	25,159
Diluted	34,272	33,539	32,443	30,252	25,863
Other Data:					
Diluted earnings per share from continuing operations excluding goodwill amortization	$ 0.72	$ 0.65	$ 0.19	$ 0.80	$ 0.75
Restructuring and other charges	$ 8,725	$ —	$ 17,706	$ —	$ —
Current Ratio	4.5:1	3.2:1	2.8:1	1.9:1	1.9:1
Debt to Capitalization Ratio	25%	24%	27%	30%	37%

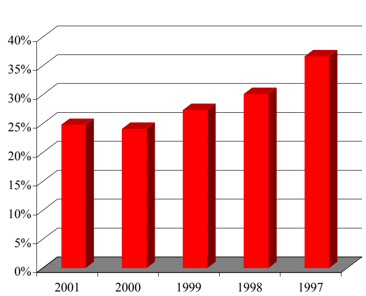
1) See Note 3 of the Notes to Consolidated Financial Statements for a discussion of acquisitions made in 2001, 2000 and 1999.

2) In 1998, we sold our packaged analyzer business line. The total loss relating to this sale and discontinuance of operations was $3,591.

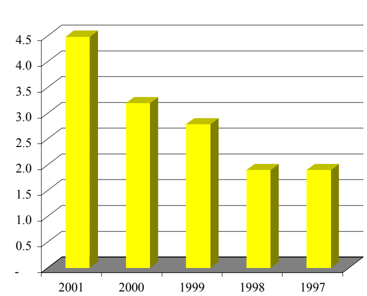
3) In 1999 and 2001, we recorded restructuring, write-offs and other charges as discussed in Note 12 of the Notes to Consolidated Financial Statements.

4) Information for 1997 includes the purchase acquisitions of Scott Pickford plc (March 1997) and Saybolt International B.V. (May 1997).

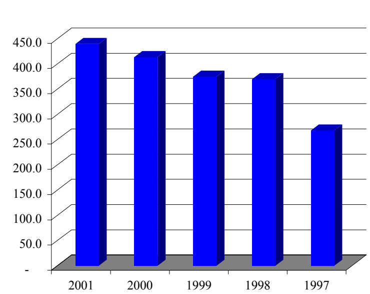
Debt to Capitalization Ratio



Current Ratio



Total Assets*



* in millions

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Oil and gas prices remained strong during the first half of 2001 before declining for the remainder of the year due to, among other reasons, the global economic slowdown which reduced demand for oil and natural gas. While we recognized record levels of revenue in early 2001, the rate of growth in revenues decreased in the latter part of 2001 primarily as a result of the decline of the North American natural gas market. Activity outside North America has been less volatile than domestic activity. We continue our efforts to expand our market presence by opening strategic facilities and realizing synergies within our business lines. Also, as a result of the consolidation in the oil and gas industry, some of our customers have used and may continue to use their global presence and market influence to seek economies of scale and pricing concessions.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial position and results of operations are based on financial statements prepared in conformity with GAAP and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions. We evaluate our estimates on an ongoing basis and base these estimates on our historical experience as well as on various other assumptions that we believe are reasonable in a given circumstance. We believe the following accounting policies are critical to our business operations and to the understanding of our results of operations:

- revenue recognition;
- valuation of long-lived and intangible assets and goodwill;
- estimating valuation allowances related to inventory; and
- accounting for income taxes.

For a detailed discussion of our accounting policies see Note 2 of the Notes to Consolidated Financial Statements.

Revenues are recognized as services are completed or as product title is transferred, usually when delivery occurs. All advance client payments are classified as unearned revenues until services are completed or as product title is transferred. We recognize revenue consistent with the guidance set forth in the Securities and Exchange Commission's ("SEC's") Staff Accounting Bulletin No. 101, ("SAB 101"), as amended by SAB 101A and 101B. If there is any change in or to the underlying assumptions we follow as prescribed by SAB 101 such as whether: (i) persuasive evidence an arrangement exists; (ii) delivery has occurred or services rendered; (iii) the fee is fixed and determinable; and (iv) collectibility is reasonably assured; then it could have a material adverse effect upon our financial position and results of operations.

We account for our goodwill and other intangibles based on the Financial Accounting Standards Board's ("FASB's") Statement of Financial Accounting Standard ("SFAS") 121 "Accounting for the Impairment of Long-Lived Assets." Effective January 1, 2002, we will account for goodwill and other intangible assets based on SFAS 142 "Goodwill and Other Intangible Assets" which requires that goodwill is no longer amortized but tested for impairment annually or more frequently if circumstances indicate a potential impairment. For a detailed discussion on the application of these and other accounting policies, see Note 2 of the Notes to Consolidated Financial Statements. The measurement of possible impairment is based primarily on the ability to recover the balance of the related asset from expected future operating cash flows on an undiscounted basis. If the underlying assumptions we follow change, our conclusions relating to whether or not an impairment exists could change. Any resulting impairment loss could result in a material adverse effect upon our financial position and results of operations.

Our valuation reserve for inventory is based on historical data, and various assumptions and judgments. Should these assumptions and judgments not come to fruition our valuation would change. The industry we operate in is characterized by rapid technological change and new product development that could result in an increase in obsolete inventory. Our valuation reserve for inventory at December 31, 2001 was $1.8 million compared to $1.4 million at December 31, 2000. If we over or underestimate demand for inventory, it could result in a material adverse effect upon our financial position and results of operations.

Our income tax expense includes income taxes of The Netherlands, U.S. and other foreign countries as well as local, state and provincial income taxes. We recognize deferred tax assets or liabilities for the differences between the financial statement carrying amount and tax basis of assets and liabilities using tax rates at the end of the period. The valuation allowance recorded is based on estimates and assumptions of taxable income into the future and a determination is made of the magnitude of deferred tax assets which are more likely than not to be realized. As of December 31, 2001, we had recorded approximately $4.4 million of valuation allowances related to our net deferred tax assets. If these estimates and related assumptions change in the future, we may be required to record additional valuation allowances against our deferred tax assets which could result in a material adverse effect upon our financial position and results of operations.

Business

Core Laboratories was established in 1936 and is currently traded on the New York Stock Exchange.

We provide our products and services to the world's major, national and independent oil companies. Our specialty services and products are designed to improve oil and gas recovery from new and existing fields through the following business segments:

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

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

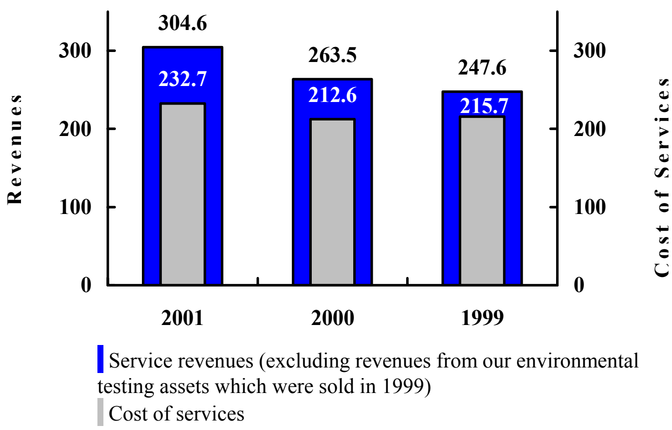
- *Reservoir Management:* Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

We plan to continue the expansion of our operations through (i) continuing the development of proprietary technologies through client-driven research and development, (ii) expanding the services and products offered throughout our global network of offices and (iii) acquiring complementary businesses that add key technologies or market presence and enhance existing products and services.

We continued to pursue our acquisition strategy, as illustrated by our most recent acquisition of PROMORE. We have also acquired assets beneficial to our growth strategy from Gris Gun. In addition, we believe that we have positioned ourselves for increased profitability by restructuring certain operations and creating operating efficiencies within our manufacturing divisions.

Results of Operations

Service Revenues and Cost of Services
(Dollars in Millions)

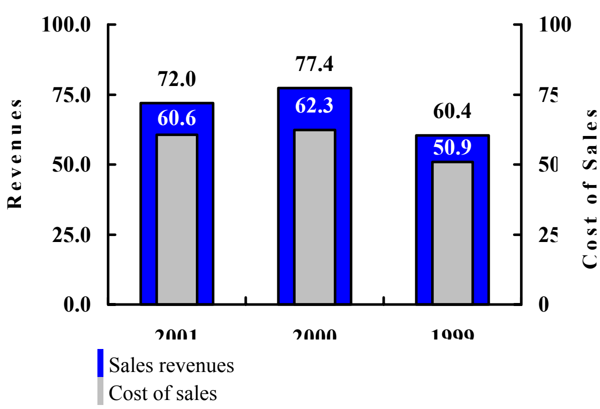


Our revenues are derived from services and product sales. Strong demand for our services led to revenue growth of 16% to $304.6 million in 2001 compared to $263.5 million in 2000. With activity levels higher than in previous years, our reservoir optimization services were in higher demand. These increases were primarily derived from an increase in activity levels in the first half of 2001 in North America for our production enhancement projects. Service revenue in 2000 increased by $15.9 million from $247.6 million in 1999. This excluded 1999 revenues of $17.9 million attributable to our environmental testing assets, which were disposed of in the third quarter of 1999. The increase in service revenues in 2000 reflected a recovery from the depressed market conditions in 1999.

Costs of services in 2001 were $232.7 million, an increase of $20.1 million as compared to 2000. Cost of services in 2000 decreased $3.1 million from $215.7 million in 1999. Costs of services expressed as a percentage of service revenue were 76% in 2001 and 81% in 2000 and 1999. In 1999 and again in 2001 we took actions to reduce our cost structure including personnel reductions and office consolidations. We realized improved service margins as a result of the 1999 restructuring charge and anticipate further improvements on our service margins related to the actions taken in 2001.

Decreased sales demand led to a decline in sales revenue of 7% to $72.0 million in 2001 compared to $77.4 million in 2000. The decrease was primarily a result of the lower levels of North America natural gas related activity by our customers. Sales revenue in 2000 increased by $17.0 million from $60.4 million in 1999. Increased spending for well completion and stimulation technologies primarily drove the increase in sales revenues in 2000.

Sales Revenues and Cost of Sales
(Dollars in Millions)



Costs of sales in 2001 were $60.6 million, a decrease of $1.7 million as compared to 2000. Costs of sales in 2000 increased $11.4 million from $50.9 million in 1999. Costs of sales expressed as a percentage of sales revenues were 84% in 2001, 80% in 2000 and 84% in 1999. In 2001, in an effort to improve manufacturing efficiencies, we recorded expenses in cost of sales of approximately $3.3 million for several initiatives. These initiatives were implemented in the fourth quarter whereby certain processes and business practices were evaluated and improvements were made.

General and administrative expenses are comprised of corporate management and centralized administrative services which benefit our operating subsidiaries. General and administrative expenses are typically fixed in nature and are measured in relation to sales. In 2001, general and administrative expenses as a percent of revenue were 4.2% as compared to 4.0% in 2000, which is an increase of 5%. General and administrative expenses increased $2.4 million in 2001 as compared to 2000. In 2000, general and administrative expenses increased $1.2 million as compared to 1999. The increase in both years was attributable to the number of people necessary to support the growth in our operations. General and administrative expenses expressed as a percentage of revenues remained below 5% for all periods.

Depreciation and amortization expense for 2001 increased $3.2 million as compared to 2000. In 2000 we had a decrease in depreciation of $0.8 million as compared to 1999. The increased depreciation expense in 2001 was partially attributable to the 2001 capital expenditures of $29.0 million and a full year of depreciation for the $33.4 million of capital expenditures in the prior year. The decrease in 2000 as compared to 1999 was due primarily to the sale of our environmental testing business, the effect of asset retirements and the effect of assets which had become fully depreciated.

Amortization of goodwill in 2001 was $4.2 million and $4.1 million in 2000 and 1999. Upon adoption of SFAS 142 in 2002, we will no longer amortize goodwill, but instead will test for impairment annually or more frequently if circumstances indicate a potential impairment.

During the fourth quarter of 2001, we recorded write-offs and other charges of $5.8 million. These charges were comprised of inventory write-downs of $3.9 million, charges of $0.4 million to write fixed assets down to their fair value, and other costs of $1.5 million to migrate data from legacy computer systems to a global information system database.

Also, during the fourth quarter of 2001 we had several transactions which impacted certain operations that were not viewed as ongoing. We restructured certain operations in Mexico, the U.K., the U.S. and other countries to improve operating efficiencies. This restructuring expense included write-offs of assets and leasehold improvements, and an accrual for facility restoration, severance benefits and lease termination costs. Approximately 100 field employees were terminated. During 2002, we intend to relocate one of our operations from Dallas to the Houston Advanced Technology Center and another facility from Mexico City, Mexico to Villahermosa, Mexico. This charge of approximately $3.0 million affected each of our operating segments as follows: Reservoir Description - $0.8 million; Production Enhancement - $0.1 million; Reservoir Management - $2.1 million. Substantially all employee terminations will be completed by the end of the first quarter of 2002. Total cash required for this restructuring charge of $2.1 million will be funded from operating activities. Cash required for the costs incurred through December 31, 2001 was $0.5 million. This charge is summarized in the following table:

Restructuring Charges

(Dollars in Thousands)	Lease Obligations	Severance	Restoration	Asset Write-offs [1]	Other	Total
Total restructuring charges................	$ 598	$ 951	$ 380	$ 862	$ 184	$ 2,975
Less: Costs incurred through December 31, 2001	38	394	—	862	40	1,334
Accrual remaining............................	$ 560	$ 557	$ 380	$ —	$ 144	$ 1,641

1) *The fixed assets and leasehold improvements were disposed of by the end of December 2001. The write-off approximates the carrying amount as these assets were abandoned or sold for salvage value. Depreciation expense was reduced by approximately $20 in 2001, and will be reduced by $82 in 2002 and $281 thereafter. The asset write-offs of $862 were attributable to the Reservoir Management segment.*

In the first quarter of 1999, we recorded write-offs and other charges totaling $10.7 million. This amount included $4.4 million of asset write-offs, $2.6 million related to facility closures and personnel reductions and $3.7 million associated with the termination of the proposed acquisition of GeoScience Corp.

In the fourth quarter of 1999, we recorded a $7.0 million charge to cover the cost of exiting redundant facilities and restructuring certain of our operations. This charge affected each of our operating segments as follows: Reservoir Description - $2.8 million; Production Enhancement - $1.9 million; Reservoir Management - $2.3 million.

Interest expense for 2001 was $7.9 million, a decrease of approximately $0.4 million as compared to 2000, after an additional decrease of $0.3 million compared to 1999. The decrease in interest expense was primarily attributable to lower borrowing costs.

The decrease in the effective income tax rate to 28% in 2001 from 32% in 2000 and 36% in 1999 reflects the relative increase in international earnings taxed at rates lower than The Netherlands statutory rate.

Other Information

The impact of the 2001 restructuring, write-offs and other charges is summarized in the following table:

Summary of 2001 restructuring, write-offs and other charges *(Amounts in thousands except share data)*	Fourth Quarter 2001	Year Ended December 31, 2001
Revenues	$ 96,869	$ 376,572
Costs of services and sales	79,466	293,308
Other operating expenses	18,632	46,687
Inventory and asset write-offs [1]	(4,235)	(4,235)
Global information system [2]	(1,515)	(1,515)
Restructuring charge [3]	(2,975)	(2,975)
Other charges [4]	(3,290)	(3,290)
Operating income before interest expense, income tax expense, restructuring, write-offs and other charges	10,786	48,592
Interest expense	2,000	7,921
Operating income before income tax expense, restructuring, write-offs and other charges	8,786	40,671
Income tax expense	2,460	11,388
Operating income excluding restructuring, write-offs and other charges	$ 6,326	$ 29,283
Weighted average diluted common shares outstanding	33,925,969	34,271,512

1) Includes inventory write-offs due to the move of a Dallas facility to Houston - $1,446, a slowdown in activity levels in North America - $2,434 and other fixed asset write-offs - $355.

2) Costs to migrate data from legacy computer systems to global information system.

3) Restructuring charges primarily relating to the Reservoir Management segment.

4) Included in cost of services and sales are charges of $3,290 relating to manufacturing efficiency initiatives incurred in the fourth quarter of 2001.

Segment Analysis

Our operations are managed primarily in three complementary segments – Reservoir Description, Production Enhancement and Reservoir Management.

Segment Information

Revenues

For the Years Ended December 31,	2001	2000	1999
(Dollars in Thousands)			
Reservoir Description	$ 213,917	$ 192,741	$ 200,584
Production Enhancement	104,262	92,326	65,342
Reservoir Management.................	58,393	55,866	59,901
Total Revenues	$ 376,572	$ 340,933	$ 325,827

Income (loss) before interest, taxes and unusual charges

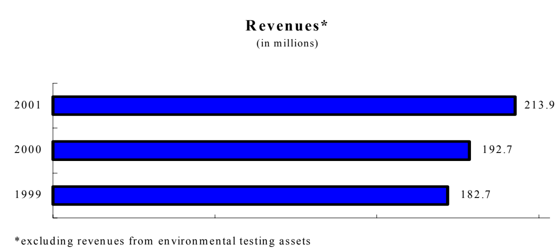
For the Years Ended December 31,	2001 [1]	2000	1999 [2]
(Dollars in Thousands)			
Reservoir Description	$ 33,277	$ 23,356	$ 22,095
Production Enhancement	14,314	14,370	11,339
Reservoir Management.................	(2,002)	(3,492)	(3,614)
Corporate and other.....................	(287)	156	(108)
Income before interest, taxes and unusual charges..................	$ 45,302	$ 34,390	$ 29,712

1) *Segment amounts exclude unusual charges totaling $8,725 in 2001. The unusual charges, which are comprised of write-offs, restructuring charges and other charges in the fourth quarter of 2001, were allocated as follows: Reservoir Description - $2,549; Production Enhancement - $2,133; Reservoir Management - $2,528 and Corporate and other - $1,515.*

2) *Segment amounts exclude unusual charges totaling $17,706 in 1999. The unusual charges, which are comprised of write-offs, restructuring charges and other charges in the first quarter and fourth quarter of 1999, were allocated as follows: Reservoir Description - $8,397; Production Enhancement - $2,854; Reservoir Management - $2,759 and Corporate and other - $3,696.*

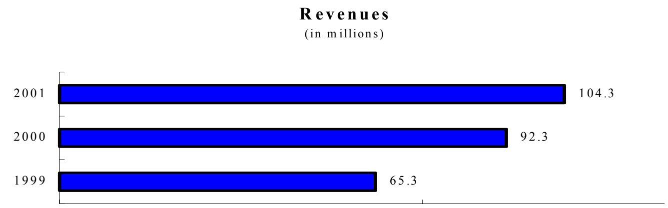
Reservoir Description

Reservoir Description revenues for 2001 were $213.9 million, an increase of 11% compared to 2000. During the year, we introduced technology in our Gulf of Mexico operations in the form of well site and laboratory analysis of unconsolidated core from deepwater reservoirs. Improved market conditions in the Middle East, Venezuela and Asia Pacific also contributed to the revenue growth. Revenues for 2000 were $192.7 million, an increase of 5% compared to 1999 revenues after excluding the revenues attributable to our environmental testing assets, which were sold in 1999. When revenues attributable to our environmental testing assets are included in 1999, this segment's revenues decreased by 4%.



Income before interest, taxes and unusual charges in 2001 increased $9.9 million as compared to 2000. Reduced operating costs in the U.S. due to the consolidation of businesses in late 1999 became fully realized in 2001. We experienced an increase of $1.3 million in 2000 as compared to 1999. Our margins in this segment came under pressure in 1999 as our clients reduced spending in response to lower oil and gas prices.

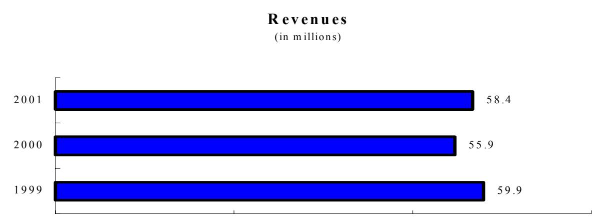
Production Enhancement



Production Enhancement revenues for 2001 were $104.3 million, an increase of 13% compared to 2000 revenues. The introduction of two new services, PackScan™ and Completion Profiler™, contributed to the increase in revenue. In addition, we increased Canadian market penetration with proprietary perforating charges and gun systems. The rate of growth slowed in 2001 compared to 2000 due to the slowdown in activity levels by our clients in the North American natural gas markets. Revenues for 2000 were $92.3 million, an increase of 41% as compared to 1999 revenues.

Income before interest, taxes and unusual charges in 2001 remained virtually unchanged as compared to 2000. In 2001, in an effort to improve manufacturing efficiencies, we recorded expense in cost of sales of approximately $3.3 million for several initiatives. These initiatives were implemented in the fourth quarter whereby certain processes and business practices were evaluated and improvements were made. These costs were offset by income increases due to new initiatives with our downhole completion technologies and incremental margins on fracture diagnostic and field flood monitoring services. In 2000, we experienced an increase of $3.0 million as compared to 1999 as the introduction of new services and products in our production enhancement segment increased.

Reservoir Management



Reservoir Management revenues for 2001 were $58.4 million, an increase of 4% compared to 2000 revenues. This increase was attributable to the new technologies derived from our acquisition of PROMORE. Revenues for 2000 were $55.9 million, a decrease of 7% compared to 1999 revenues. Demand for our geophysical related services was weak across most regions.

Although the loss before interest, taxes and unusual charges improved in 2001 compared to 2000, we still experienced a loss of $2.0 million in 2001, compared to a loss of $3.5 million in 2000. We recorded a restructuring charge of $3.0 million during 2001 to reflect our costs to restructure and refocus this segment of our business. Beginning in 2001 certain facilities were downsized or closed, causing our workforce in this segment to be reduced by 45% from the highest levels in 2001. We have taken and will continue to take actions, including, but not limited to, employee terminations and facility consolidations, when appropriate, to control our costs and generate additional service revenues in order to improve our results in this segment. We experienced a loss of $3.6 million in 1999.

Liquidity and Capital Resources

We have historically financed our activities through cash flows from operations, bank credit facilities, equity financing and the issuance of debt.

During the year ended December 31, 2001, cash flows from operating activities were $28.3 million, an increase of $21.0 million and $23.1 million from the corresponding periods in 2000 and 1999, respectively. The increase from 2000 was partially related to improved receivable turnover while the increase compared to 1999 resulted from higher relative margins. At December 31, 2001, we had working capital of $139.3 million compared to working capital of $121.3 million at December 31, 2000 and $93.6 million at December 31, 1999. We are a Netherlands holding company and we conduct substantially all of our operations through subsidiaries. Consequently, our cash flow is dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us.

Our financing activities provided $14.5 million in 2001, a decrease of $0.8 million compared to 2000 while 1999 financing activities used $4.6 million, primarily due to a net reduction in borrowings. Our investing activities used $40.8 million in 2001 compared to using $28.9 million in 2000 while 1999 investing activities provided $8.9 million, primarily due to proceeds from the sale of our environmental testing assets. The significant financing and investing activities in 2001 were as follows:

- We incurred capital expenditures from operations of $29.0 million which was primarily due to investments made in instruments, tools, computers and facilities in all of our business segments.
- Our total borrowings under our Credit Facility were approximately $20.0 million, while payments on the Credit Facility were approximately $7.0 million.
- We acquired Gris Gun for approximately $12.8 million in cash.

We maintain financial flexibility through our $100 million Credit Facility of which $80 million was available at December 31, 2001. In addition, we have Senior Notes, which bear interest at an average interest rate of 8.16%. The Senior Notes require semi-annual interest payments; interest payments on the Credit Facility are made based on the interest period selected. We are subject to certain covenants under the terms of the Credit Facility and Senior Notes and we believe that we were in compliance with all such covenants as of December 31, 2001.

Our ability to maintain and grow our operating income and cash flow is dependent upon continued capital spending. We believe our future cash flow from operations, supplemented, if necessary, by our borrowing capacity and issuances of additional equity should be sufficient to fund debt requirements, capital expenditures, working capital and future acquisitions.

Due to the low inflationary rates in 2001, 2000 and 1999, the impact of inflation on our results of operations was insignificant.

Accounting Pronouncements

In June 2001, the FASB issued two statements, SFAS 141, “Business Combinations”, and SFAS 142, “Goodwill and Other Intangible Assets”, that amend Accounting Principles Board (“APB”) Opinion No. 16, “Business Combinations”, and supersede APB Opinion No. 17, “Intangible Assets.” SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations and establishes the purchase method of accounting as the only acceptable method on all business combinations initiated after June 30, 2001. Five of our recent acquisitions were accounted for using the pooling-of-interests method of accounting. Goodwill resulting from a business combination after June 30, 2001 is to be recognized as an asset but not amortized, while goodwill existing at June 30, 2001 was amortized through December 31, 2001. Beginning January 1, 2002, we will no longer amortize goodwill but will test for impairment annually or more frequently if circumstances indicate a potential impairment. Under the requirements, we expect to reflect impairment of goodwill of approximately $15.0 million as a result of adoption of this standard on January 1, 2002. This impairment will be reflected in the statement of income as a cumulative effect of a change in accounting principle. The cessation of goodwill amortization under the guidelines will result in a reduction of approximately $4.2 million in annual operating expenses, assuming no additional impairment of goodwill.

In June 2001, the FASB issued SFAS 143, “Accounting for Asset Retirement Obligations.” SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. SFAS 143 requires that the fair value of a liability associated with an asset retirement be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently depreciated over the life of the asset. SFAS 143 will be effective for fiscal years beginning after December 31, 2002. We do not expect the adoption of SFAS 143 to have a material adverse effect upon our financial position or results of operations.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 addresses the financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS 144 provides updated guidance concerning the recognition and measurement of an impairment loss for certain types of long-lived assets and modifies the accounting and reporting of discontinued operations. SFAS 144 is effective for fiscal years beginning after December 31, 2001. We do not expect the adoption of SFAS 144 to have a material adverse effect upon our financial position or results of operations.

In November 2001, the Emerging Issues Task Force ("EITF") staff issued announcement Topic D-103, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred." As a result, customer reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third-party costs, will be required to be included as revenues effective January 1, 2002, and an equivalent amount of reimbursable expenses will be included in expenses. We do not expect EITF Topic D-103 to have an impact on our financial position or results of operations.

Outlook

We have established internal earnings targets that are based on current market conditions. We anticipate North American spending by our clients to decline from 2001 levels and international markets to remain at or below 2001 levels in response to lower crude oil prices. We expect the spending levels of our clients' to increase in the second half of 2002.

We expect to meet ongoing working capital and capital expenditure requirements from a combination of cash flow from operations and available borrowings under our revolving Credit Facilities.

Forward Looking Statements

This discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, concerning among other things, our expected revenues, expenses and profit, our prospects, and business strategies and development, all of which are subject to certain risks, uncertainties and assumptions. We based our statements on our current expectations, estimates, historical trends, current conditions and other factors we believe are appropriate under the circumstances. Such statements are subject to various risks and uncertainties related to the oil and gas industry, business conditions, international markets, international political climates and other factors that are beyond our control. We caution you that these statements are not guarantees of future performance. Accordingly, our actual outcomes and results may differ materially from what we express or forecast in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should our underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. We do not enter, or intend to enter, into derivative financial instruments for trading or speculative purposes. We do not believe that our exposure to market risks, which are primarily related to interest rate changes and fluctuations in foreign exchange rates, are material. During 1999, we issued fixed rate Senior Notes denominated in U.S. dollars. The proceeds were used to pay off variable rate term loans. This significantly reduced our exposure to market risk. This section should be read in conjunction with Note 4 – "Long-Term Debt" and Note 8 – "Concentration of Credit Risk" of the Notes to Consolidated Financial Statements.

Interest Rate Risk

We are exposed to interest rate risk on our Credit Facility debt which carries a variable interest rate. At December 31, 2001, our variable rate debt outstanding of $20.0 million approximated its fair value. A one percent change in the interest rate would not cause a material change in interest expense on an annual basis. We attempt to balance the benefit of variable rate debt that has inherent increased risk with fixed rate debt that has less market risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For the financial statements and supplementary data required by this Item 8, see index to Consolidated Financial Statements and Schedules at Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Part III (Items 10 through 13) will be incorporated by reference pursuant to Regulation 14A under the Securities Exchange Act of 1934. The Registrant expects to file a definitive proxy statement with the Securities and Exchange Commission within 120 days after the close of the year ended December 31, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements

The following reports, financial statements and schedules are filed herewith on the pages indicated:

Financial Statement Schedules

All schedules have been omitted because they are not applicable, not required under the instructions, or the information requested is set forth in the consolidated financial statements or related notes hereto.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended December 31, 2001.

(c) Exhibits

The following exhibits are incorporated by reference to the filing indicated or are filed herewith.

Exhibit No. Documents		Exhibit Title	Incorporated by Reference from the Following
3.1	—	Articles of Association of the Company, as amended (including English translation)	Form F-1, September 20, 1995
4.1	—	Form of certificate representing Common Shares	Form 10-K, March 31, 1999
10.1	—	Core Laboratories N.V. 1995 Long-Term Incentive Plan (as amended and restated effective as of May 29, 1997)	Proxy Statement dated May 2, 1997 for Annual Meeting of Shareholders
10.2	—	Core Laboratories N.V. 1995 Nonemployee Director Stock Option Plan (as amended and restated effective as of May 29, 1997)	Proxy Statement dated May 2, 1997 for Annual Meeting of Shareholders
10.3	—	Form of Registration Rights Agreement to be entered into by the Company and certain of its shareholders, dated September 15, 1995	Form 10-Q, November 10, 1995
10.4	—	Purchase and Sale Agreement between Core Holdings B.V. and Western Atlas International, Inc., Western Atlas International Nigeria Ltd., Western Atlas de Venezuela, C.A., Western Atlas Canada Ltd. and Core Laboratories Australia Pty. Ltd. dated as of September 30, 1994	Form F-1, September 20, 1995
10.5	—	Form of Indemnification Agreement to be entered into by the Company and certain of its directors and officers	Form F-1, September 20, 1995
10.6	—	Indemnification Agreements, each dated as of October 20, 1995, between the Company and each of its directors and executive officers	Form 10-Q, November 10, 1995
10.7	—	Amended and Restated Credit Agreement among Core Laboratories N.V., Core Laboratories, Inc., Core Laboratories (U.K.) Limited, Bankers Trust Company, NationsBank, N.A. and the Bank Group, dated as of July 18, 1997	Form S-3, November 20, 1997
10.8	—	Core Laboratories Supplemental Executive Retirement Plan effective as of January 1, 1998	Form 10-K, March 31, 1998
10.9	—	Core Laboratories Supplemental Executive Retirement Plan for John D. Denson effective January 1, 1999	Form 10-Q, November 15, 1999
10.10	—	Core Laboratories Supplemental Executive Retirement Plan for Monty L. Davis effective January 1, 1999	Form 10-Q, November 15, 1999
10.11	—	Amendment to Core Laboratories Supplemental Executive Retirement Plan filed January 1, 1998, effective July 29, 1999	Form 10-Q, November 15, 1999
10.12	—	Amendment to Amended and Restated Credit Agreement among Core Laboratories N.V., Core Laboratories, Inc., Core Laboratories (U.K.) Limited, Bankers Trust Company, Bank of America, N.A. and the Bank Group, dated as of July 22, 1999	Form 10-Q, November 15, 1999
10.13	—	Note and Guarantee Agreement by Core Laboratories, Inc. for Guaranteed Senior Notes, Series A, and Guaranteed Senior Notes, Series B, dated as of July 22, 1999	Form 10-Q, November 15, 1999
10.14	—	First Amendment to Core Laboratories N.V. 1995 Long-Term Incentive Plan (as amended and restated effective as of May 29, 1997)	Form 10-K, March 15, 2001
10.15	—	Second Amendment to Core Laboratories N.V. 1995 Nonemployee Director Stock Option Plan (as amended and restated effective as of May 29, 1997)	Form 10-K, March 15, 2001
10.16	—	Form of Restated Employment Agreement between Core Laboratories N.V. and David Michael Demshur dated as of December 31, 2001	Filed Herewith
10.17	—	Form of Restated Employment Agreement between Core Laboratories N.V. and Richard Lucas Bergmark dated as of December 31, 2001	Filed Herewith
10.18	—	Form of Restated Employment Agreement between Core Laboratories N.V. and John David Denson dated as of December 31, 2001	Filed Herewith
10.19	—	Form of Restated Employment Agreement between Core Laboratories N.V. and Monty Lee Davis dated as of December 31, 2001	Filed Herewith
21.1	—	Subsidiaries of the Registrant	Filed Herewith
23.1	—	Consent of Arthur Andersen LLP	Filed Herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORE LABORATORIES N.V.
By: Core Laboratories International B.V.

Date: March 21, 2002

By: /s/ JACOBUS SCHOUTEN
Jacobus Schouten
Supervisory Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on the 21st day of March, 2002.

Signature	Title
/s/ DAVID M. DEMSHUR David M. Demshur	President, Chief Executive Officer, Chairman and Supervisory Director
/s/ RICHARD L. BERGMARK Richard L. Bergmark	Executive Vice President, Chief Financial Officer, Treasurer and Supervisory Director
/s/ C. BRIG MILLER C. Brig Miller	Chief Accounting Officer
/s/ BOB G. AGNEW Bob G. Agnew	Supervisory Director
/s/ JOSEPH R. PERNA Joseph R. Perna	Supervisory Director
/s/ TIMOTHY J. PROBERT Timothy J. Probert	Supervisory Director
/s/ JACOBUS SCHOUTEN Jacobus Schouten	Supervisory Director
/s/ RENE R. JOYCE Rene R. Joyce	Supervisory Director
/s/ D. JOHN OGREN D. John Ogren	Supervisory Director
/s/ ALEXANDER VRIESENDORP Alexander Vriesendorp	Supervisory Director

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Supervisory Board of Directors and Shareholders of
Core Laboratories N.V.:

We have audited the accompanying consolidated balance sheets of Core Laboratories N.V. (a Netherlands corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Core Laboratories N.V. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with the accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
March 21, 2002

CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEETS
December 31, 2001 and 2000
(In thousands, except share and per share data)

ASSETS	2001	2000
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,456	$ 12,519
Accounts receivable, less allowance for doubtful accounts of $7,829 and $9,080 in 2001 and 2000, respectively	104,933	113,214
Inventories	41,109	33,514
Prepaid expenses and other	9,728	7,085
Deferred tax asset	9,123	10,265
Total current assets	179,349	176,597
PROPERTY, PLANT AND EQUIPMENT, net	97,615	84,556
INTANGIBLES AND GOODWILL, net	151,257	148,027
OTHER LONG-TERM ASSETS	11,279	4,166
Total assets	$ 439,500	$ 413,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 454	$ 733
Current lease obligations	52	247
Accounts payable	19,721	25,931
Accrued payroll and related costs	6,808	8,364
Taxes other than payroll and income	4,141	4,766
Unearned revenues	3,198	3,842
Income tax payable	893	5,314
Other accrued expenses	4,740	6,070
Total current liabilities	40,007	55,267
LONG-TERM DEBT	95,089	83,005
DEFERRED COMPENSATION	2,369	3,642
DEFERRED TAX LIABILITY	13,350	7,531
LONG-TERM LEASE OBLIGATIONS	32	35
OTHER LONG-TERM LIABILITIES	12,232	12,169
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
MINORITY INTEREST	815	632
SHAREHOLDERS' EQUITY:		
Preference shares, NLG 0.03 par value; 3,000,000 shares authorized, none issued or outstanding	—	—
Common shares, NLG 0.03 par value; 100,000,000 shares authorized, 33,204,571 and 32,814,018 issued and outstanding at 2001 and 2000, respectively	546	540
Additional paid-in capital	186,751	182,848
Retained earnings	88,309	67,677
Total shareholders' equity	275,606	251,065
Total liabilities and shareholders' equity	$ 439,500	$ 413,346

The accompanying notes are an integral part of these consolidated financial statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2001, 2000 and 1999
(In thousands, except share and per share data)

	2001	2000	1999
SERVICES	$ 304,568	$ 263,519	$ 265,458
SALES	72,004	77,414	60,369
	376,572	340,933	325,827
OPERATING EXPENSES:			
Costs of services	232,683	212,553	215,695
Costs of sales	60,625	62,252	50,909
General and administrative expenses	15,929	13,540	12,301
Depreciation and amortization	18,361	15,231	15,992
Goodwill amortization	4,174	4,130	4,127
Write-offs and other charges	5,750	—	10,670
Restructuring charges	2,975	—	7,036
Other (income) expense, net	(502)	(1,163)	(2,909)
INCOME FROM OPERATIONS BEFORE INTEREST EXPENSE AND INCOME TAX EXPENSE	36,577	34,390	12,006
INTEREST EXPENSE	7,921	8,314	8,558
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE	28,656	26,076	3,448
INCOME TAX EXPENSE	8,024	8,246	1,252
NET INCOME	$ 20,632	$ 17,830	$ 2,196
PER SHARE DATA:			
Basic earnings per share	$ 0.62	$ 0.55	$ 0.07
WEIGHTED AVERAGE BASIC COMMON SHARES OUTSTANDING	33,074,665	32,387,751	31,449,485
Diluted earnings per share	$ 0.60	$ 0.53	$ 0.07
WEIGHTED AVERAGE DILUTED COMMON SHARES OUTSTANDING	34,271,512	33,539,295	32,442,717

The accompanying notes are an integral part of these consolidated financial statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2001, 2000 and 1999
(In thousands, except share data)

	Common Shares		Additional Paid-In Capital	Retained Earnings	Total
	Number of Shares	Amount			
BALANCE, December 31, 1998 (as previously reported)	30,623,032	$ 513	$ 155,769	$ 47,097	$ 203,379
ADJUSTMENT FOR POOLING OF INTEREST	567,626	6	15	554	575
RESTATED BALANCE, December 31, 1998	31,190,658	519	155,784	47,651	203,954
SHARES ISSUED FOR 1999 PURCHASE ACQUISITIONS	284,524	4	4,558	—	4,562
ADJUSTMENT FOR POOLING OF INTEREST	15,209	—	20	(184)	(164)
STOCK OPTIONS EXERCISED	290,703	4	1,992	—	1,996
NET INCOME	—	—	—	2,380	2,380
BALANCE, December 31, 1999	31,781,094	527	162,354	49,847	212,728
EXERCISE OF OVER-ALLOTMENT OPTION	696,748	9	17,239	—	17,248
ADJUSTMENT FOR POOLING OF INTEREST	30,516	—	118	(1,322)	(1,204)
STOCK OPTIONS EXERCISED	305,660	4	3,137	—	3,141
NET INCOME	—	—	—	19,152	19,152
BALANCE, December 31, 2000	32,814,018	540	182,848	67,677	251,065
STOCK OPTIONS EXERCISED	290,553	4	2,956	—	2,960
SHARES ISSUED FOR MINORITY INTEREST	100,000	2	947	—	949
NET INCOME	—	—	—	20,632	20,632
BALANCE, December 31, 2001	33,204,571	$ 546	$ 186,751	$ 88,309	$ 275,606

The accompanying notes are an integral part of these consolidated financial statements.

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2001, 2000 and 1999
(In thousands)

	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 20,632	$ 17,830	$ 2,196
Adjustments to reconcile to net cash provided by (used in) operating activities —			
Depreciation and amortization	18,361	15,231	15,992
Goodwill amortization	4,174	4,130	4,127
Gain on sale of fixed assets	(153)	(627)	(777)
Deferred income tax benefit	(17)	(1,243)	(1,433)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	2,905	(25,840)	1,458
Increase in inventories	(2,190)	(8,542)	(11,982)
(Increase) decrease in prepaid expenses and other	(2,456)	3,268	18
(Increase) decrease in net deferred tax	6,961	(1,077)	(1,134)
Increase (decrease) in accounts payable	(6,798)	5,025	(939)
Decrease in accrued liabilities	(9,356)	(364)	(2,183)
Increase (decrease) in other long–term liabilities	(1,542)	(2,661)	1,054
Other	(2,203)	2,129	(1,190)
Net cash provided by operating activities	28,318	7,259	5,207
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(29,045)	(33,352)	(20,172)
Acquisitions, net of cash acquired	(12,810)	—	3,945
Proceeds from sale of assets	1,561	4,135	25,322
Other	(548)	299	(172)
Net cash provided by (used in) investing activities	(40,842)	(28,918)	8,923
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from over-allotment option	—	17,248	—
Repayment of debt	(8,664)	(23,992)	(106,747)
Borrowings under debt facilities	20,021	20,231	102,304
Capital lease obligations, net	(211)	(1,750)	(666)
Stock options exercised	2,960	3,141	1,996
Debt issuance costs	544	564	(1,206)
Other	(189)	(96)	(264)
Net cash provided by (used in) financing activities	14,461	15,346	(4,583)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,937	(6,313)	9,547
CASH AND CASH EQUIVALENTS, beginning of period	12,519	18,832	9,285
CASH AND CASH EQUIVALENTS, end of period	$ 14,456	$ 12,519	$ 18,832

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Core Laboratories N.V., a Netherlands corporation, and its wholly owned subsidiaries ("Core Laboratories", "we", "our" or "us") is one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services. These services enable our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We provide our services to the world's major, national and independent oil companies. We currently operate over 70 offices in more than 50 countries.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Core Laboratories and have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"). All significant intercompany transactions and balances have been eliminated. The equity method of accounting is used for all investments in which we have less than a majority interest and do not exercise control. Minority interest has been recorded to reflect outside ownership attributable to consolidated subsidiaries that are less than 100% owned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and all highly liquid debt instruments with an original maturity of three months or less when purchased.

Inventories

Inventories consist of manufactured goods, materials and supplies used for sales or services provided to customers. Inventories are stated at the lower of average or standard cost (includes direct material, labor and overhead) or estimated net realizable value, and are reflected net of valuation reserves of $1,847,000 and $1,376,000 in 2001 and 2000, respectively. Inventories consisted of the following (in thousands):

	2001	2000
Finished goods	$ 30,120	$ 27,144
Parts and materials	6,561	4,127
Work in process	4,428	2,243
Total inventory	$ 41,109	$ 33,514

Property, Plant and Equipment

Investments in property, plant and equipment are stated at cost. Allowances for depreciation and amortization are calculated using the straight-line method based on the estimated useful lives of the related assets as follows:

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

The components of property, plant and equipment are as follows (in thousands):

	2001	2000
Land	$ 6,653	$ 2,750
Building and leasehold improvements	35,261	32,204
Machinery and equipment	112,064	94,754
Total property, plant and equipment	153,978	129,708
Less – accumulated depreciation	56,363	45,152
Net property, plant and equipment	$ 97,615	$ 84,556

Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized. Cost and accumulated depreciation applicable to assets retired or sold are removed from the accounts, and any resulting gain or loss is included in the Consolidated Statements of Operations. We incurred and expensed approximately $3,386,000, $3,100,000 and $3,240,000 in repair and maintenance costs for the years ended December 31, 2001, 2000 and 1999, respectively.

Accounting for the Impairment of Long-Lived Assets

We account for impairment of long-lived assets in accordance with the Financial Accounting Standards Board's ("FASB's") Statement of Financial Accounting Standards ("SFAS") 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS 121 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The statement sets forth guidance as to when to recognize an impairment of long-lived assets, including goodwill, and how to measure such an impairment. We periodically assess the recoverability of our long-lived assets. The measurement of possible impairment is based primarily on the ability to recover the balance of the related asset from expected future operating cash flows on an undiscounted basis. No impairments were recognized for the year ended December 31, 2001.

Intangibles and Goodwill

Intangibles include patents, trademarks, service marks and trade names. Goodwill represents the excess of purchase price over the value of the net assets and individual identifiable intangibles acquired in acquisitions accounted for as purchases. Intangibles and goodwill acquired prior to July 1, 2001 are charged to expense in equal amounts over their estimated useful lives. Additional information relating to intangibles and goodwill is included in Note 2 - *Recent Pronouncements*. The components of intangibles and goodwill are as follows (in thousands):

	Original Life in Years	**2001**	**2000**
		(in thousands)	
Acquired trade secrets	5	$ 165	$ 125
Acquired patents, trademarks and trade names	10-20	4,944	3,686
Acquired trade name	40	4,704	4,614
Total intangibles		9,813	8,425
Goodwill	5-10	3,146	2,638
Goodwill	20	3,736	3,736
Goodwill	40	147,784	147,784
Goodwill [1]	N/A	6,062	—
Total goodwill		160,728	154,158
Total intangibles and goodwill		170,541	162,583
Less – accumulated amortization		19,284	14,556
Net intangibles and goodwill		$ 151,257	$ 148,027

1) *Acquired after June 30, 2001. See "Recent Pronouncements" for more information.*

Long-Term Investments

Long-term investments of $951,000 and $615,000 at December 31, 2001 and 2000, respectively, are included in other long-term assets and represent our investment in unconsolidated affiliated companies. These investments are accounted for using the equity method of accounting.

Income Taxes

Income tax expense includes income taxes of The Netherlands, U.S. and other foreign countries as well as local, state and provincial income taxes. We recognize deferred tax assets or liabilities for the differences between the financial statement carrying amount and tax basis of assets and liabilities using tax rates in effect at the end of the period.

Revenue Recognition

Revenues are recognized as services are completed or as product title is transferred, usually when delivery occurs. All advance client payments are classified as unearned revenues until services are completed or products are shipped.

Foreign Currencies

Our functional currency is the U.S. dollar. Accordingly, foreign entities remeasure monetary assets and liabilities to U.S. dollars at year-end exchange rates, while non-monetary items are remeasured at historical rates. Revenues and expenses are remeasured at the applicable month-end rate, except for depreciation and amortization and certain components of cost of sales, which are remeasured at historical rates. Remeasurement gains and losses are included in other income and expense in the Consolidated Statements of Operations. For the years ended December 31, 2001 and 2000, remeasurement gains and losses did not have a material effect on our financial position or results of operations. For the year ended December 31, 1999, we recognized a remeasurement gain of approximately $2,028,000.

Research and Development

While we have acquired many of our new technologies, we incur expenses relating to our ongoing research and development program. Research and development expenditures are charged to expense as incurred. We incurred approximately $4,428,000, $5,343,000 and $2,071,000 in research and development expenses for the years ended December 31, 2001, 2000 and 1999, respectively.

Earnings Per Share

We present earnings per share in accordance with SFAS No. 128, "Earnings per Share" which requires dual presentation of both basic and diluted earnings per share on the Consolidated Statements of Operations. Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the net additional shares which would be issued if all dilutive stock options outstanding were exercised.

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

	2001	2000	1999
Weighted average basic common shares outstanding	33,074,665	32,387,751	31,449,485
Effect of dilutive stock options [1]	1,196,847	1,151,544	993,232
Weighted average diluted common shares outstanding	34,271,512	33,539,295	32,442,717

1) Options totaling 705,801, 14,676 and 78,310 equivalent common shares for the twelve months ended December 31, 2001, 2000 and 1999, respectively, were not included because the impact of these options was anti-dilutive.

Recent Pronouncements

In June 2001, the FASB issued two statements, SFAS 141, "Business Combinations", and SFAS 142, "Goodwill and Other Intangible Assets", that amend Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations", and supersede APB Opinion No. 17, "Intangible Assets." SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations and establishes the purchase method of accounting as the only acceptable method on all business combinations initiated after June 30, 2001. Five of our recent acquisitions were accounted for using the pooling-of-interests method of accounting. Goodwill resulting from a business combination after June 30, 2001 is to be recognized as an asset but not amortized, while goodwill existing at June 30, 2001 was amortized through December 31, 2001. Beginning January 1, 2002, we will no longer amortize goodwill but will test for impairment annually or more frequently if circumstances indicate a potential impairment. Under the requirements, we expect to reflect impairment of goodwill of approximately $15.0 million as a result of adoption of this standard on January 1, 2002. This impairment will be reflected in the statement of income as a cumulative effect of a change in accounting principle. The cessation of goodwill amortization under the guidelines will result in a reduction of approximately $4.2 million in annual operating expenses, assuming no additional impairment of goodwill.

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations." SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. SFAS 143 requires that the fair value of a liability associated with an asset retirement be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently depreciated over the life of the asset. SFAS 143 will be effective for fiscal years beginning after December 31, 2002. We do not expect SFAS 143 to have a material adverse effect upon our financial position or results of operations.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 addresses the financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS 144 provides updated guidance concerning the recognition and measurement of an impairment loss for certain types of long-lived assets and modifies the accounting and reporting of discontinued operations. SFAS 144 is effective for fiscal years beginning after December 31, 2001. We do not expect SFAS 144 to have a material adverse effect upon our financial position or results of operations.

In November 2001, the Emerging Issues Task Force ("EITF") staff issued announcement Topic D-103, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred." As a result, customer reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third-party costs, will be required to be included as revenues effective January 1, 2002, and an equivalent amount of reimbursable expenses will be included in expenses. We do not expect EITF Topic D-103 to have an impact on our financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. ACQUISITIONS

2001 Acquisitions

On August 1, 2001, we acquired all of the assets of Tesco Corporation's Gris Gun ("Gris Gun") business for approximately $12.8 million. Gris Gun supplies wellbore perforating gun systems and other related completion products primarily to the Canadian market. The transaction was accounted for using the purchase method of accounting and resulted in an increase in goodwill of approximately $6.1 million. In accordance with SFAS 142, goodwill relating to this purchase was not amortized.

On May 24, 2001, we acquired all of the outstanding shares of PROMORE Engineering Inc. ("PROMORE"), a privately held company based in Canada. PROMORE provides innovative solutions for production optimization and monitoring of reservoir environments with permanent real-time systems. We issued approximately 606,000 shares in exchange for all of the outstanding shares of PROMORE. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, our consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of PROMORE.

2000 Acquisitions

On December 20, 2000, we acquired all of the outstanding shares of Core Petrophysics, Inc. ("CPI"), a privately held company based in Houston, Texas. CPI is engaged in the petrophysical characterization of partially consolidated and unconsolidated reservoirs which make up the majority of deepwater reservoirs around the world. We issued approximately 516,000 shares in a share-for-share exchange. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, our consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of CPI.

On June 20, 2000, we acquired all of the outstanding shares of Production Enhancement Corporation ("PENCOR"), a privately held company based in Broussard, Louisiana. PENCOR provides fluid phase behavior services used to characterize crude oils, natural gases and other reservoir fluids. We issued approximately 275,000 shares in exchange for all of the outstanding shares of PENCOR and assumed approximately $2.5 million in debt. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, our consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of PENCOR.

On January 12, 2000, we acquired all of the outstanding shares of TomoSeis Corporation ("TomoSeis"), a privately held company based in Houston, Texas. TomoSeis provides detailed reservoir imaging services that are a component of timelapse (4D) seismic and reservoir monitoring programs. We issued approximately 232,000 shares and assumed outstanding stock options exercisable for approximately 396,000 of our common shares. Proceeds from the exercise of these stock options would be approximately $2.1 million. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, our consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of TomoSeis.

1999 Acquisitions

On August 2, 1999, we acquired all of the outstanding shares of Reservoirs, Inc. ("Reservoirs"), a privately held company based in Texas. Reservoirs provides reservoir description services to the oil industry and is a recognized leader in the geology and petrophysics of deepwater reservoirs. We issued approximately 252,000 shares in a transaction that was accounted for using the purchase method of accounting. The transaction resulted in an allocation of approximately $4.1 million to goodwill, which is being amortized over a 20-year period. Beginning January 1, 2002, we will no longer amortize goodwill but will test for impairment annually or more frequently if circumstances indicate a potential impairment.

On July 1, 1999, we acquired all of the outstanding shares of Coherence Technology Company, Inc. ("CTC"), a privately held company based in Texas. CTC provides specialized seismic data processing and interpretation services and is exclusively licensed by BP Amoco to provide its patented Coherence Cube data processing technology to the worldwide petroleum industry. We issued approximately 171,000 shares in a transaction which was accounted for as a pooling-of-interests. As part of the transaction, we assumed approximately $1.0 million in CTC bank debt and also issued approximately 135,000 shares to a second lender as debt repayment. Our consolidated financial statements have been restated for all prior periods to include the financial position and results of operations of CTC.

On January 7, 1999, we acquired receivables and certain fixed assets from Isotag Specialist, Inc. ("Isotag"), and its related company, Fred Calaway and Co. Both companies were privately held and based in Texas. Isotag provides production enhancement and related services. We issued approximately 33,000 shares for the assets of Isotag and accounted for the transaction using the purchase method of accounting. The transaction resulted in an allocation of approximately $0.4 million to goodwill, which is being amortized over a 20-year period. Beginning January 1, 2002, we will no longer amortize goodwill but will test for impairment annually or more frequently if circumstances indicate a potential impairment.

4. LONG-TERM DEBT

Long-term debt is summarized in the following table (in thousands):

	2001	2000
Credit Facility with a bank group:		
$100,000 revolving debt facilities	$ 20,000	$ 7,000
Senior notes	75,000	75,000
Other indebtedness	543	1,738
Total debt	95,543	83,738
Less – current maturities	454	733
Total long-term debt	$ 95,089	$ 83,005

In July 1999, we entered into a $100 million Credit Facility which provides for (i) a committed revolving debt facility of $95 million and (ii) a Netherlands guilder denominated revolving debt facility with U.S. dollar equivalency of $5 million. At December 31, 2001, approximately $80 million was available for borrowing under the revolving Credit Facility. Loans under the Credit Facility bear interest from LIBOR plus 1.25% to a maximum of LIBOR plus 1.75%. The average interest rate in effect at December 31, 2001 was 3.78% and the average for 2001 was 5.32%. The revolving Credit Facilities require interest payments only, until maturity in June 2004.

In July 1999, we issued $75 million in Senior Notes which bear an average interest rate of 8.16% and require annual principal payments beginning in July 2005 and continuing through July 2011.

The terms of the Credit Facility and Senior Notes require us to meet certain financial covenants, including certain minimum equity and cash flow tests. We believe that we are in compliance with all such covenants contained in our credit agreements. All of our material wholly owned subsidiaries are guarantors or co-borrowers under both credit agreements.

Scheduled maturities of long-term debt (in thousands):

2002	$ 454
2003	89
2004	20,000
2005	—
2006 and thereafter	75,000
Total long-term debt	$ 95,543

Total cash payments for interest were $7,022,000, $7,003,000 and $4,946,000 for 2001, 2000 and 1999, respectively.

5. INCOME TAXES

The components of income from operations before income taxes for 2001, 2000 and 1999 are as follows (in thousands):

	2001	2000	1999
United States	$ (2,717)	$ (3,546)	$ (14,159)
Other countries	31,373	29,622	17,607
Income before income tax	$ 28,656	$ 26,076	$ 3,448

The components of income tax expense (benefit) for 2001, 2000 and 1999 are as follows (in thousands):

	2001	2000	1999
Current:			
United States	$ —	$ 198	$ (2,259)
Other countries	7,279	9,089	4,648
State and provincial	762	202	296
Total current	8,041	9,489	2,685
Deferred:			
United States	115	(1,166)	(2,428)
Other countries	(52)	174	1,454
State and provincial	(80)	(251)	(459)
Total deferred	(17)	(1,243)	(1,433)
Income tax expense	$ 8,024	$ 8,246	$ 1,252

The difference between income tax computed using The Netherlands statutory income tax rate of 35% and our income tax expense as reported in the accompanying Consolidated Statements of Operations for 2001, 2000 and 1999 are as follows (in thousands):

	2001	2000	1999
Tax at The Netherlands income tax rate	$ 10,030	$ 9,127	$ 1,207
International earnings taxed at rates lower than The Netherlands statutory rate	(6,879)	(4,241)	(2,932)
Extraterritorial income exclusion benefit	(51)	(18)	—
Goodwill amortization and other non-deductible expenses	2,880	2,646	2,361
Change in valuation allowance	1,362	781	779
State and provincial taxes	682	(49)	(163)
Income tax expense	$ 8,024	$ 8,246	$ 1,252

Deferred tax assets and liabilities result from various temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Deferred tax assets and liabilities as of December 31, 2001 and 2000 are summarized as follows (in thousands):

	2001	2000
Deferred tax assets:		
Net operating loss carryforward	$ 11,625	$ 11,591
Receivables	1,852	546
Inventories	—	126
Other	—	545
Total deferred tax assets	13,477	12,808
Valuation allowance	(4,354)	(2,543)
Net deferred tax asset	9,123	10,265
Deferred tax liabilities:		
Intangibles	(1,469)	(1,490)
Property, plant and equipment	(824)	(768)
Other	(11,057)	(5,273)
Total deferred tax liabilities	(13,350)	(7,531)
Net deferred tax asset (liability)	$ (4,227)	$ 2,734

At December 31, 2001, we had net operating loss carryforwards for income tax purposes in various tax jurisdictions. Of those carryforwards that are subject to expiration, they will expire, if unused, over the years 2002 through 2020. We anticipate taxable income in 2002 will allow for the full utilization of these carryforwards. We provide a valuation allowance due to the likelihood of not utilizing the net operating loss carryforwards in certain foreign tax jurisdictions. Other deferred tax liabilities are provided for revenues and expenses that may be recognized by the various tax jurisdictions in periods that differ from when recognized for financial reporting purposes. Cash payments of income taxes, net of refunds, were $7,900,000, $3,368,000 and $4,413,000 in 2001, 2000 and 1999, respectively.

6. STOCK OPTIONS

We have two main stock option plans; the 1995 Long-Term Incentive Plan (the "Plan") and the 1995 Nonemployee Director Stock Option Plan (the "Nonemployee Director Plan"). We also assumed stock options outstanding for three of our acquisitions: CTC, Reservoirs and TomoSeis. See Note 3 for more information on these acquisitions.

Employee Stock Option Plan

The maximum number of shares under the Plan was initially limited to 1,300,000 common shares but was amended and restated effective as of May 1997 and May 2000 to authorize an additional 4,100,000 common shares for grant to eligible employees. Options granted pursuant to the Plan are exercisable for a period of 10 years and vest in equal installments over four years. The exercise price of options granted under the Plan is the market value at the date of grant.

1995 Nonemployee Director Stock Option Plan

The maximum number of shares under the Nonemployee Director Plan was initially limited to 100,000 common shares but was amended and restated effective as of May 1997 and May 2000 to authorize an additional 600,000 common shares for grant to eligible Directors of Core Laboratories. Pursuant to the Nonemployee Director Plan, beginning in 1996, 10,000 options are granted to each eligible Director and 20,000 are granted to the chairman on an annual basis. The options are exercisable for a period of 10 years and vest on the day before the next annual shareholders meeting following the date of grant. The exercise price of options granted under the plan is the market value at the date of grant.

Information regarding our stock options issued pursuant to our plans is summarized below:

Options:	**Shares**	**Range of Exercise Prices**	**Weighted Average Exercise Price**
Balance at December 31, 1998	1,706,210	$1.28 – $24.38	$11.39
Options granted	722,300	6.00 – 19.06	13.15
Options assumed through acquisitions	70,406	0.01 – 61.19	8.76
Options exercised	(290,703)	2.75 – 13.06	6.52
Options canceled	(60,056)	6.00 – 61.19	14.60
Balance at December 31, 1999	2,148,157	0.01 – 61.19	12.54
Options granted	763,000	19.38 – 28.44	19.46
Options assumed through acquisitions	395,541	0.01 – 11.97	5.36
Options exercised	(305,660)	0.01 – 18.38	8.41
Options canceled	(186,078)	6.00 – 61.19	11.70
Balance at December 31, 2000	2,814,960	0.01 – 61.19	13.79
Options granted	1,735,000	10.26 – 25.56	13.34
Options exercised	(290,553)	0.96 – 20.88	10.20
Options canceled	(241,625)	11.25 – 35.99	15.70
Balance at December 31, 2001	4,017,782	$0.01 – $61.19	$13.63

The weighted average contractual life remaining on outstanding stock options was seven years at December 31, 2001.

SFAS 123, "Accounting for Stock-Based Compensation", encourages, but does not require, companies to record compensation cost for employee stock-based compensation plans at fair value as determined by generally recognized option pricing models such as the Black-Scholes model or the binomial model. Because these models are inexact and subjective, we have adopted the disclosure-only provisions of SFAS 123. We apply APB Opinion 25, "Accounting for Stock Issued to Employees", which does not require compensation costs to be recorded on options which have exercise prices at least equal to the market value of the stock on the date of grant. Accordingly, we have not recognized compensation cost for our stock-based plans. Had compensation cost for our stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the optional method prescribed by SFAS 123, our net income and diluted earnings per share would have been reduced by $7.6 million, or $0.22 per share, $8.4 million, or $0.25 per share and $7.9 million, or $0.24 per share in 2001, 2000 and 1999, respectively. The pro forma value of options at the date of grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2001	2000	1999
Risk free interest rate……………………………	4.9%	5.0%	5.8%
Expected volatility………………………………	63%	66%	70%
Expected lives (in years)…………………………	7	8	9
Weighted average fair value of options ………….	$ 8.95	$ 13.36	$ 8.86

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturities of these instruments. We believe that the carrying amount of long-term debt, excluding Senior Notes, approximates fair value, as the majority of these borrowings bear interest at floating market interest rates. The estimated fair value of the $75,000,000 Senior Notes was approximately $78,848,000 at December 31, 2001, determined using long-term rates in effect on that date. These estimates are not necessarily indicative of the amounts that could be realized in a current market transaction.

8. CONCENTRATION OF CREDIT RISK

We derive our worldwide revenues from customers primarily in the oil and gas industry. This industry concentration has the potential to impact our overall exposure to credit risk, either positively or negatively, in that our customers could be affected by similar changes in economic, industry or other conditions. Although we have experienced losses on accounts receivable, our portfolio of accounts receivable is comprised primarily of major international corporate entities, government organizations and independent producers with stable payment experience. However, we believe that the credit risk posed by this industry concentration is offset by the creditworthiness of our customer base.

9. RETIREMENT AND OTHER PLANS

During 2001, we maintained four defined contribution plans (the "Plans") for the benefit of eligible employees in the United States, Canada and the United Kingdom. One of our acquisitions, PENCOR, maintained defined contribution plans prior to the date of acquisition. In accordance with the terms of each plan, we match the required portion of employee contributions up to specified limits and under certain plans, we may make discretionary contributions annually in accordance with the Plans. For the years ended 2001, 2000 and 1999 we expensed $2,866,000, $2,079,000 and $1,601,000 respectively, for our matching and discretionary contributions to the Plans.

We provide a retirement benefit to substantially all of our Dutch employees equal to 1.75% of each employee's final pay for each year of service, subject to a maximum of 70%. Funding for this benefit is in the form of premiums paid to an insurance company based upon each employee's age and current salary. Salary increases require higher premiums, which are paid over future years and are reflected, at their net present value, in other long-term liabilities. Employees are 100% vested at all times. In the event an employee leaves Core Laboratories, we are required to pay the backservice pension liability to the insurance company. The insurance company has assumed substantially all risk associated with the plan.

We also operated a defined benefit plan for a portion of our U.S. employees which was suspended on December 31, 1997. During 2001 we terminated the plan and began satisfying all remaining liabilities. Most distributions to participants have been made. This is being done through payment of lump sum distributions and the purchase of annuities.

The components of net pension (cost) benefit related to the defined benefit plan are as follows:

	2001	2000	1999
Service cost-benefits earned during the period	$ —	$ 173,193	$ 144,082
Interest cost on projected obligation	260,988	527,362	512,090
Actual return on assets	(228,863)	(816,831)	(771,819)
Net amortization and accrual	21,356	(56,443)	—
Total pension (cost) benefit	$ 53,481	$ (172,719)	$ (115,647)

Actuarial assumptions used for this calculation are as follows:

	2001	2000	1999
Discount rate	5.32%	8.00%	8.00%
Rate of return	N/A	N/A	8.00%
Rate of compensation increase	N/A	N/A	N/A

We have established deferred compensation contracts for certain officers. The benefits under these contracts are fully vested and benefits are paid when the participants attain 65 years of age. The charge to expense for officer deferred compensation in 2001, 2000 and 1999 was approximately $466,000, $450,000 and $385,000, respectively. Life insurance policies with cash surrender values have been purchased for the purpose of funding the officer deferred compensation contracts.

10. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business. We believe that the outcome of current legal actions will not have a material adverse effect upon our financial position or results of operations.

Core Laboratories and its subsidiaries do not maintain any off-balance sheet debt or other similar financing arrangements nor has it formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

As security for bids and performance on certain contracts, we were contingently liable at December 31, 2001, in the amount of approximately $1.8 million under standby letters of credit and bank guarantees. We do not believe it is practicable to estimate the fair value of these financial instruments and do not expect any material losses from their resolution since performance is not likely to be required.

Minimum rental commitments under non-cancelable operating and capital leases as of December 31, 2001, consist of the following (in thousands):

Year ended December 31 —	Operating	Capital
2002	$ 4,494	$ 52
2003	2,722	32
2004	1,749	—
2005	1,349	—
2006	927	—
Thereafter	8,606	—
Total commitments	$ 19,847	$ 84

Operating lease commitments relate principally to equipment and office space. Rental expense for operating leases, including amounts for short-term leases with nominal future rental commitments, was approximately $6,993,000, $6,629,000 and $3,798,000 for 2001, 2000 and 1999, respectively.

11. SEGMENT REPORTING

We manage our business segments separately due to the different technologies each segment utilizes and requires (see Note 1). Results of these segments are presented below using the same accounting policies as used to prepare the Consolidated Balance Sheet and Statement of Operations. We evaluate performance based on income or loss from operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning our segments is shown in the following tables (in thousands):

	Year Ended		
	2001	2000	1999
REVENUES:			
Reservoir Description [4]	$ 213,917	$ 192,741	$ 200,584
Production Enhancement	104,262	92,326	65,342
Reservoir Management	58,393	55,866	59,901
Consolidated	$ 376,572	$ 340,933	$ 325,827

	Year Ended		
	2001	2000	1999
INCOME (LOSS) BEFORE INTEREST AND TAXES:			
Reservoir Description [1,2]	$ 30,728	$ 23,356	$ 13,698
Production Enhancement [1,2]	12,181	14,370	8,485
Reservoir Management [1,2]	(4,530)	(3,492)	(6,373)
Corporate and other [1,2,3]	(1,802)	156	(3,804)
Consolidated	$ 36,577	$ 34,390	$ 12,006

	Year Ended		
	2001	2000	1999
DEPRECIATION AND AMORTIZATION:			
Reservoir Description	$ 10,289	$ 8,759	$ 9,673
Production Enhancement	2,908	1,922	1,642
Reservoir Management	2,812	2,542	3,716
Corporate and other [3]	2,352	2,008	961
Consolidated	$ 18,361	$ 15,231	$ 15,992

	Year Ended		
	2001	2000	1999
GOODWILL AMORTIZATION:			
Reservoir Description	$ 2,383	$ 2,341	$ 2,325
Production Enhancement	1,289	1,289	1,306
Reservoir Management	502	500	496
Consolidated	$ 4,174	$ 4,130	$ 4,127

	As of December 31,		
	2001	2000	1999
ASSETS:			
Reservoir Description	$ 135,401	$ 118,313	$ 133,421
Production Enhancement	95,620	77,726	56,022
Reservoir Management	37,111	40,561	33,864
Total Business Segments	268,132	236,600	223,307
Corporate and other [3]	163,323	171,088	181,534
Intersegment Eliminations	8,045	5,658	(30,315)
Consolidated	$ 439,500	$ 413,346	$ 374,526

1) *The income (loss) before interest and taxes for each segment in 1999 has been reduced by restructuring, write-offs and other charges. The amounts were allocated as follows: Reservoir Description - $8,397; Production Enhancement - $2,854; Reservoir Management - $2,759 and Corporate and other - $3,696.*
2) *The income (loss) before interest and taxes for each segment in 2001 has been reduced by restructuring, write-offs and other charges. The amounts were allocated as follows: Reservoir Description - $2,549; Production Enhancement - $2,133; Reservoir Management - $2,528 and Corporate and other - $1,515.*
3) *"Corporate and other" represents those items that are not directly related to a particular segment.*
4) *We sold substantially all of our U.S. environmental testing and certain other assets to Severn Trent Laboratories, Inc., a Delaware corporation, on September 30, 1999.*

We are a Netherlands company and we derive our revenues from services and sales to customers primarily in one industry segment, the oil and gas industry. No single customer accounted for 10 percent or more of consolidated revenues in any of the periods presented. The following is a summary of our U.S. and foreign operations for 2001, 2000 and 1999 (in thousands):

	Year Ended		
	2001	2000	1999
Revenues from unaffiliated customers:			
United States	$ 152,768	$ 135,780	$ 142,681
Other countries	223,804	205,153	183,146
Total	$ 376,572	$ 340,933	$ 325,827
Income (loss) before interest and taxes:			
United States	$ 4,955	$ 4,394	$ (6,616)
Other countries	31,622	29,996	18,622
Total	$ 36,577	$ 34,390	$ 12,006
Identifiable assets:			
United States	$ 155,325	$ 129,766	$ 138,451
Other countries	284,175	283,580	236,075
Total	$ 439,500	$ 413,346	$ 374,526

Operating income includes income from operations before interest expense and income taxes. U.S. revenues derived from exports were $27,155,000, $45,497,000 and $34,660,000 in 2001, 2000 and 1999, respectively.

12. WRITE-OFFS AND RESTRUCTURING CHARGES

Write-offs and Other Charges

During the fourth quarter of 2001, we recorded write-offs and other charges of $5.8 million. These charges are comprised of inventory write-downs of $3.9 million, charges of $0.4 million to write fixed assets down to their fair value, and certain costs of $1.5 million to migrate data from legacy computer systems to a global information system database.

In the first quarter of 1999, we recorded write-offs and other charges totaling $10.7 million. This amount included $4.4 million of asset write-offs, $2.6 million related to facility closures and personnel reductions, and $3.7 million associated with the termination of the proposed acquisition of GeoScience Corp.

Restructuring Charges

Also, during the fourth quarter of 2001 we had several transactions which impacted certain operations that were not viewed as ongoing. We restructured certain operations in Mexico, the U.K., the U.S. and other countries to improve operating efficiencies. This restructuring expense included write-offs of assets and leasehold improvements, and an accrual for facility restoration, severance benefits and lease termination costs. Approximately 100 field employees were terminated. During 2002, we intend to relocate one of our operations from Dallas to the Houston Advanced Technology Center and another facility from Mexico City, Mexico to Villahermosa, Mexico. This charge of approximately $3.0 million affected each of our operating segments as follows: Reservoir Description - $0.8 million; Production Enhancement - $0.1 million; Reservoir Management - $2.1 million. Substantially all employee terminations will be completed by the end of the first quarter of 2002. Total cash required for this restructuring charge of $2.1 million will be funded from operating activities. Cash required for the costs incurred through December 31, 2001 was $0.5 million. This charge is summarized in the following table:

Restructuring Charges

(Dollars in Thousands)	Lease Obligations	Severance	Restoration	Asset Write-offs [1]	Other	Total
Total restructuring charges................	$ 598	$ 951	$ 380	$ 862	$ 184	$ 2,975
Less: Costs incurred through December 31, 2001	38	394	—	862	40	1,334
Accrual remaining............................	$ 560	$ 557	$ 380	$ —	$ 144	$ 1,641

1) *The fixed assets and leasehold improvements were disposed of by the end of December 2001. The write-off approximates the carrying amount as these assets were abandoned or sold for salvage value. Depreciation expense was reduced by approximately $20 in 2001, and will be reduced by $82 in 2002 and $281 thereafter. The asset write-offs of $862 were attributable to the Reservoir Management segment.*

In the fourth quarter of 1999, we recorded a $7.0 million charge to cover the cost of exiting redundant facilities and restructuring certain of our operations. This charge affected each of our operating segments as follows: Reservoir Description - $2.8 million; Production Enhancement - $1.9 million; Reservoir Management - $2.3 million.

13. UNAUDITED SELECTED QUARTERLY RESULTS OF OPERATIONS

Summarized quarterly financial data for the four quarters ended December 31, 2001 and 2000 is as follows (in thousands, except share and per share data):

Three months ended	December 31, 2001 [1]	September 30, 2001	June 30, 2001	March 31, 2001 [2]
Service and sales revenues	$ 96,869	$ 97,097	$ 91,260	$ 91,346
Cost of services and sales	79,466	72,445	69,897	71,500
Other operating expenses	18,632	10,074	8,605	9,376
Income (loss) before interest expense and income tax expense	(1,229)	14,578	12,758	10,470
Interest expense	2,000	2,000	1,943	1,978
Income (loss) before income tax expense	$ (3,229)	$ 12,578	$ 10,815	$ 8,492
Net income (loss)	$ (2,325)	$ 9,056	$ 7,787	$ 6,114
Per share data:				
Basic earnings (loss) per share	$ (0.07)	$ 0.27	$ 0.24	$ 0.19
Weighted average basic common shares outstanding	33,199,289	33,165,470	33,044,424	32,885,031
Diluted earnings (loss) per share	$ (0.07)	$ 0.27	$ 0.23	$ 0.18
Weighted average diluted common shares outstanding	33,925,969	33,795,537	34,192,362	33,958,092

Three months ended	December 31, 2000 [2]	September 30, 2000 [2]	June 30, 2000 [2]	March 31, 2000 [2]
Service and sales revenues	$ 99,442	$ 88,450	$ 80,243	$ 72,798
Cost of services and sales	80,184	70,281	64,782	59,558
Other operating expenses	8,196	7,911	8,119	7,512
Income before interest expense and income tax expense	11,062	10,258	7,342	5,728
Interest expense	2,143	2,095	2,011	2,065
Income before income tax expense	$ 8,919	$ 8,163	$ 5,331	$ 3,663
Net income	$ 5,740	$ 5,781	$ 3,797	$ 2,512
Per share data:				
Basic earnings per share	$ 0.17	$ 0.18	$ 0.12	$ 0.08
Weighted average basic common shares outstanding	32,806,352	32,783,862	32,085,620	31,843,688
Diluted earnings per share	$ 0.17	$ 0.17	$ 0.11	$ 0.08
Weighted average diluted common shares outstanding	33,886,040	33,724,079	33,587,555	33,248,680

1) *In the fourth quarter of 2001, we recorded restructuring, write-offs and other charges as discussed in Note 12 of the Notes to Consolidated Financial Statements.*
2) *Includes the pooling-of interests acquisition of PROMORE. See Note 3 of the Notes to Consolidated Financial Statements for a discussion of this acquisition.*