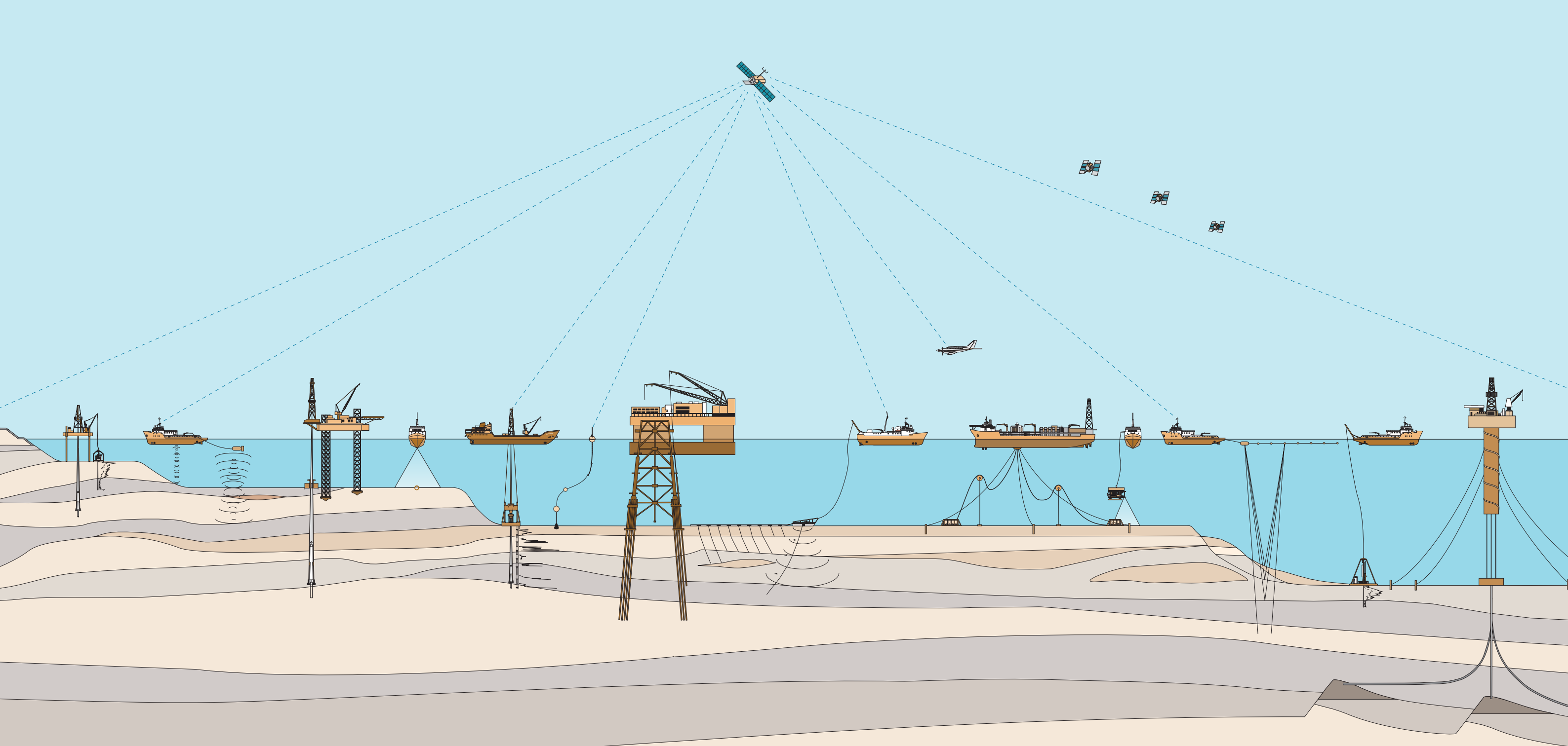
50 YEARS FUGRO

From small Dutch engineering company to global player!

FUGRO N.V.

Annual Report 2011



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Cautionary statement regarding forward-looking statements

This annual report may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including (but not limited to) statements expressing or implying Fugro's beliefs, expectations, intentions, forecasts, estimates or predictions (and the assumptions underlying them). Forward-looking statements necessarily involve risks and uncertainties. The actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors (including, but not limited to, developments in the oil and gas industry and related markets, currency risks and unexpected operational setbacks). Any forward-looking statements contained in this annual report are based on information currently available to Fugro's management. Fugro assumes no obligation to make a public announcement in each case where there are changes in information related to, or if there are otherwise changes or developments in respect of, the forward-looking statements in this annual report.

Contents

Preface

Dear shareholders and other stakeholders,

The aftermath of the global financial crisis that started in 2008 has also affected the course of business of Fugro. This was particularly noticeable in Europe and in the United States, where even still now, large government deficits are slowing down economic recovery. On the other hand, growth continues in emerging countries like China, Brazil and India.

In the past year our strategy, which aims to provide a wide range of services based on a large geographic spread, has proven useful. The result is that, despite challenging circumstances, the year 2011 can be concluded with new highlights: a net profit of EUR 288 million and revenue of EUR 2.6 billion.

Prior to the financial crisis, Fugro had several years with strong growth in revenue and net profit. In 2009 the impact of the crisis was limited to a profit decrease of 7% and 5% lower revenue. In the following years, the upward trend was quickly resumed and thanks to our strong financial position we were able to keep investing in future growth. Last year this was specifically reflected in an active acquisition policy.

It is a privilege to have the opportunity to write my last preface on the basis that we completed last year successfully and that Fugro's outlook is positive. I would like to take this opportunity to thank all stakeholders and interested people for the confidence they placed in me. The pleasure and enjoyment I have experienced leading thousands of employees with dozens of nationalities is particularly due to their tireless efforts that form the basis of Fugro's success.

K.S. Wester

President and CEO of the Board of Management
until 31 December 2011

I am pleased to have received the confidence to shape the next phase of Fugro's development as Chairman of the Board of Management. I look forward to accomplishing this, working with colleagues and employees.

Effectively 1 January 2012, Fugro is managed by a Board of Management supported by a group of managers with a regional or service oriented responsibility. This will strengthen mutual cooperation and customer focus in the regions and create more consistency in the services Fugro provides. It will also allow us to be even more decisive and further improve our competitive position.

As a result of the increasing demand for oil and gas as well as the depletion rate in existing oil fields, we expect our workload from the oil and gas market to strengthen towards the second half of 2012. The recovery of the marine seismic data acquisition market is progressing with further price recovery. Considering the strong position that Fugro has in the markets it operates in, the current improving backlog and a strong management team, we enter 2012 with confidence, despite the current uncertainties.

On behalf of the Board of Management, the management team and employees I would like to thank Klaas Wester for his significant contribution to the development of Fugro during his term as President and CEO. His astute ability to analyse opportunities, pragmatic view on things and 'down to earth' mentality has brought Fugro to where it is today. We will do whatever is necessary to continue the success of Fugro in the years to come.

A. Steenbakker

Chairman of the Board of Management
as of 1 January 2012

Fugro at a glance

MAJOR DEVELOPMENTS IN 2011

- In 2011 Fugro's revenue increased by 13.0% to EUR 2,577.8 million (2010: EUR 2,280.4 million). Revenue increased organically by 7.6% and by 8.8% as a result of acquisitions. The foreign currency effect was 3.2% negative. The effect of disposals was 0.2% negative.
- Net result went up with 5.7% to EUR 287.6 million (2010: EUR 272.2 million).
- Net profit margin was 11.2% (2010: 11.9%).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 3.5% to EUR 581.0 million (2010: EUR 561.1 million).
- Results from operating activities (EBIT) were 0.6% lower at EUR 349.3 million (2010: EUR 351.5 million).
- In particular the Survey and Geoscience divisions showed growth in revenue and all three divisions were profitable.
- Earnings per share increased by 4.6% to EUR 3.63 (2010: EUR 3.47). Cash flow per share was 6.4% higher at EUR 6.65 (2010: 6.25).
- It is proposed to maintain the dividend for 2011 at EUR 1.50 per (certificate of a) share (2010: EUR 1.50), to be paid at the option of the shareholder in cash or in (certificates of) shares. In case no choice is made, the dividend will be paid in (certificates of) shares.
- Investments for capacity expansion continued according to plan and amounted to EUR 208.9 million in 2011.
- Annual revenue of the companies acquired in 2011 amounts to EUR 215 million.
- Backlog at the beginning of 2012 amounted to EUR 1,692.6 million. This is 9.0% higher than at the beginning of 2011 (EUR 1,553.2 million).
- In the second half of 2011 Fugro was refinanced. Fugro reached agreement with 27 US and UK based investors with respect to so called US Private Placement loans (USPP) with a value expressed in US dollars of 909 million.
  Fugro also reached agreement with a number of individual banks for committed facilities up to a total value of EUR 775 million for 5 years. These facilities were made available by eight internationally operating banks.

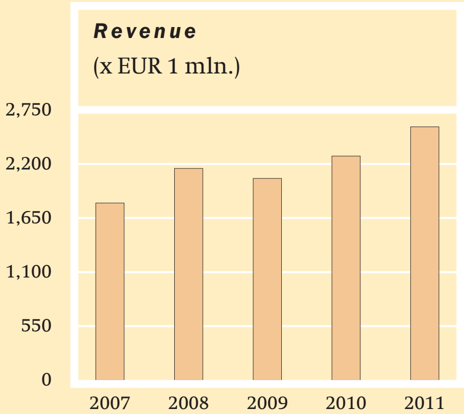
The term 'shares' as used in this Annual Report should, with respect to ordinary shares issued by Fugro N.V., be construed to include certificates of shares (also referred to as 'share certificates' or 'depositary receipts' for shares) issued by Stichting Administratiekantoor Fugro (also referred to as 'Fugro Trust Office' or 'Trust Office'), unless the context otherwise requires or unless it is clear from the context that this is not the case. For further information please refer to page 83.

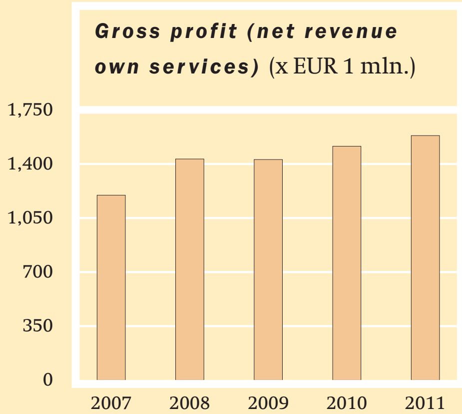
In this Annual Report, Fugro N.V. is also referred to as 'the Company' or 'Fugro'. Fugro N.V. and its subsidiary companies are together referred to as 'the Group'.

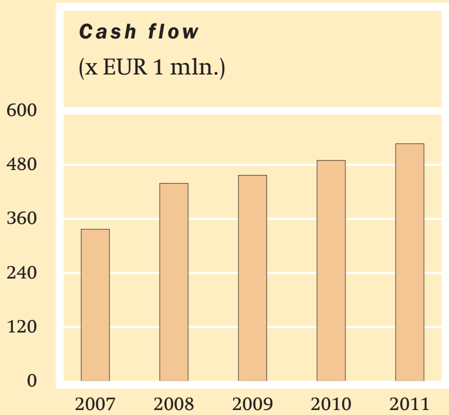
KEY FIGURES

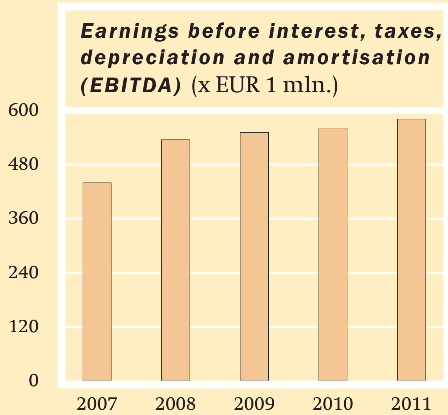
	2011	Change in %	2010	2009
Result (x EUR million)				
Revenue	2,577.8	13.0	2,280.4	2,053.0
Gross profit (net revenue own services)	1,583.7	4.5	1,514.8	1,428.6
Results from operating activities (EBIT)	349.3	(0.6)	351.5	367.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	581.0	3.5	561.1	551.1
Cash flow	526.9	7.6	489.8	456.8
Net result	287.6	5.7	272.2	263.4
Net margin (%)	11.2		11.9	12.8
Interest cover (factor)	10.6		29.0	47.8
Capital (x EUR million)				
Balance sheet total	3,861.6	25.0	3,090.0	2,366.3
Total equity	1,674.1	9.9	1,523.2	1,199.5
Solvency (%)	42.9		48.8	50.2
Return on shareholders' equity (%)	18.2		20.2	24.9
Return on invested capital (%)	13.4		17.9	23.5
Assets (x EUR million)				
Tangible fixed assets	1,483.0	14.8	1,291.3	1,043.2
Investments (including acquisitions and assets under construction)	403.6	0.4	401.9	359.6
Of which: assets of acquisitions	125.8		2.9	9.9
investments	320.9		443.8	320.4
assets under construction	(43.1)		(44.8)	29.3
Depreciation of tangible fixed assets	221.0		201.5	173.6
Data per share (x EUR 1.–) [1]				
Capital and reserves	20.34	8.2	18.79	15.08
Result from operating activities (EBIT)	4.41	(1.8)	4.49	4.82
Cash flow	6.65	6.4	6.25	5.99
Net result	3.63	4.6	3.47	3.46
Dividend for the year under review	1.50		1.50	1.50
Share price: year-end	44.895		61.50	40.26
Share price: highest	63.53		62.06	41.85
Share price: lowest	34.47		37.095	19.085
Average price/earnings ratio	13.5		14.3	8.8
Average dividend yield (%) [2]	3.1		3.0	4.9
Issue of nominal shares (in thousands)				
At year-end	81,393		80,270	78,772
Entitled to dividend at year-end	79,230		79,387	77,554
Entitled to dividend average for the year	79,195		78,357	76,210
Number of employees				
At year-end	13,876	3.1	13,463	13,482

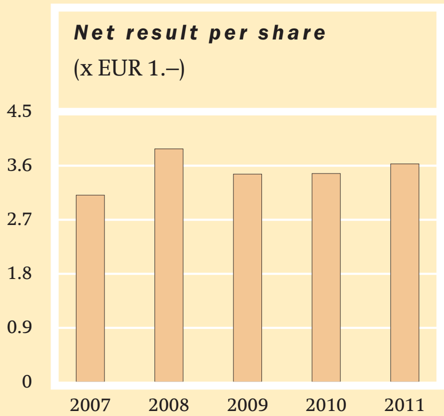
2008	2007
2,154.5	1,802.7
1,432.2	1,197.9
385.7	324.8
535.2	439.6
438.9	337.1
283.4	216.2
13.2	12.0
14.1	13.1
2,123.3	1,700.1
935.8	707.0
43.7	41.2
35.9	35.4
29.7	30.0
859.1	599.3
394.4	341.1
14.4	8.7
323.0	291.0
57.0	41.4
140.4	107.7
12.12	9.94
5.29	4.67
6.01	4.84
3.88	3.11
1.50	1.25
20.485	52.80
59.95	62.00
19.32	34.91
10.2	15.6
3.8	2.6
76,608	70,421
75,138	69,879
73,048	69,614
13,627	11,472

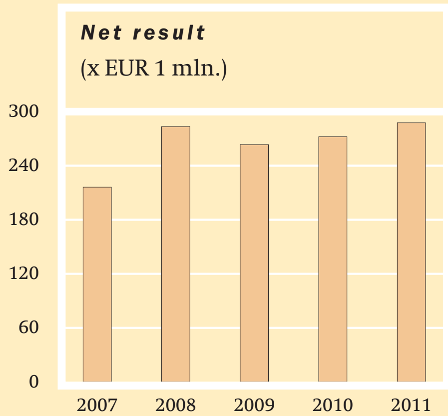












1) *More data regarding the basic earnings per share can be found in note 5.45 to the financial statements (page 143).*

2) *Dividend for the year, to be paid the following year, divided by the average of the highest and lowest share price during the year.*

MISSION AND PROFILE

Mission

Fugro's mission is to be the world's leading service provider for the collection and interpretation of data relating to the earth's surface and sub-surface and for associated services and advice in support of infrastructure development on land, along the coast and on the seabed.

Fugro's activities are carried out across the world, onshore, offshore and from the air, and are primarily aimed at the:

- oil and gas industry
- construction industry
- mining sector
- governments

Fugro achieves this mission through:

- customer focus
- the provision of high-quality, innovative services
- professional, specialised employees
- advanced, unique technologies and systems
- a worldwide presence in which the exchange of knowledge and expertise, both internally and externally with the client, plays a central role

Profile

Fugro provides the people, equipment, expertise and technology that support the exploration, development, production and transportation of the world's natural resources. Fugro also provides its clients with the technical data and information required to design, construct and maintain structures and infrastructure in a safe, reliable and efficient manner.

Services are mostly provided locally and are supported by a global knowledge base and resource pool of experienced personnel. The services are often offered in combination in order to achieve the optimum results for the clients.

Fugro operates as an independent service provider and has no commercial or other direct interests in the projects of its clients. As Fugro is often involved in the early exploration and development phase of (potential) projects, confidentiality about Fugro's engagements is essential in many cases.

Fugro's clients operate in many locations and under different conditions. To be able to meet their needs in the best possible way, Fugro's organisational structure

14,000 employees

70 vessels

75 CPT trucks

27 laboratories

29 jack-up platforms

60 aircraft

250 land-based drillrigs
17 offshore drillrigs

151 ROVs

8 AUVs

282 offices

is decentralised and client-oriented, delivering a wide range of services in a variety of operating environments and conditions. Fugro delivers these services from a global network of offices and facilities.

Fugro strives to achieve strong market positions based on (in-house developed) technologies, high-value services and a strong international or regional presence.

Fugro was founded in the Netherlands in 1962 and is listed on the Amsterdam stock exchange of NYSE Euronext since 1992. Fugro was included in the AEX-index as of September 2008.

Fugro grows organically and through acquisitions, and by the end of 2011 employed some 14,000 staff in more than 60 countries.

FUGRO'S ACTIVITIES

Fugro provides a unique range of services and activities worldwide. These are organised in three divisions: Geotechnical, Survey and Geoscience.

Geotechnical

The Geotechnical division investigates the engineering properties and geological characteristics of near-surface soils and rocks using (in-house developed) proprietary technologies, advises on foundation design, provides construction materials testing, pavement assessment and installation support services. These services support clients' projects worldwide in the onshore, near shore and offshore environments, including deep water. Typical projects include support of infrastructure development and maintenance, large construction projects, flood protection and support of the design and installation of oil and gas facilities and windfarms.

Survey

The Survey division provides a range of services in support of the oil and gas industry, renewables and commercial and civil industries, as well as governments and other organisations. It encompasses numerous offshore, subsea and geospatial activities as well as global positioning systems that support these and other Group activities. Offshore services include geophysical investigations for geohazards, pipeline and cable routes, inspection and construction support services, hydrographic charting and meteorological and oceanographic studies. Subsea services revolve around the use of remotely operated vehicles (ROV) in support of drilling as well as inspection, repair and maintenance (IRM) services of subsea assets. These services are expanded to well intervention in support of oil and gas extraction. Geospatial services concentrate on land survey and aerial and satellite mapping services for a wide range of clients. Fugro's global positioning system (GPS) which augments GPS and Glonass signals to provide globally precise positioning are used for the foregoing services but also are provided on a subscription basis to clients in the oil and gas industry as well as agriculture.

Geoscience

The Geoscience division provides services and products associated with collecting, processing, interpreting, managing and storing geophysical and geological data. These data sets are used for evaluating the presence of natural resources, including oil, gas, water and minerals, and for optimising the exploration, appraisal, development and production of those resources. A broad range of geophysical data sets are collected including marine seismic, gravity, magnetics and electromagnetics. The data sets are collected at sea, from the air and on land using vessels, low flying airplanes and helicopters. Clients are oil and gas companies, mining companies and governmental organisations.

FINANCIAL TARGETS AND STRATEGY

Financial targets

Fugro's target is to achieve, under comparable economic circumstances, a structural increase in earnings per share for its shareholders. Fugro's long-term policy is aimed at generating a steady growth in net result based on increasing revenue.

Important financial targets are:

- growth in earnings per share averaging 10% per annum
- strong cash flow with an average annual growth per share of 10%
- maintaining a healthy balance sheet and solvency (> 33⅓%)
- interest cover (EBIT/Interest) of more than 5

Fugro's financial strategy is aimed at the utilisation and/or optimisation of:

- the ratio between risk and return of the various business activities
- the ratio between shareholders' equity and short-term/long-term borrowings
- the use of both public and private capital markets
- the duration and phasing of the different financing components

Strategy

Fugro aims at achieving equilibrium between its various activities in order to be able to meet its targets. Fugro strives for a balance between services related to exploration, development and production activities for the oil and gas industry, and those related to other markets, such as mining and construction. This also results in a combination of offshore and onshore activities. Moreover, Fugro strives for a balanced geographical spread. This, and the diverse range of related activities, reduces Fugro's sensitivity to market fluctuations in a particular sector. As an independent service provider, Fugro provides a broad spread of services to its clients. The elements of geographical diversity, range of services and wide client base contribute to our ability to control our business risks.

Fugro strives for growth, both organically and through acquisitions. To achieve organic growth Fugro invests in equipment and human capital. Organic growth is also achieved by actively developing new technologies and services.

In the most important market sector – oil and gas – the spread of Fugro's services across the exploration, development and production phases is a key factor. This means Fugro provides services in many phases of the (20 – 30 year) life-cycle of an oil or gas field. Avoiding dependence on one phase of this market or single group of clients is an essential component of Fugro's strategy. The result is a business that is less cyclical.

Profit margins vary per service and activity depending on the specific market circumstances. For the more risky or capital intensive activities a higher profit margin is aimed for than the overall company average.

The long-term aim is to achieve robust but controlled profit growth through:

- a broad but cohesive services portfolio
- the manner in which Fugro is financed
- the market-oriented international organisational structure
- continuous development and training of employees
- specific investments in equipment and technology
- management focus on increasing net result

Fugro strives to improve profitability with a focus on core activities and niche markets by:

- increasing operational scale
- building strong market positions
- continuing research and development
- cooperation and development for and with clients
- being selective about the projects that are taken on
- acquiring companies with a high added-value
- leveraging and optimising capabilities and resources

Over the period 2005 – 2008 revenues doubled and the net profit margin increased from 8.6% to 13.2%. As from late 2008 the market conditions have been negatively influenced by the global economic downturn, resulting in a slight decrease in both revenue and net profit in 2009. In the course of the second half of 2010 revenue growth was resumed and continued in 2011. Price pressure remained in some segments, resulting in moderate profit increases in 2010 and 2011. The oil and gas industry is expected to increase investments in 2012 and some improvement in market conditions is anticipated in this sector. The timing of recovery of the world economy is still difficult, which may affect other sectors in which Fugro operates.

Conetesting and drilling in Madingley, United Kingdom
1979

Market positions

Fugro's strategy is based primarily on securing and, where possible, expanding strong market positions. Complementing and broadening its package of closely related services provides a competitive advantage. Growth in adjacent sectors, by responding actively and flexibly to market developments and client needs, is also an important component of the strategy.

On land, Fugro's major clients are governments, industry and construction companies in local and regional markets. In these markets Fugro holds strong regional positions.
At sea, the major clients are oil and gas companies, and offshore contractors that operate in a global market. Fugro has a leading position in offshore survey and offshore geotechnical activities. In other market segments, like mining and precise positioning, Fugro holds leading market positions in niche markets with a large variety of clients.

Acquisitions

To broaden its base and ensure continued sustainable growth, Fugro usually completes a number of acquisitions each year. Generally these serve to strengthen or improve current market positions or to obtain special technologies. Because acquisitions always involve an element of risk, a thorough and extensive due diligence is carried out before the decision to acquire a company is taken. This limits the risks considerably. Acquisition evaluation is based not only on financial criteria but also on:

- added-value for Fugro
- cohesion with Fugro's activities and services
- match with Fugro's culture
- growth potential
- a strong position in a niche market or region
- technical and management qualities
- risk profile

Research and development

Research and development is of strategic importance to Fugro. The search for ways to expand and improve services to clients is unceasing and cooperation with clients plays a major role in this. Many new ideas are generated through joint development projects and often developments take place in close cooperation with a client because the client is interested in solving a specific problem. Research relating to special measuring equipment and analytical methods also plays an important role in enhancing Fugro's services. Its global market position is, to a great extent, dependent on high-value equipment, technologies and software.
Measurements are becoming increasingly detailed and even the most complex data needs to be interpreted.
To this end, increasingly knowledge is exchanged or combined within the company in order to arrive at solutions or new developments. Part of this research and development expense is incurred as costs for the execution of projects.

Cooperation and scale advantages

Effective cooperation between Fugro's business units is promoted at various levels. Critical mass is also a key factor for the successful execution of large assignments. Capacity utilisation and cooperation are optimised through the exchange of equipment, employees and expertise between the various activities and by extensive employee training. Fugro promotes technological advancement by clustering the knowledge available within and outside the Group. The integration of information systems and the utilisation of scale advantages enhance the service provided to clients.

INFORMATION FOR SHAREHOLDERS

Financial agenda

9 March 2012	Publication of 2011 annual figures (before trading hours), press conference and analysts' meeting with webcast
10 April 2012	Notice for Annual General Meeting of Shareholders on 22 May 2012
24 April 2012	Record date for registration to attend the Annual General Meeting of Shareholders
18 May 2012	Trading update business developments first quarter 2012 (after trading hours)
22 May 2012	Annual General Meeting of Shareholders in Hilton The Hague at 14.00 hours, dual language webcast (Dutch and English)
24 May 2012	Quotation ex-dividend
28 May 2012	Record date dividend entitlement (after trading hours)
29 May – 11 June 2012	Dividend option period (cash or shares)
14 June 2012	Determination and publication (after trading hours) of the amount of the dividend in shares based upon the volume weighted average price of the traded shares Fugro at Euronext Amsterdam on 12, 13 and 14 June 2012
18 June 2012	Payment of the dividend related to the financial year 2011
10 August 2012	Publication of half-yearly figures 2012 and announcement of the profit forecast for 2012 (before trading hours), press conference and analysts' meeting with webcast
16 November 2012	Trading update business developments third quarter 2012 (after trading hours)
8 March 2013	Publication of 2012 annual figures (before trading hours), press conference and analysts' meeting with webcast
8 May 2013	Annual General Meeting of Shareholders

Listing on the stock exchange

Fugro is listed on the Amsterdam stock exchange of NYSE Euronext (Euronext Amsterdam) since 1992. The share is included in the AEX-index as of September 2008 (symbol: FUR/ISIN code: NL0000352565). Trading in options on Fugro shares is also possible via Euronext Amsterdam.

On 29 February 2012 Fugro's market capitalisation amounted to EUR 4.5 billion.

As far as is known, approximately 70% of the outstanding shares are held by foreign investors. Information on the shares can be found on pages 4 and 5 (key figures) and on pages 81, 142 and 143.

Dividend policy

Fugro strives for a pay-out ratio between 35 and 55% of the net result. The shareholder (or certificate holder) may choose between a dividend entirely in cash or entirely in shares. In case no choice is made, the dividend will be paid in shares.

Data per share

(x EUR 1.–)	2011	2010	2009	2008	2007
Cash flow	**6.65**	6.25	5.99	6.01	4.84
Net result	**3.63**	3.47	3.46	3.88	3.11
Dividend paid out in the year under review	**1.50**	1.50	1.50	1.25	0.83
Proposed dividend over the year under review	**1.50**	1.50	1.50	1.50	1.25
Pay-out ratio of the net result (%)	**41.3**	43.7	44.2	39.8	40.4

In 2011 about 52% of the shareholders chose to receive the dividend for 2010 in shares (2010: 52%). In 2011, 1,123,297 new shares were issued for this purpose. Material changes to the policy on additions to reserves and on dividends shall be submitted to the General Meeting of Shareholders.

Dividend for 2011

It is proposed that the dividend for 2011 be maintained at EUR 1.50 per share (2010: EUR 1.50), to be paid at the option of the shareholder:

- in cash, or
- in shares.

In case no choice is made, the dividend will be paid in shares.

The proposed dividend equates to a pay-out ratio of 41.3% of the net result.

Shareholders (and holders of certificates of shares) have until Monday 11 June 2012 to make their dividend preference known. The determination of the number of shares that entitles the holder to one new share will take place on Thursday 14 June 2012 (after trading hours) based upon the volume weighted average price of the traded shares Fugro at Euronext Amsterdam on 12, 13 and 14 June 2012. To arrive at a whole number a deviation of a maximum of 5% of the calculated value may be applied. The dividend will be made payable on 18 June 2012. No trading will take place on Euronext Amsterdam in dividend rights.

The percentage of (certificates of) shares that was represented in person or by proxy in the shareholders' meetings over the past three years was as follows:

	Certificates and shares (excluding Fugro Trust Office)	Shares held by Fugro Trust Office*	% of the issued capital**
EGM 2011	57.0	41.9	98.9
AGM 2011	56.8	42.5	99.3
AGM 2010	35.7	63.5	99.2
EGM 2009	36.3	62.8	99.1
AGM 2009	35.2	64.0	99.2

* *Stichting Administratiekantoor Fugro ('Fugro Trust Office') votes on the shares for which certificates have been issued and on which shares the certificate holders do not vote themselves as representative of the Fugro Trust Office.*

** *Excluding own shares held by Fugro.*

Change in outstanding shares	2011	2010
Outstanding at 1/1	80,269,684	78,772,478
Stock dividend	1,123,297	1,497,206
Outstanding at 31/12	81,392,981	80,269,684
Balance purchased for option scheme (31/12)	2,162,746	882,796
Entitled to dividend as of 31/12	79,230,235	79,386,888

Agenda of the general meeting of shareholders and record date

The agenda, including explanatory notes, of the General Meeting of Shareholders is posted on Fugro's website (www.fugro.com) at least 42 days prior to the meeting. The agenda shows which items are for discussion and which items are to be voted upon. The record date for registration to attend the general meeting is 28 days before the day of the meeting.

Remote electronic voting

Currently Fugro offers the possibility to grant proxies, whether or not with voting instructions, by electronic means. Fugro also offers the holders of certificates of shares the possibility to issue voting instructions by using an internet e-voting system: https://evoting.rbs.com/evoting/go. As the technology matures and becomes more trustworthy, Fugro will evaluate whether to facilitate the use of electronic means to cast votes during the meeting without being present in person or by proxy.

Share holdings of 5% or more

Under the Dutch Financial Supervision Act, shareholdings of 5% or more in any Dutch listed company must be disclosed to the Netherlands Authority for the Financial Markets (AFM). According to the public register of the AFM the following shareholders disclosed that they owned an interest, directly and indirectly, of between 5 and 10% in Fugro's share capital on 1 March 2012:

ING Groep N.V.	9.64%
Mr. G-J. Kramer (directly and indirectly)	5.52%
WAM Acquisitions GP, Inc.	5.26%
Capital Group International Inc.	5.09%

As stated on page 83, only certificates of shares of Fugro are listed on Euronext Amsterdam. These certificates are issued by the Fugro Trust Office, which carries out the administration of the underlying shares (for which it has issued the certificates). On 1 March 2012 the Fugro Trust Office administered 92.94% of the issued (underlying) shares.

Participations and employee options

As far as is known, on 31 December 2011 around one percent of Fugro's share capital was held by members of the Board of Management and other employees within the Group. Of the total number of employee options granted during the past years, 5,268,300 options (excluding the option grants as per 31 December 2011) were still outstanding on 31 December 2011.
A total number of 1,161,100 new options, with an exercise price of EUR 44.895 were granted to a total of 684 employees on 31 December 2011. Of these options, 29.7% was granted to the six members of the Board of Management (see also pages 165 and 166).

Options on Fugro shares are granted to a broad group of employees. The granting of options is dependent on the achievement of the targets of the Group as a whole and of the individual operating companies as well as on the contribution of the relevant employee to the long term development of the company. Option grants to members of the Board of Management are based upon the remuneration policy and the option scheme that were adopted and approved respectively by the Annual General Meeting of Shareholders on 14 May 2008.

Movement in number of shares purchased to cover the options granted

	2011	2010
Balance on 1/1	882,796	1,218,776
Purchased	2,250,000	800,000
Sold in connection with option exercise	(970,050)	(1,135,980)
Balance on 31/12	2,162,746	882,796
Granted, not exercised options as of 31/12	6,429,400	6,280,100

Options are granted annually on 31 December and the option exercise price is equal to the price of the certificates of shares at the closing of Euronext Amsterdam on the last trading day of the year. The vesting period for the granted options is three years starting at the first of January of the year following the grant date. The option period is six years. The options granted are unconditional and are not subject to any further conditions of exercise, except that the option holder is still employed by Fugro or one of its operating companies. Standard exceptions apply to the latter rule in connection with retirement, long-term disability and death. In the event that a public offer is considered hostile and such offer is declared unconditionally, all options become immediately exercisable.

Options are granted in such a way that at any moment the maximum number of outstanding options to acquire shares in Fugro will not exceed 7.5% of the issued ordinary share capital, taking into account the number of shares repurchased for the option plan. In order to mitigate dilution, it is Fugro's policy to purchase own (certificates of) shares to cover the options granted with the result that no new shares are issued when options are exercised.

In 2011 Fugro purchased 2,250,000 shares at an average price of EUR 48.92 per share. On 31 December 2011 a total of 2,162,746 own shares was held. These shares are not entitled to dividend and there are no voting rights attached to these shares. The exercise of all outstanding options as of 31 December 2011, including the options granted on this date, could – after having used the purchased shares – lead to an increase of the issued share capital by a maximum of 5.2%. As stated above it is Fugro's policy to purchase own shares to cover the options granted with the result that no new shares are issued when options are exercised. Since the 1st of January 2012 a total of 33,500 options were exercised.

Investor relations

Fugro offers comprehensive information regarding the company on its website and through meetings with analysts, presentations to analysts, presentations to (institutional) investors and press and by means of press releases. Shareholders and certificate holders are able to follow most of these meetings and presentations in real time, for example by means of webcasting or telephone. After the meetings, the presentations are posted on the website. The presentations are given particularly during the periods March/April and August/September. During these presentations Fugro's strategy and activities are further explained in detail by members of the Board of Management. Roadshows are held in amongst others the United States, United Kingdom, The Netherlands and Germany. Individual and collective personal contact with investors and analysts is also maintained annually via around three hundred 'one-on-one'-meetings, presentations and telephone conferences. Fugro has formulated a policy on bilateral contacts with shareholders. This policy is posted on the website.

Prevention of the misuse of inside information

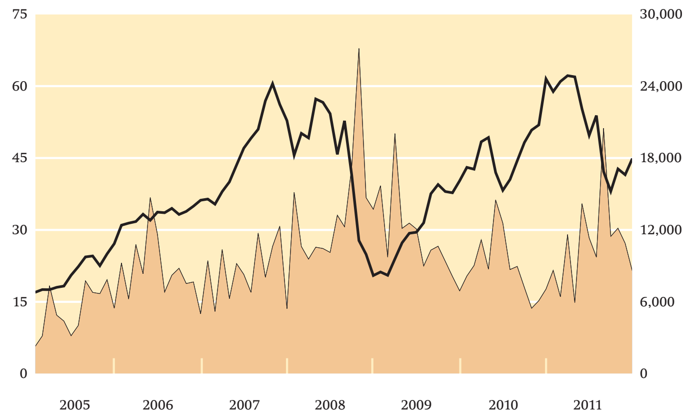
Fugro considers prevention of the misuse of inside information when trading in securities to be essential for its relationship with the outside world. Fugro has issued internal guidelines (last updated in August 2011) on the holding of and effecting transactions in Fugro securities which apply to the members of the Supervisory Board, the Board of Management and other designated persons. A record is kept of all so-called 'insiders'. Fugro has appointed a Compliance Officer. Dealings in securities by the members of the Supervisory Board, the Board of Management and a few managers (who are considered insiders as meant in section 5:60 of the Financial Supervision Act) are notified to the Authority for the Financial Markets (AFM). The public database of the AFM can be consulted on the website of the AFM: www.afm.nl.

Further information

Further information about Fugro is available on the website www.fugro.com. Fugro can be contacted by telephone (+31(0)70 3111422) or by e-mail (holding@fugro.com).

Share price and number of shares traded

(January 2005 – December 2011)



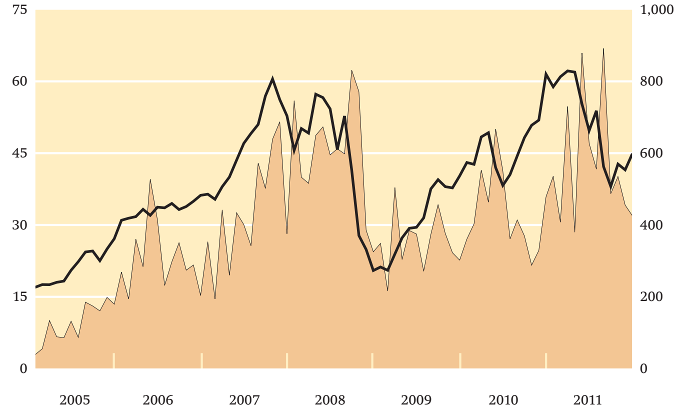
Closing price (scale left).

Number of shares traded per month (x 1,000) (scale right).

Source: NYSE Euronext

Share price and trading volume in Euro

(January 2005 – December 2011)



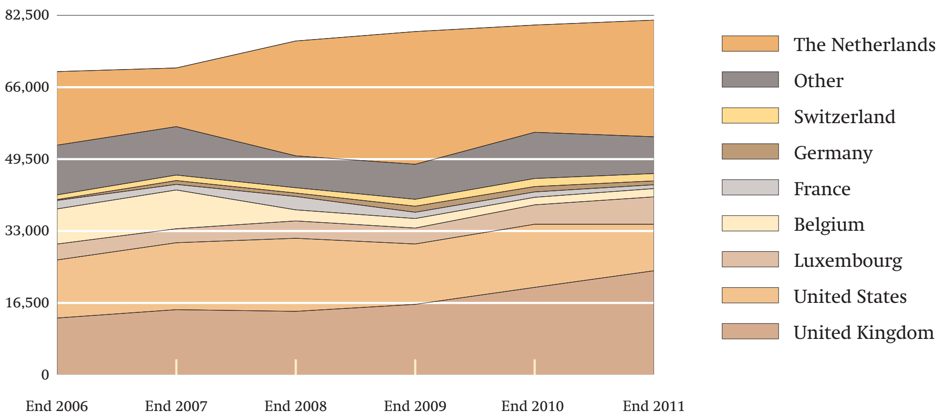
Closing price (scale left).

Trading volume in million Euro per month (scale right).

Source: NYSE Euronext

Distribution of shareholders

(x 1,000 shares)



From left to right: Mr. Th. Smith, Mr. F.J.G.M. Cremers, Mrs. M. Helmes, Mr. J.A. Colligan, Mr. G-J. Kramer and Mr. F.H. Schreve.

SUPERVISORY BOARD

name	**Mr. F.H. Schreve** (1942)
function	Chairman
committee	member remuneration and nomination committee
nationality	Dutch
*(first) appointed**	1983 until 10 May 2011 and 14 December 2011
current term	until AGM 2013
expertise	management strategy and risks inherent to the company's business; management selection, nomination and selection; compliance; shareholder and employee relations
other functions	Supervisory Board member HVC N.V. Chairman of the Board Foundation preference shares H.E.S. Beheer N.V., Foundation Trust Office TKH N.V. and Foundation Waarborgfonds Sport. Supervisory Board Chairman Sint Lucas Andreas Ziekenhuis and Foundation National Park De Hoge Veluwe

* *Mr. Schreve retired on 10 May 2011 when Mr. H.C. Scheffer took over the chairmanship. When Mr. Scheffer passed away in September 2011, Mr. Schreve was asked to return as chairman. Mr. Schreve was (re)appointed on 14 December 2011 for a term of one year and a half.*

name	**Mr. F.J.G.M. Cremers** (1952)
function	Vice-chairman
committee	chairman audit committee
nationality	Dutch
first appointed	2005
current term	until AGM 2013
expertise	financial administration, financing; internal risk management and control systems; compliance; oil and gas sector; shareholder and employee relations
other functions	Supervisory Board member N.V. Nederlandse Spoorwegen (vice-chairman), SBM Offshore N.V., Vopak N.V., Unibail-Rodamco S.E., Luchthaven Schiphol N.V. and Parcom Capital B.V. Board member Foundation preference shares Philips and Foundation preference shares Heijmans. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets (AFM)

name	**Mr. J.A. Colligan** (1942)
committee	member audit committee
nationality	British
first appointed	2003
current term	until AGM 2015
expertise	management strategy and risks inherent to the company's business; management selection, nomination and selection, oil and gas sector, innovation and technology development
other functions	Director Society of Petroleum Engineers Foundation

name	**Mrs. M. Helmes** (1965)
committee	member audit committee
nationality	German
first appointed	2009
current term	until AGM 2013
expertise	financial administration and accounting; internal risk management and control systems; financing and general financial management
other functions	Chief Financial Officer Celesio AG, Stuttgart, Germany

name	**Mr. G-J. Kramer (**1942)
committee	Chairman remuneration and nomination committee
nationality	Dutch
first appointed	2006
current term	until AGM 2014
expertise	management selection, nomination and selection; management strategy and the company's risk profile; compliance; oil and gas sector
other functions	Chairman Supervisory Board ASM International N.V. and Scheuten Solar Holding B.V. Vice-chairman Supervisory Board Damen Shipyards Group. Supervisory Board member N.V. Bronwaterleiding Doorn and Energie Beheer Nederland B.V. Chairman Supervisory Board Delft Technical University. Chairman Service Organisation Protestant Churches in the Netherlands. Chairman Board Amsterdam Sinfonietta and Chairman Board Residentie Orkest. Board member Leiden Pieterskerk Foundation, Foundation Beelden aan Zee Museum and The Concertgebouw Fund Foundation. Member Advisory Board De Nieuwe Kerk and Frans Hals Museum

name	**Mr. Th. Smith** (1942)
committee	member remuneration and nomination committee
nationality	American
first appointed	2002
current term	until AGM 2014
expertise	management strategy and the company's risk profile; management selection, nomination and selection; innovation and technology development; the oil and gas sector
other functions	Chairman of the Board Smith Global Services, Inc., Board member Houston Advanced Research Center, Director of WWW United, Inc. and Director of Satterfield & Pontikes, Inc.

Secretary to the Supervisory Board
W.G.M. Mulders (1955)

Report of the Supervisory Board

In many respects the year 2011 was good for Fugro, despite the continuing tough unpredictable and volatile economic environment. The expected global economic recovery in early 2011 did not materialise. We take into account that 2012 will continue to present expected and unexpected uncertainties like the world's flagging economy, an unstable financial sector and complications regarding the refinancing of government debt. Fugro will continue to consistently implement its targeted strategy; it is well positioned for the years to come.

In 2011 the Supervisory Board was confronted with the untimely death of its new chairman, Herman Scheffer, on 20 September. Herman Scheffer joined the Supervisory Board in May 2010 and was appointed chairman in May 2011. We would like to take this opportunity to say a posthumous thank you for Herman Scheffer's contributions and his advice during the short period of his board membership. We will miss his expertise, dedication and great engagement.

Financial statements 2011 and dividend

This Annual Report includes the Financial Statements 2011, which are accompanied by an unqualified independent auditor's report of the external auditor, KPMG Accountants N.V. (KPMG). These Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and section 9 of Book 2 Dutch Civil Code.

We have discussed the Annual Report, including the Financial Statements with the Board of Management in the presence of KPMG. Furthermore we reviewed the auditor's report and the quality of internal risk management and control systems. We are of the opinion that the Financial Statements and the report by the Board of Management provide a true and fair view of the state of affairs of Fugro including the management policies pursued.

We propose that the shareholders adopt the Financial Statements 2011 and discharge the members of the Board of Management for its management of the Company during 2011 and the Supervisory Board for its supervision over said management. We endorse the proposal of the Board of Management to maintain the dividend for 2011 at EUR 1.50 per share, to be paid at the choice of the shareholder in cash or in shares. The amount of the dividend in shares will be determined and published on Thursday 14 June 2012 after trading hours. If no choice is made, the dividend will be paid in shares. The proposed dividend equates to a pay-out ratio of 41.3% of the net result.

Composition and profile of the Supervisory Board

The Supervisory Board currently consists of six members being of American, British, Dutch or German nationality. Information about each member of the Supervisory Board is included on page 14 . The Supervisory Board has prepared a profile defining its size and composition, taking into account the nature of the Company and its activities. The desired experience and background is present in the Supervisory Board members. When a proposal is made for the (re)appointment of a supervisory director, the Supervisory Board primarily looks at the desired complementary expertise and experience, as well as the independence of the candidate. The Supervisory Board aims for a diverse composition in terms of such factors as gender, years of experience and nationality.
All Supervisory Board members are independent under the terms of the Dutch Corporate Governance Code ('Code'). Supervisory Board members do not carry out any other functions that could jeopardise their independence. With the exception of Mr. G-J. Kramer who, as former CEO of Fugro, holds a 5.52% interest in Fugro (see page 12), none of the other Supervisory Board members hold any (options on) shares in Fugro. Both the composition of the Supervisory Board and the expertise and experience of its individual members comply with all corporate governance rules and requirements. Only Mr. F.H. Schreve holds a tenure on the Supervisory Board that exceeds the 12 years of the Code. The division of duties within the Supervisory Board and the procedure of the Supervisory Board are laid down in terms of reference. The terms of reference of the Supervisory Board (including its profile, the terms of reference of the Audit Committee and of the Remuneration and Nomination Committee) are posted on Fugro's website.

Fugro's first vessel with drilling rig
1969

Meetings in 2011

In 2011 the Supervisory Board met five times in regularly scheduled two day-meetings. The Board of Management attended all those meetings. Several investments and special issues were discussed in conference calls. A few meetings were held without members of the Board of Management being present. In two instances, one of the Supervisory Directors was absent and excused. The overall attendance percentage was 93%. In between meetings the Chairman was in regular contact with the President of the Board of Management and with the other members of the Board of Management when necessary or useful.

In November a meeting was combined with visits to operating companies in Wallingford and Aberdeen in the United Kingdom, whereby presentations on business activities and environment and discussion with senior management took place. These company visits take place annually and also form part of the ongoing training and education of Supervisory Directors. In the January meeting the Supervisory Board was updated on corporate governance. Subjects that were discussed were amongst others the one-tier versus the two-tier board, new and expected legislation, the functioning of a supervisory board and the dynamics of the decision process.
In August the Supervisory Board was updated on developments in the oil and gas industry by an external industry expert.

In the meetings with the Board of Management the recurring items on the agenda were amongst others the operational and financial targets; the general strategy designed to achieve the targets as well as the strategies for the various business lines; market developments; the annual budget; the financial results; share price development; potential acquisitions and divestments; post acquisition analysis; corporate social responsibility; health, safety and environment; important investments; management development and the filling of various senior management positions; human resources management; information and communication technology (ICT); the main risks inherent to the company's activities as well as the Board of Management's opinion regarding the set-up and functioning of the internal risk management and control system; and Fugro's corporate governance structure. The meeting reports of the Audit Committee and of the Remuneration and Nomination Committee were also discussed.

Next to the regular agenda items, the following items were discussed:
In January the financing structure of the Company was discussed. The Supervisory Board considered it of importance that the long term finance was secured as soon as possible in view of the financial crisis. This (re)financing process was completed in the period June – August. Gender diversity was also discussed.
The Supervisory Board is very much in favour of improving female representation in senior positions and on both the Board of Management and the Supervisory Board, but it is also realised that this is not an easy task to accomplish in view of the business in which Fugro operates. However gender diversity is and will continue to be a point of attention.

In March vessel strategy and management was a topic and the progress of the (re)financing process was discussed again. The dividend proposal was approved (as a large shareholder Mr. Kramer did not participate in the discussions and decision). The updated terms of reference of the Supervisory Board were approved and posted on the website.

In May the Supervisory Board decided on changes in Fugro's management structure and on the succession of the retiring Mr. K.S. Wester as President of the Board of Management. Mr. Scheffer was appointed chairman of the Supervisory Board as successor of Mr. Schreve. The (re)financing was discussed once more and also the rotation of the lead audit engagement partner of KPMG at the end of the year.

In August the Supervisory Board was updated on Fugro's policy and measures with respect to corruption and bribery, particularly in view of the UK bribery Act that came into force in July. At the end of September the

Supervisory Board discussed in a closed meeting the succession of Mr. Scheffer who passed away on 20 September and initiated the search process for a new chairman. Following the advice of the Remuneration and Nomination Committee it was decided that it would be desirable that Mr. Schreve returns as Supervisory Director and chairman and to propose the appointment of Mr. Schreve to an extraordinary meeting of shareholders held in December for a term of one year and a half. The Supervisory Board discussed the preliminary proposal with the Board of the Fugro Trust Office. After careful consideration the Board of the Fugro Trust Office decided that it would vote in favour of the appointment of Mr. Schreve as the best solution available.

In November the progress of the search process for the future chairman of the Supervisory Board was discussed, considering new Dutch legislation that would restrict the number of supervisory board seats a person can have at Dutch large companies and foundations.
Mr. Steenbakker, the new chairman of the Board of Management as of 1 January 2012 gave a presentation to the Supervisory Board on the management structure in 2012.

Functioning of the Board of Management and of the Supervisory Board

The Supervisory Board evaluated the performance and the remuneration of the Board of Management and its individual members. This evaluation was prepared by the Remuneration and Nomination Committee by conducting interviews with each member of the Board of Management and also based on the reports of the various business lines. The results were discussed in a closed plenary meeting of the Supervisory Board.

The Supervisory Board also reviewed its own performance and its individual members. The self-assessment of the Supervisory Board focused in particular on the team effectiveness, the independence of the Supervisory Directors, their professionalism and experience mix, potential conflicts of interest, the Supervisory Board committees and their functioning, the quality of the information received and the frequency of meetings and contacts with the Board of Management and other senior executives of the Company, training and knowledge, effectiveness and board responsibility. This internal self-evaluation was based on individual discussions with the chairman and on questionnaires, which were completed by each Supervisory Board member and plenary discussed in a closed meeting. The outcome of the self-assessment was positive, with suggestions for further improvement.

Audit Committee

In 2011 the members of the Audit Committee were Messrs. F.J.G.M. Cremers (chairman) and J.A. Colligan and Mrs. M. Helmes. The composition of the Audit Committee is in accordance with the requirements of the Code. Collectively the members possess the required experience and financial expertise. Mr. Cremers and Mrs. Helmes were acting as financial expert within the meaning of the Code. The Audit Committee met three times. The external auditor (KPMG) attended all three meetings. The annual accounts and half-yearly results were discussed during the relevant meetings. Topics such as taxation, claims and disputes, compliance and the financial crisis were discussed in depth. Risk areas, such as hedging, fluctuations in currency exchange rates, impairment and insurance were also discussed as was the functioning of the internal risk management and control system and the 2012 audit plan of the internal audit function. A lot of attention was paid to the financing structure of Fugro and the (re)financing process. The Audit Committee was informed of important findings from the internal audit visits.
KPMG was given the opportunity to discuss issues with members of the Audit Committee in the absence of Fugro's Board of Management and staff.

At least once every four years the Audit Committee and the entire Supervisory Board conduct a thorough assessment of the functioning of the external auditor in accordance with best practice provision V.2.3 of the Code. The previous assessment took place in 2010 when KPMG was reappointed as the external auditor. In 2011 the functioning of the external auditor was reviewed by the Board of Management and discussed in the Audit Committee. The outcome was positive. Rotation of the lead audit engagement partner of KPMG took place at the end of 2011.

Remuneration and Nomination Committee

In 2011 the members of the Remuneration and Nomination Committee were Messrs. G-J. Kramer (chairman), H.C. Scheffer (who passed away on 20 September) F.H. Schreve and Th. Smith.
The Committee met formally three times, mostly in the presence of the President of the Board of Management, Mr. Wester, but also met informally on a number of occasions to discuss, amongst others, the succession of Mr. Wester and the succession of Mr. Scheffer.
The recurring topics that were discussed included,

amongst others, the remuneration policy, the remuneration of the members of the Board of Management (including the granting of bonuses), the granting of stock options, the remuneration of the members of the Supervisory Board and the composition and performance evaluation of both the members of Board of Management and the Supervisory Board.

The Remuneration and Nomination Report for the year 2011 was prepared in accordance with best practice provision II.2.12 of the Code and approved by the Supervisory Board. This Report contains an account of the manner in which the remuneration and nomination policy has been implemented in 2011. The Remuneration and Nomination Report 2011 is posted on Fugro's website. A summary is provided hereunder.

Summary Remuneration and Nomination Report 2011
The objective of the remuneration policy is to provide a remuneration system such that performance that is pursuant to the results and strategy of Fugro is rewarded and also that qualified and experienced management can be recruited, motivated and retained.

The key elements of the remuneration policy are as follows:
- a fixed salary, set in the middle of a peer group of comparable companies;
- an annual bonus (short-term incentive), depending on targets determined in advance with a maximum of twelve months (100%) of annual fixed salary. The bonus is related to quantified financial targets and accounts for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus. The financial targets and the weighing given to the individual financial elements are as follows: earnings per share 60%, net profit margin 20% and return on capital employed 20%. The non-financial targets are based on Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and that can be influenced by them. These targets could include, among other things, health safety and environment (HSE), corporate social responsibility (CSR), personal development, etc.;
- stock options (long-term incentive). The stock options for the Board of Management form part of a broad option scheme that is in existence already many years and that is applicable to more than 600 managers worldwide. Options are granted on the basis of the contribution to the long term development of Fugro, among which the development of the long term strategy, on the basis of measurable targets such as the (growth) targets in the strategic plan and in the annual budget. This part of the income of members of the Board of Management (and other senior management) also depends on the Fugro share price and is therefore linked to the value of Fugro;
- pension provisions and fringe benefits. Pension is based upon a customary pension scheme and on an available premium system. The fringe benefits are commensurate with the position held.

The actual (financial and non-financial) targets are not disclosed because they qualify as competition-sensitive and hence commercially confidential and potentially price sensitive information.

Before determining the remuneration of individual members of the Board of Management, the Supervisory Board analyses the possible outcomes of the variable remuneration components and how they may affect the remuneration. The remuneration policy within the Fugro Group is also taken into account. In an unfortunate situation, the Supervisory Board may recover from the members of the Board of Management any variable remuneration awarded on the basis of incorrect financial or other data. Payment of variable remuneration to the members of the Board of Management is subject to the correctness of the relevant (financial) data for the relevant year. Under circumstances, for instance if the predetermined targets/ performance criteria would produce an unfair result due to extraordinary circumstances, the Supervisory Board has the discretionary authority to make adjustments (upward or downward) to the amount of the annual bonus. If the Supervisory Board would during the year decide on the payment of severance pay or other special remuneration to one or more members of the Board of Management, an account and an explanation of this remuneration shall be included in the remuneration report. Until now, the amount of an annual bonus has never been adjusted nor has a special remuneration been paid.

Remuneration in 2011
Board of Management
Fixed salary 2011
After two consecutive years of no changes, the fixed salaries of the members of the Board of Management were raised by 3% as per 1 January 2011.

Annual bonus 2010

At the beginning of 2011 the Remuneration and Nomination Committee evaluated the predetermined 2010 annual bonus targets. Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2010 were achieved. Both the financial targets (weighing: earnings per share, net profit margin and return on capital employed) relating to the Group's financial performance as well as the non-financial targets were met and even exceeded. As a result, the Supervisory Board has decided to award to each of the members of the Board of Management an annual bonus of 10 months annual fixed salary for the year 2010 (paid in 2011). The actual targets are not disclosed because they qualify as competition-sensitive and hence commercially confidential and potentially price sensitive information.

Stock options 2011

As per 31 December 2011 a total number of 345,000 stock options was granted to the members of the Board of Management (based upon the option scheme as approved by the Annual General Meeting of Shareholders (AGM) on 14 May 2008). The exercise price of these options is EUR 44.895 (the closing price of the shares at Euronext Amsterdam on 30 December 2011). The option period is six years and the options can only be exercised after 1 January 2015 (vesting period is three years).

Further details of Fugro's remuneration policy and of the remuneration of the individual members of the Board of Management, broken down into its various components, are presented in the financial statements on page 164 and in the Remuneration and Nomination Report 2011.

Supervisory Board

The shareholders' meeting determines the remuneration package for the Supervisory Board. Remuneration was reviewed in the first quarter of 2011, taking into account a benchmark analysis of remuneration of supervisory directors at companies that are part of the Amsterdam AEX index. In view of the outcome of this analysis and the increased tasks of supervisory directors, the AGM approved in May 2011 an appropriate increase in the remuneration of the Supervisory Directors as of 1 January 2011. For further details reference is made to the Remuneration and Nomination Report 2011 and to page 167 of the financial statements.

Nomination

The main topics discussed were the composition of the Supervisory Board and of the Board of Management. Senior management succession, talent identification and the issue of diversity were also reviewed.

The Committee spent significant time on the situation which arose when Mr. Scheffer passed away in September. The search for a new chairman for the Supervisory Board was again initiated. However, a change of the chairmanship of the Supervisory Board could not coincide with the succession of Mr. Wester by Mr. Steenbakker as chairman of the Board of Management. Against this background it was proposed to the Supervisory Board that it would be desirable that Mr. Schreve with his long experience of Fugro would return as chairman. Mr. Schreve consented to this request of the Supervisory Board for a period up till mid 2013. He was almost unanimously appointed by the Extraordinary Meeting of Shareholders in December 2011 for a term of a year and a half maximum.
In the absence of Mr. Scheffer and before the return of Mr. Schreve as chairman, Mr. Cremers acted as chairman of the Supervisory Board.

Composition Board of Management and Supervisory Board

Board of Management

In various closed meetings the Supervisory Board discussed the composition of the Board of Management. This led to the appointment of Mr. W.S. Rainey to the Board of Management by the AGM held on 10 May 2011. At the same time the Supervisory Board announced that the President (chairman) of the Board of Management, Mr. Wester, would retire in June 2012. On 1 January 2012 Mr. Wester handed over his responsibilities to Mr. Steenbakker who has been appointed as chairman of the Board of Management.

Mr. Wester was appointed to the Board of Management in 1996 and appointed President in 2005. His leadership was instrumental for Fugro's success and continued development. We would like to thank Klaas Wester for his constructive management and to express our appreciation for his contribution to Fugro. The solid position Fugro has acquired in the past period is to a large degree attributable to him.

Mr. Steenbakker was appointed chairman of the Board of Management as of 1 January 2012 as he has taken over the management responsibility together with his colleagues in the Board of Management. Mr. Wester will preside over the finalisation of the financial statements for 2011, introduce and help his successor in his new responsibilities and organise the 50-year jubilee of Fugro in May. The selection process was prepared by the Remuneration and Nomination Committee. The starting point was the selection of a number of capable internal candidates and the involvement of an independent executive search firm. This process led to the final conclusion that Mr. Steenbakker was the right person to succeed Mr. Wester.

We wish Arnold Steenbakker and the members of the Board of Management success in 2012.

As of 1 January 2012 the Board of Management consists of:
Mr. Arnold Steenbakker (1957) – Chairman
Mr. Paul van Riel (1956) – Vice-chairman, Director Geoscience division
Mr. Scott Rainey (1954) – Director Geotechnical division
Mr. Jakob Rüegg (1944) – Director Survey division
Mr. André Jonkman (1954) – Financial Director (CFO)

Mr. Klaas Wester (1946) – President until 31 December 2011; retirement June 2012

Messrs. J. Rüegg and A. Jonkman need to be reappointed as their term expires at the AGM to be held on 22 May 2012. Mr. Rüegg was appointed in September 2009. It will be proposed to the AGM to reappoint Mr. Rüegg for an additional one year to be in charge of the Survey Division, after which he will take retirement.
Mr. Jonkman was reappointed in May 2008 and it will be proposed to reappoint him for a term of four years.

Supervisory Board

The Supervisory Board has nominated Mr. Harrie L.J. Noy (1951) for appointment as member of the Supervisory Board. The nomination will be put on the agenda of the AGM on 22 May 2012.

Mr. Noy has the Dutch nationality and is since 2000 CEO and Chairman of the Executive Board of Arcadis N.V. in Amsterdam. He will step down from this position in the upcoming AGM of Arcadis N.V. on 16 May 2012.
In addition, Mr. Noy is member of the Supervisory Board of NV Nederlandse Gasunie; Board member of VNO – NCW (the Confederation of Netherlands Industry and Employers); member of the Exchange Council NYSE Euronext Amsterdam; Board member of VEUO (The Dutch Association of Listed Companies); and Chairman of the Supervisory Board of the College of Arnhem – Nijmegen (HAN).
Mr. Noy is nominated because of his experience as CEO of a listed company and as supervisory director, his technical background and his experience growing the international presence of Arcadis.

If Mr. Noy is appointed on 22 May 2012, the Supervisory Board intends to appoint him as Chairman of the Supervisory Board in May 2013.

In conclusion

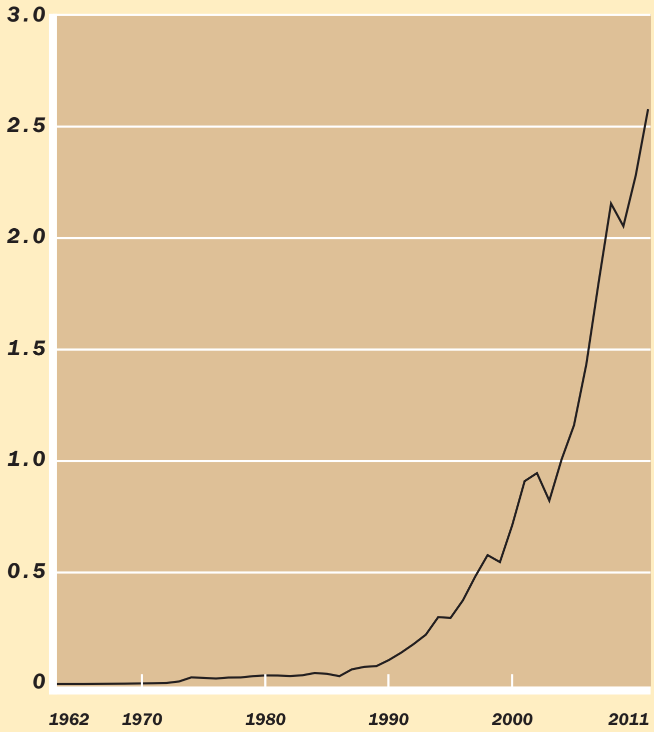
We would like to thank all shareholders for their trust in Fugro and management and all employees for their hard work and efforts. We are aware of the challenges 2012 will bring us, but we feel confident that Fugro can cope with these challenges.

Leidschendam, 8 March 2012

F.H. Schreve, Chairman
F.J.G.M. Cremers, Vice-chairman
J.A. Colligan
M. Helmes
G-J. Kramer
Th. Smith

50 YEARS FUGRO

Revenue development 1962-2011
(In EUR billion)



From left to right: A. Jonkman, K.S. Wester, A. Steenbakker, J. Rüegg, W.S. Rainey and P. van Riel.

BOARD OF MANAGEMENT

Fugro is the holding company of a large number of operating companies located throughout the world and with a range of activities. To promote client-orientation and efficiency, the Group's organisational structure is highly decentralised, but cohesive, and built around three divisions, Geotechnical, Survey and Geoscience.
The Board of Management manages Fugro's strategic, financial and organisational matters and appoints senior managers.
The approval of the Supervisory Board is required for important management board resolutions.

Managing directors are (re)appointed by the General Meeting of Shareholders for a maximum term of four years. The members of the Board of Management are collectively responsible for the management of the company. Notwithstanding their collective responsibility within the Board of Management, specific tasks and responsibilities have been assigned to the individual members of the Board of Management.

As of 1 January 2012, Mr. Steenbakker took over the chairmanship of the Board of Management from Mr. Wester, who will retire in June 2012. Mr. Van Riel was appointed vice-chairman.

Board of Management

name	**A. Steenbakker** (1957)
function	Chairman of the Board of Management as of 1 January 2012
nationality	Dutch
employed by Fugro	since 2005
	appointed to Board of Management 2006 (reappointed 2010)
current term	until AGM 2014

name	**P. van Riel** (1956)
function	Vice-chairman of the Board of Management / Director Geoscience division
nationality	Dutch
employed by Fugro	since 2001
	appointed to Board of Management 2006 (reappointed 2010)
current term	until AGM 2014

name	**W.S. Rainey** (1954)
function	Director Geotechnical division
nationality	American
employed by Fugro	since 1981
	appointed to Board of Management 2011
current term	until AGM 2015

name	**J. Rüegg** (1944)
function	Director Survey division
nationality	Swiss
employed by Fugro	since 1994
	appointed to Board of Management 2009
current term	until AGM 2012

name	**A. Jonkman** (1954)
function	Chief Financial Officer
nationality	Dutch
employed by Fugro	since 1988
	appointed to Board of Management 2004 (reappointed 2008)
current term	until AGM 2012
other functions	member Supervisory Board Dietsmann N.V.

name	**K.S. Wester** (1946)
function	President and CEO of the Board of Management until 31 December 2011
nationality	Dutch
employed by Fugro	since 1981
	appointed to Board of Management 1996 (President and CEO 2005)
current term	retirement June 2012
other functions	member Supervisory Board Iv-Groep B.V.
	member Supervisory Board Royal BAM Group N.V.
	member Supervisory Board Aarding Management B.V.

Company Secretary
W.G.M. Mulders (1955)

Report of the Board of Management

GENERAL

The global economic recovery expected in early 2011 failed to materialise. The continuing growth in a number of countries, particularly in the Far East, was largely offset by stagnation in Europe and the Middle East. Europe and the USA are still suffering the aftermath of the financial crisis that started in 2008, while the political changes in the Arab world and North Africa are slowing down economic developments in those regions.

The demand for energy remained stable, as also reflected in oil prices of around USD 100 per barrel (WTI). As a result, and in order to meet the expected increase in future demand, the oil and gas industry has increased its spending on global exploration and production. Oil and gas will remain important in the coming years. Although use of energy from renewable sources such as offshore wind farms is growing rapidly, it still only makes a small contribution globally. The disaster that struck the Japanese nuclear power plant following the earthquake and tsunami caused many countries to reconsider the use of nuclear energy.

Many of Fugro's activities are related to energy, and the above global developments have resulted in an increasing demand for our services in various activities, but fell short of earlier expectations. This applies specifically to marine seismic surveys and support services for offshore installations, where prices remained under pressure throughout the year. The fact that marine seismic activities in the Gulf of Mexico failed to recover after the 2010 Macondo incident meant that there was still overcapacity of seismic vessels in 2011. Demand for offshore construction-related services picked up slightly during the year.

The picture in other sectors in which Fugro operates showed regional variations. Demand for services for large infrastructure projects in Europe and the United States, for example, was weak. Although activities that largely depend on government funding, such as infrastructure, aerial mapping and construction, were generally under pressure in the 'old economies', this was offset by growing demand in emerging regions such as Brazil, China (Hong Kong) and Western Australia. Mining-related work is recovering strongly after a few difficult years, thanks in part to the broader range of services which we can now also offer in onshore oil and gas exploration.

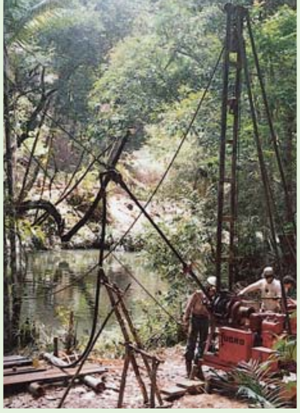
The growth in revenue that occurred in the first half of 2011 continued during the rest of the year, with second-half revenue increasing by more than 13% compared to the corresponding period in 2010. As a result, Fugro achieved record revenue for the year of EUR 2,577.8 million. The increase was mainly attributable to the Survey and Geoscience divisions, while the Geotechnical division's revenue was at the same level as in the previous year.

Continuing price pressure in a number of sectors and costs needed to integrate acquisitions completed in 2011 resulted in a slightly lower net profit margin of 11.2% (2010: 11.9%). In absolute terms, however, net profit for the year of EUR 287.6 million exceeded that of any previous year. The afore mentioned matters also impacted the EBIT.

Fugro's financial position is solid and was further secured in 2011 by the decision to expand our long-term borrowing facilities. This helped us to continue an active acquisition strategy designed to reinforce market positions, broaden our range of services and to support further growth in the future. Our program for investing in new vessels, specialised equipment and ROVs will also support continued organic growth.

Fugro's broad range of services enables the company to offer one-stop-shopping solutions to clients for complex projects. This applies both for new oil and gas developments, as well as large infrastructure projects such as harbour extensions and offshore wind farms. Fugro also has extensive capacity in equipment and expertise for the exploration of valuable mineral resources.

Fugro won contracts for several attractive projects during the year. Some examples of these are discussed on pages 37, 38 and 39.



Soil investigation in Singapore
1974

In financial terms, the year 2011 can be summarised as follows:

- Fugro's revenue increased by 13.0% to EUR 2,577.8 million (2010: EUR 2,280.4 million). Revenue increased organically by 7.6% and by 8.8% as a result of acquisitions. The foreign currency effect was negative 3.2%; the effect of disposals was 0.2% negative;
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 3.5% to EUR 581.0 million (2010: EUR 561.1 million);
- Results from operating activities (EBIT) were lower at 0.6% to EUR 349.3 million (2010: EUR 351.5 million);
- Net result went up with 5.7% to EUR 287.6 million (2010: EUR 272.2 million);
- Earnings per share increased by 4.6% to EUR 3.63 (2010: EUR 3.47).

It is proposed to maintain the dividend for 2011 at EUR 1.50 per share (2010: EUR 1.50).

ACQUISITIONS

In 2011 Fugro completed nine acquisitions:

Acquisitions within the Geotechnical division

- Bluestone Offshore Pte Ltd, Singapore, provides offshore geotechnical services.
- AOA Geophysics Inc., USA, offers geoscience consultancy to the offshore oil and gas industry.
- Sial Geoscience Consulting and Engineering Şti, Turkey, is a leading Turkish geotechnical consultant providing expertise to large infrastructure construction companies and government.
- Geo-log GmbH, Germany, is an onshore geotechnical company with expertise in the field of site investigation and characterisation.

Acquisitions within the Survey division

- TSmarine Group Holdings Pty Ltd. (TSM) and its subsidiaries, Australia. The group is a specialist provider of subsea installation services, IRM (inspection, repair and maintenance) and light well intervention. The company operates ROV (Remotely Operated Vehicle) and diving services, has four high specification chartered vessels in its fleet and is primarily active in the Asia-Pacific region, where it will enhance Fugro's existing presence.
- Fugro acquired the remaining 50% of the shares in MR Subsea KS and MR Subsea AS, Norway. MR Subsea is active in the field of ROV services and is the owner of the vessel Atlantis Dweller.

Acquisitions within the Geoscience division

- JDR Cable Systems Holdings Netherlands BV, renamed De Regt Marine Cables B.V. (De Regt), the Netherlands, designs and produces special marine cables for the oil and gas industry, for geophysical clients and for defence.
- Kelman Technologies' seismic data processing business, Canada, has expertise in land data processing. Kelman complements Fugro's existing seismic data processing capabilities.
- Ocean Bottom Nodes (OBN) business of SeaBird Exploration PLC, Norway. The OBN method is for seabed acquisition of 3-D and 4-D (time lapse reservoir monitoring) multi-component seismic data. OBN is the only available method for acquiring seabed seismic data in deep water and around obstructed areas. The nodes used in the OBN approach are deployed using ROVs.

Reasons for acquisitions include obtaining new or additional technology and increasing market share. The annual revenue of the companies acquired in 2011 amounts to EUR 215 million.
The total cost of the acquisitions completed in 2011 was EUR 219 million.

For more detailed information on acquisitions that took place in 2011, reference is made to the Financial statements on pages 120, 121 and 122.

Personnel data	2011	2010	2009	2008	2007
Average number of employees during the year	**13,749**	13,444	13,587	12,977	10,824
Revenue per employee (x EUR 1,000)	**187.5**	169.6	151.1	166.0	166.5
Net revenue own services per employee (x EUR 1,000)	**115.2**	112.7	105.1	110.4	110.7
Geographical distribution at year-end					
The Netherlands	**1,034**	943	947	978	935
Europe other/Africa	**4,604**	4,461	4,369	4,311	3,595
Middle East/Asia/Australia	**4,349**	4,270	4,411	4,319	3,624
North and South America	**3,889**	3,789	3,755	4,019	3,318
Total at year-end	**13,876**	13,463	13,482	13,627	11,472

EMPLOYEES

Number of employees

At the end of 2011 the number of employees was 13,876 (2010: 13,463). In a number of business units reductions in staff were implemented during the year. The net effect of these reductions and new hires in business units where market conditions were favourable, was a reduction of 57 employees. This, together with the addition of 470 staff through acquisitions, resulted in an increase of 413 employees overall. The average number of employees for the financial year was 13,749 (2010: 13,444), an increase of 2.3%. Fugro also works with a large group of experienced and long serving freelance workers who are regularly deployed on a project basis. The use of freelance workers provides Fugro with the flexibility to respond to variations in manpower requirements. As a result of increasing demand some more freelancers were hired in 2011.

Fugro mainly employs local employees and deploys a small number of expatriates.

Despite the global shortage of specialists, Fugro has been successful when it comes to recruiting experienced and professional employees. Increasingly, this is coordinated on a global basis. Fugro's recruitment success is helped by the global spread of its activities and the opportunities that Fugro can offer to innovative and entrepreneurial staff.

Fugro continues to invest in training and education in order to guarantee a high standard of services. Once again, as in 2010, recruiting young talent was deemed critical in 2011. New employees also get access to knowledge and experience through on-the-job training and by working together with experienced employees in small teams on projects. Fugro also actively invests in ensuring a healthy and safe work environment.

CAPACITY PLANNING

A large part of Fugro's revenue is generated by offering niche services in related markets by combining state-of-the-art technology and knowledge on a global scale.

Over the years Fugro has achieved a leading position in several niche markets, and in order to be able to maintain such positions it requires continuous development, upgrading and advancement of the technologies used. To optimise efficiency, Fugro uses a lot of equipment that is developed in-house, based on the company's operational experience. Maintaining the ownership of such equipment is part of Fugro's strategy. This is underpinned by an ongoing long term investment program in key assets such as purpose-build vessels and operational equipment. In order to maintain flexibility, part of the vessel fleet capacity is based on long and short term charters, in particular for those activities that can be performed from more standardised vessels.

The charter term of a number of vessels will expire in the course of 2012. Extensions of charters will be considered taking into account the backlog and prospects for future work. Fugro also uses vessels that are chartered on a project-by-project basis.

In the course of 2011 the following changes took place in the vessel fleet:

Geotechnical division

The acquisition of Bluestone added temporarily the Greatship Maya drilling vessel to our fleet. The charter of this vessel was terminated and the drilling equipment, owned by Fugro, was demobilised. A number of vessels were chartered for short periods for activities such as wind-farm operations.

Survey division

A new-build survey vessel, the Fugro Galaxy, commenced service in the first quarter of the year. The acquisition of TSmarine added four medium-term chartered vessels to the fleet. These vessels are equipped for ROV and diving work and for special installation work. The new-build ROV support vessel, the Fugro Symphony, was delivered in the second quarter, while an order for a new vessel equipped with ROV and diving facilities for work in Brazil was placed with a Brazilian yard in the fourth quarter. The medium term charter of one ROV support vessel in the Far East was not extended on the expiry date.

Geoscience division

The charter of the 2-D seismic vessel Geo Arctic was terminated halfway through the year, while in late 2011 Fugro informed the owners of the medium-sized seismic vessels Geo Natuna and Seisquest that it did not intend to continue the charters expiring in early 2012 on the current conditions. The acquisition of Seabird's Ocean Bottom Nodes (OBN) activities at the year-end added the Seabird Hugin vessel to the fleet (charter). Furthermore a charter agreement for a 2-D seismic vessel was entered into.

Scheduled fleet expansion

Fugro has placed orders for six new build vessels to become operational in the period 2012 through 2014 as shown below. All vessels will be owned and are designed to Fugro's specifications. In addition to the listed vessels three small size survey vessels for shallow water work have been ordered.

Fleet renewal/expansion

Name of the vessel	Type of vessel	Expected delivery
Fugro Equator	Survey	Q1-2012
Fugro Brasilis	Survey	Q2-2012
Fugro Australis	Survey	Q4-2012
Fugro Voyager	Geotechnical	Q1-2013
Fugro Scout	Geotechnical	Q1-2013
New vessel Brazil	ROV support	Q1-2014

The financing of the vessels is covered by existing facilities and expected future operating cash flows.

FINANCIAL

Revenue and cost development

In 2011 revenue reached EUR 2,577.8 million, an increase of 13.0% compared to the EUR 2,280.4 million in 2010.

Revenue increased 7.6% due to organic growth and by 8.8% as a result of acquisitions. Revenue decreased by 0.2% as a result of divestments and the foreign currency effect was 3.2% negative. Organic growth of 7.6% was achieved despite the fact that Fugro continued to face price pressure in a number of market segments where there is more capacity in the market than demand can absorb. The marine seismic activities (division Geoscience) and the subsea activities (division Survey) suffered the most from this. In addition issues like the 'Arab Spring' and the continuing weakness of the world wide economy, nourished by financial problems in a number of countries, played a role.

The analysis of the change in revenue is shown in the table on page 27. The average revenue growth over a ten year period is about two-thirds organic growth, and one-third from acquisitions. The average foreign currency effect over the same period is 2.5% negative.

Also in 2011, Fugro spent much attention to optimising business efficiency and reducing costs as much as possible. Related decision points are that of continuation or termination of charter agreements of vessels and the clustering of operating companies in a number of regions.

Third party costs amounted to EUR 994.0 million in 2011 (2010: EUR 765.6 million). This represents an increase of EUR 228.4 million. Third party costs as a percentage of revenue were 38.6% (2010: 33.6%) and include EUR 78.9 million expenses associated with seismic and geologic data libraries (2010: EUR 88.8 million). The third party costs as a percentage of revenue is higher in 2011 than in previous years. One of the main reasons is that the recently acquired companies, Fugro RUE and Fugro TSM operate almost solely with chartered vessel capacity. Moreover in 2011 there was delay in the start of some projects in Brazil as a result of late delivery of vessel capacity by third parties and the last minute cancellation

Revenue growth (in percentages)	Organic	Acquisitions	Disposals	Exchange rate differences	Total
2011	7.6	8.8	(0.2)	(3.2)	13.0
2010	6.0	0.4	–	4.7	11.1
2009	(5.6)	1.1	–	(0.2)	(4.7)
2008	23.4	4.0	–	(7.9)	19.5
2007	22.9	6.4	(0.1)	(3.5)	25.7
2006	18.9	6.8	(0.3)	(1.8)	23.6
2005	12.0	1.4	(1.1)	2.8	15.1
2004	9.7	16.2	(0.6)	(2.7)	22.6
2003	(8.6)	4.9	–	(9.4)	(13.1)
2002	3.4	4.0	–	(3.4)	4.0
Average (2002 – 2011)	9.0	5.4	(0.2)	(2.5)	11.7

of an important offshore geotechnical project. However, for these projects third party costs were incurred.
As in past years, managing the workforce was a focus point in 2011. The size of the workforce was carefully evaluated and actively adapted to the demand in services. This meant that in some activities the number of employees was reduced and that in case of growth in activities more staff was hired, as was the case for example in Brazil.

The average cost per employee was EUR 56,338, an increase of 4.7% compared to 2010 (EUR 53,789). Total personnel expenses in the year amounted to EUR 774.6 million (2010: EUR 723.1 million), an increase of 7.1%. The majority of this increase is related to acquisitions in the year. Staff costs were 30.0% as a percentage of revenue, which is somewhat lower than in 2010 (31.7%).

Depreciation of tangible fixed assets increased from EUR 201.5 million to EUR 221.0 million in 2011, an increase of 9.7%, which is a result of capacity expansion and concerns mainly the vessel fleet (including related operational equipment) and ROVs. The depreciation of tangible fixed assets was 8.6% of revenue (2010: 8.8%).
Other expenses amounted to EUR 252.0 million in 2011 (2010: EUR 252.5 million), a decrease of 0.2%. As a percentage of revenue these costs are 9.8% (2010: 11.1%).
Other expenses include a variety of different costs, which cannot be allocated directly to projects, such as repair and maintenance, occupancy, insurances, etc.

Net result

The net result increased by 5.7% to EUR 287.6 million (2010: EUR 272.2 million). The basic earnings per share amount to EUR 3.63 (2010: EUR 3.47). The financial objective of an average increase of earnings per share of 10% per annum was met over the last five year period.

Geographical distribution of revenue* (on 31 December, x EUR 1 mln.)	2011	2010	2009	2008	2007
The Netherlands	144	133	134	145	124
Europe other/Africa	1,225	1,111	985	1,082	857
Middle East/Asia/Australia	645	432	420	426	351
North and South America	564	604	514	502	471
Total	2,578	2,280	2,053	2,155	1,803

* *Based on the place of business of the operating company that executes the project.*

Revenue distribution per division (on 31 December, x EUR 1 mln.)	2011	2010	2009	2008	2007
Geotechnical	670	664	536	541	443
Survey	1,191	1,009	956	960	852
Geoscience	717	607	561	654	508
Total	2,578	2,280	2,053	2,155	1,803

The net result includes a change in the value of Electro Magnetic GeoServices ASA (EMGS) of EUR 6 million positive after tax which is caused by the increase of the share price of EMGS. The net effect after tax in 2010 was some EUR 16 million positive.

EBIT

The result from operating activities (EBIT) amounted to EUR 349.3 million (2010: EUR 351.5 million), a decrease of 0.6%. As in previous years the EBIT as a percentage of revenue improved in the second half of 2011 compared to the first half 2011. The EBIT 2011 was negatively affected by the last minute cancellation of an important offshore geotechnical project, the delay in the start of some projects in Brazil as a result of late delivery of vessel capacity by third parties, extended dry docking and the costs of integrating the 2011 acquisitions.

EBITDA

The earnings before interest, tax, depreciation and amortisation amounted to EUR 581.0 million (2010: EUR 561.1 million), an increase of 3.5%.

Foreign currency

In 2011, the average US dollar exchange rate decreased to EUR 0.71 (2010: EUR 0.76), the average exchange rate of the British pound decreased to EUR 1.15 (2010: EUR 1.17) and the average exchange rate of the Norwegian kroner increased to EUR 0.129 (2010: EUR 0.125). As a result of fluctuations during the year, the net foreign exchange effect in the profit and loss account in 2011 was positive EUR 16.8 million (2010: negative EUR 5.1 million).

Exchange differences were caused by the variance in exchange rates between the entry date of trade receivables and the moment of receipt, the revaluation of balance sheet positions and the realised exchange differences on foreign currency transactions.
The foreign exchange effect was EUR 2.7 million positive on the equity per 31 December 2011 (2010: positive EUR 108.0 million). Amongst others as a result of further optimising net investment hedges, the effect on equity was limited. See also page 75 of the report under risk management and page 159 of the financial statements under currency risk.

Cash flow

In 2011, the cash flow amounted to EUR 526.9 million (2010: EUR 489.8 million), an increase of 7.6%. Cash flow is defined as the profit for the period plus depreciation and amortisation. The expected future cash flow will enable the company to remain within the current financing covenants and to finance the committed investments. The cash flow per share equates to EUR 6.65 (2010: EUR 6.25), an increase of 6.4%.
The financial growth target for the cash flow of, on average, 10% per annum was achieved measured over the last five years.

Investments

As indicated before, Fugro will continue to invest in its vessel fleet and equipment in the coming years to support future growth. This will predominantly be done in the Geotechnical and Survey divisions. Here, older vessels will be replaced and capacity will be added if

Exchange rates (in EUR)	2011 Year-end	2011 Average	2010 Year-end	2010 Average	2009 Year-end	2009 Average
US dollar	0.77	0.71	0.75	0.76	0.69	0.72
British pound	1.20	1.15	1.16	1.17	1.13	1.13
Norwegian kroner	0.129	0.129	0.128	0.125	0.121	0.115

The Pelatuk, one of the Fugro-Cesco vessels on anchor in the Far East
1976

market conditions allow. In particular deep water market opportunities will be considered in this decision-making.

The 2011 investments can be specified as follows (x EUR million):

Maintenance capex	112.0
Capacity expansion	208.9
Total investments	320.9
Movement in assets under construction (mainly vessels and ROVs)	(43.1)
Subtotal	277.8
Assets from acquisitions	125.8
Total	403.6

Each year, Fugro is investing in order to maintain the existing capacity. In 2011, the maintenance capex amounted to EUR 112.0 million (2010: EUR 81.2 million). Replacement investments in 2011 were limited to those which were unavoidable. The increase in maintenance capex is among others caused by higher dry docking costs in 2011.

In the table on page 30, an overview of the annual investments for the period 2010-2014 is given, including an estimate for the years 2012-2014. The major part of the capacity expansion in 2011 concerns ROVs and the vessels Fugro Symphony and Fugro Galaxy.

The investments in 2012 include the vessels Fugro Australis, Fugro Equator and Fugro Brasilis. Investments in 2013 and 2014 are, as yet, not identified apart from the delivery of the Fugro Voyager, Fugro Scout and the recently ordered ROV vessel in Brazil.

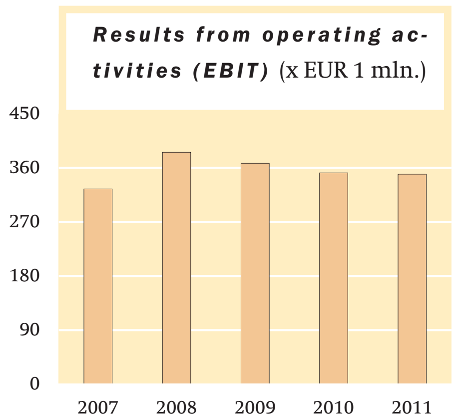
Net finance costs

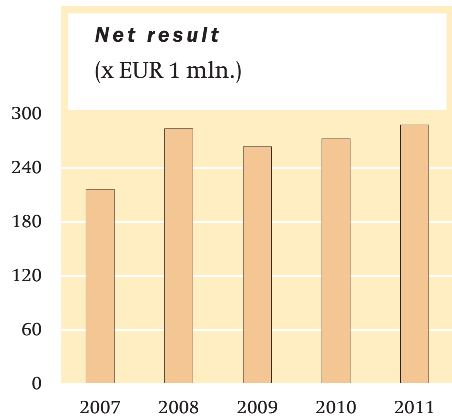
The net finance costs amounted to EUR 13.4 million in 2011 (2010: gain EUR 6.2 million). The analysis is as follows (x EUR million):

	2011	2010
Change in fair value financial assets	**(3.9)**	(22.3)
Net interest charge	**33.0**	12.1
Foreign currency effects	**(16.8)**	5.1
Other	**1.1**	(1.1)
Total costs (gain)	**13.4**	(6.2)

The change in fair value of financial assets mainly relates to our shareholding in Electro Magnetic GeoServices ASA (EMGS).

The net interest charge increased in 2011 mainly because of a higher use of bank facilities as well as the higher interest. The interest cover (EBIT/net interest charge) is 11 (2010: 29). This is a high coverage, substantially above the financial objective of more than 5.





Taxes

In 2011, income tax expense amounted to EUR 45.3 million (2010: EUR 78.5 million). The effective tax rate in 2011 amounted to 13.3% (2010: 21.9%). The change in geographical spread of taxable profits in 2011 compared to 2010 resulted in a reduction of the average domestic tax rate applicable. Furthermore, in a number of tax jurisdictions previously unrecognised tax losses were recognised and also some previously unrecognised tax losses were utilised in 2011. In 2011 a lot of emphasis was put on reducing tax expenses, for example by using the recently introduced innovation box opportunity in the Netherlands.

In the UK Fugro obtained the status of 'low risk' from the tax authorities based on high transparency.
In the Netherlands Fugro is in discussion with the tax authorities regarding entering into the 'Horizontal monitoring' covenant.

It is expected that the future tax charge will be around 20%.

Intangible assets (goodwill)

In 2011, the addition to goodwill resulting from acquisitions amounted to EUR 171.6 million (2010: EUR 44.1 million). The addition is mainly a result of nine acquisitions in 2011. There was a positive foreign exchange effect in 2011 of EUR 7.4 million (2010: positive EUR 22.8 million) on the balance sheet for the goodwill.

Goodwill is not amortised, but is tested at least once a year for impairment. In 2011, as in 2010, this did not result in adjustments.

Balance sheet ratios

Solvency at the end of 2011 was 42.9% (ultimo 2010: 48.8%). The solvency ratio objective is to be at least 33$^{1}/_{3}$%. At the end of 2011 the current ratio was 1.7 (2010: 1.3). Gearing amounted to 73% (2010: 54%). The higher gearing is largely caused by higher financing, required for the investment to build up the seismic data library and the acquisitions completed in 2011. It is expected that the gearing will decrease in the course of 2012. The financial ratios underline Fugro's healthy balance sheet.

Working capital amounted to EUR 624.0 million at the end of 2011 (2010: EUR 253.2 million). The change can be analysed as follows:

(x EUR 1 mln)	**31 December 2011**	**31 December 2010**	**Change**
Inventories	364.9	219.0	145.9
Trade receivables	494.1	444.1	50.0
Trade and other payables	(512.7)	(474.2)	(38.5)
Net cash and cash equivalents	2.6	(218.9)	221.5
Other	275.1	283.2	(8.1)
	624.0	253.2	370.8

The higher 'inventories' value is mainly caused by building up the 3-D multi client seismic library.

Fugro annually invests in new seismic and geological data at its own risk and expense (multi client), which is recognised on the balance sheet under 'inventories'. Such a data library is normal for companies that carry out this type of service. The data library contains valuable information that is offered and sold to multiple interested parties and which can retain its sales and profit potential for several years.

Following increasing interest for multi client 3-D seismic projects, Fugro started late 2009 to use part of the newly available vessel capacity to build up a marine 3-D library in addition to the 2-D library.

(Expected) investments, excluding assets from acquisitions (x EUR 1 mln)	**2010**	**2011**	**2012***	**2013***	**2014***
Maintenance capex	**81.2**	112.0	110.0	120.0	120.0
Capacity expansion	**362.6**	208.9	175.0	150.0	100.0
Total investments	**443.8**	320.9	285.0	270.0	220.0
Movement in assets under construction	**(44.8)**	(43.2)	(50.0)	(40.0)	–
Net cash	**399.0**	277.8	235.0	230.0	220.0

* *Estimate.*

Development of goodwill*	Goodwill (x EUR mln.)	Book value as of 31 December
1988-1995	80.9	0
1996	3.0	0
1997	18.1	0
1998	16.9	0
1999	35.3	0
2000	37.4	0
2001	242.8	237.9
2002	3.2	190.9
2003	68.2	253.1
2004	22.9	274.4
2005	8.3	289.2
2006	59.4	347.3
2007	47.3	381.6
2008	76.0	418.5
2009	20.0	459.7
2010	44.1	526.6
2011	**171.6**	**705.6**
Total	955.4	

* *Up until 2000 goodwill was deducted directly from the shareholders' equity. In the period until 31 December 2002, goodwill was amortised over a 20 year period. The goodwill under IFRS has been recalculated as of 31 December 2002. The book value at year-end is valued against the prevailing exchange rates at that time.*

The seismic and geological data libraries are measured at the lower of cost and net realisable value. As it can be expected that sales lead to a lower net realisable value of the seismic and geological data, the expected decrease in value is taken into account at the moment of each sale transaction in the financial year. Fugro evaluates the net realisable value on a regular basis and reassesses the net realisable value at each reporting date. Based on historical as well as forecasted sales of data, management currently assesses that 3-D data sets will no longer generate sales after a five year period (2-D data sets: three year period), which is reflected in the valuation on the balance sheet.

Virtually no data acquired during or before 2009 is valued on the balance sheet anymore. At the year end, the total net book value of the library amounted to EUR 333.8 million (2010: EUR 204.5 million) of which EUR 330 million is related to marine seismic (2010: EUR 199 million).

The current market situation for multi client data and the selective attitude of potential customers concerning geographic location of the collected data have been taken into account in the valuations of the data library.

The data library's balance sheet valuation has increased compared to the end of 2010, mainly because of a number of large projects carried out offshore Australia and Norway, for which the processing is still to be completed. Pre-commitments were received for these projects which underline the interest of oil and gas companies in these specific data. In response to the interest of the industry, Fugro will specialise more in multi client data activity. In 2011, EUR 204 million new data was added to the libraries. EUR 156 million of sales of seismic multi client data was recognised as revenue.

Also in 2011 a strong emphasis was put on monitoring of receivables. This high focus resulted in collection of a significant number of old receivables. Unfortunately the current economic situation did not help to reduce the overdue receivables totally. The collectability of receivables however is not a concern as such, as there have historically not been any material write offs of receivables.

Financing

In the second half of 2011 Fugro was refinanced. Fugro reached agreement with 27 US and UK based investors with respect to so called US Private Placement loans (USPP) with a value expressed in US dollars of 909 million. The original currencies are US dollar 750 million, EUR 35 million and British pound 67.5 million. The loans have a maturity of 7, 10 and 12 years and have an average coupon of some 4.5%.

Fugro also reached agreement with a number of individual banks for committed facilities up to a total value of EUR 775 million for 5 years. These facilities were made available by eight internationally operating banks. The interest is based on a grid and is Euribor plus 110 BPS.

The loans and facilities include, amongst others, the following covenants:

- EBITDA / interest > 2.5
- Debt / EBITDA < 3.0
- Solvency > $33\frac{1}{3}$%

CPT truck at the Golden Gate Bridge, San Francisco
1998

DIVIDEND PROPOSAL

It is proposed that the dividend for 2011 be maintained at EUR 1.50 per share (2010: EUR 1.50), to be paid at the option of the shareholder:

- in cash, or
- in shares

In case no choice is made, the dividend will be paid in shares. The proposed dividend equates to a pay-out percentage of 41.3% of the net result.

MARKET DEVELOPMENTS AND TRENDS

Trends

In 2011 the world was affected by natural catastrophes, like the Fukushima accident in Japan, political unrest in North Africa and the Middle East, the economic uncertainties in Europe and the USA, pressure on the European Union and the Euro, and an ongoing slow recovery of the activity in the Gulf of Mexico after the Macondo incident. Although some of these issues are easing entering into 2012, other issues are developing such as continued unrest in Syria, the potential Iranian response to international pressure on their nuclear program and a lingering European crisis leading to continued uncertainty in the market. The year 2012 will continue to be a year with uncertainty with regard to the recovery of the world economy, the strength of the financial sector and possibly the refinancing of government debt. In 2011 the effects on Fugro were limited thanks to the strong financial position and our strategy to focus on providing a broad range of services across the value chain of our customers, and creating client-, regional-, and market diversity, all healthy differentiators for Fugro.

The oil and gas market

The fundamentals for the oil and gas market are healthy with the price of a barrel of oil averaging around USD 100 (WTI) during 2011 and planned investments of USD 600 billion in 2012. Most of the increase in investments outside North America will take place in Latin America, Africa, Europe, Russia and the Middle East (12 to 24% increase compared to 2011). More than 30% will be spent by the eight largest international and national oil companies. Fugro has long term customer relationships and regional presence where investments are planned. According to these external reports and industry leading oil companies, global investments in oil and gas supply infrastructure of USD 20 trillion are required over the next 20-25 years, which will provide a good basis for the future for Fugro in this segment.

Fugro is involved throughout the life cycle of oil and gas fields. This cycle lasts for several decades starting with the search for new fields and continuing with investigations and surveys related to the design and construction of the facilities required to bring new fields into production. During the further life of the field inspection, repair and maintenance of subsea facilities and improving production are activities that are required on a regular basis, with decommissioning as the final activity. Fugro is well positioned to benefit from increases in investments by oil and gas companies during the course of the field life cycle.

Many of the offshore exploration and development activities, especially those related to deepwater projects, take place in the Gulf of Mexico, West Africa and Brazil. This activity will increase as most of the so called 'easy oil' has been found. Frontier areas that are developing are in the Arctic and East Africa. Other regions that continue to be active are the Middle East, the northern part of the North Sea and many parts of Asia.

The Macondo oil spill in the Gulf of Mexico delayed also in 2011 developments in that area. With the recently issued permits and the upcoming June lease round for the central Gulf of Mexico it looks like activity will improve.

The US shale gas market is stabilising, with drilling activity contracting, as a result of the current depressed gas prices (USD 2.5 per TCF). Exploration and production of unconventional gas fields in Europe, Far East and Australia is developing, but the impact on Fugro's business will not be too significant in 2012.
The increasing demand for gas, large scale expansion of LNG facilities in the Middle East, Australia and Nigeria will require investments in large infrastructure projects, like pipelines, terminals, jetties, liquefaction facilities and liquid gas storage. These projects require bathymetric and terrestrial survey, near shore, on- and offshore geotechnical soil investigation, geohazard analysis and foundation design as well as techniques for planning the optimum pipeline route, across land or on the sea bed; all core services that Fugro can supply.

External publications indicate that oil companies base their economic viability calculations for most of their larger projects on a price of oil well below the current price level of around USD 100 per barrel (WTI). Considering the long duration from start to finish of these kinds of projects and the current trend in the oil price, Fugro anticipates that its services will continue to be in demand in 2012 and the years beyond. About 75% of Fugro's activities is related to the oil and gas industry.

The market for infrastructure projects

Infrastructure and construction related activities accounted for approximately 19% of Fugro's revenues in 2011. Fugro undertakes large contracts associated with land reclamation, (LNG) harbour expansions, levees, tunnels, bridges, roads, pipelines and major building and construction works in for instance Hong Kong, Panama, Turkey, California and Western Australia. The company has strengthened its market position by supplying solutions, that integrate data collection and earthscience consulting, to our clients. This fulfils the customer's preference for contracting these services to a single, independent global service provider.

With a focus on the larger infrastructure projects and by early positioning with the key players in the development of these projects, Fugro has been able to mitigate the impact of the slowdown in activity. In some countries, like the USA, stimulus programs are still generating projects in which Fugro is participating, like areal surveys and road maintenance projects.

Mining

In 2011 the mining market was driven by an increase in demand for mineral commodities linked to infrastructure and economic development. Overall this caused an increased need for Fugro's services that support the exploration and development of mineral resources. With lower demand from the West, demand in Asia is driving exploration. Copper and iron ore are in demand as a result of construction and infrastructure expansion. Fugro also expects that exploration for precious metals like gold will continue to be buoyant. Junior exploration companies are still under pressure as potential sources of funding from the equity markets are limited. Given the current situation in the financial market, this trend will likely not reverse in 2012. Mining related activities accounted for 3% of Fugro's revenue in 2011.

Other market segments

Fugro not only supplies services to the aforementioned markets but also to a number of other niche markets. These services include the sale of positioning signals, route surveys for offshore telecommunication cables, and airborne mapping using laser and radar technology for governmental authorities and other public bodies. Approximately 3% of annual revenue is generated by these segments. In general, these activities are more region-specific and related to specific economic activity.

Backlog at start of the year (for the next twelve months) (x EUR 1 mln.)	2012	2011	2010	2009	2008
Geotechnical					
Onshore Geotechnical	**257.3**	230.4	191.9	168.7	152.7
Offshore Geotechnical	**218.5**	205.7	199.3	174.6	142.6
	475.8	436.1	391.2	343.3	295.3
Survey					
Offshore Survey	**439.6**	431.2	388.3	436.0	354.7
Subsea Services	**294.1**	255.9	244.5	273.0	207.5
Geospatial Services	**74.7**	96.2	83.6	95.8	85.9
	808.4	783.3	716.4	804.8	648.1
Geoscience					
Seismic Services	**303.3**	222.8	164.1	356.8	399.6
Geophysical and Geological Services including Information Services	**105.1**	111.0	92.3	95.5	115.5
	408.4	333.8	256.4	452.3	515.1
Total	**1,692.6**	1,553.2	1,364.0	1,600.4	1,458.5

Backlog comprises revenue for work to be carried out in the coming twelve months and includes uncompleted parts of on-going projects and contracts awarded but not yet started (approximately 55% of the total) and projects that have been identified and are highly likely to be awarded (approximately 45% of the total).

BACKLOG

At the beginning of 2012 the backlog of work to be carried out during the year amounted to EUR 1,692.6 million (beginning of 2011: EUR 1,553.2 million). The proportion of definite orders is 55% (beginning 2011: 58%). The backlog calculation is based on year-end exchange rates in EUR and is 9.0% higher than at the beginning of 2011. Of the increase in backlog, 1.6% is related to foreign currency effects. The backlog has increased as a result of somewhat improving market circumstances and through acquisitions. Delays of new projects, last minute awards and lower prices still have an effect on the volume of the backlog. This is, amongst others, caused by improved availability of service capacity since the start of the economic downturn.

In the past years the order backlog of work to be carried out typically equalled about eight months revenue.

POST BALANCE SHEET DATE EVENTS

On 1 January 2012, Mr. A. Steenbakker took over the chairmanship of the Board of Management from Mr. K.S. Wester, who will retire in June 2012. Mr. Wester was the President and CEO of Fugro as of October 2005. This transition of the chairmanship was earlier announced in May 2011. See for further information on the composition of the Board of Management page 22.

On 8 March 2012 Fugro has entered into an option agreement with the independent foundation Stichting Beschermingspreferente aandelen Fugro (‘Foundation protective preference shares Fugro’), pursuant to which the Foundation was granted the right to acquire cumulative preference protective shares in Fugro’s share capital. By entering into the option agreement, the Foundation is in a position to achieve its object – i.e. safeguarding Fugro and its businesses – autonomously, independently and effectively should the occasion occur. See for further information page 83.

Skandi Carla commenced services
2000

OUTLOOK

The year 2012 is developing positively for Fugro, despite the current uncertainties. A significant part of the revenue is generated from the oil and gas industry. With an estimated 2012 investment of close to USD 600 billion, an increase of some 10% from the 2011 investments, the oil and gas industry is planning for the highest level of investment in history, according to external reports. The stable oil price of around USD 100 per barrel (WTI) is above the threshold that drives investments in the exploration and development in more frontier areas, including deeper water. With a well balanced portfolio of services across the life cycle of oil and gas fields, Fugro will benefit from the investment the industry is projecting in the coming years.

Fugro's activities in the infrastructure and construction, water management and renewable energy markets are, amongst others, dependent on the world wide economic situation and how the government deficits will impact public and private investment. Europe's efforts to continue to invest in offshore wind farms, an important market for Fugro, will continue with many EU member states adopting policies to change the energy mix over the next 20-30 years to lessen dependence on fossil fuels. Asia and the United States seem to be following this trend. Fugro's international footprint, the efforts to focus on the larger, more complex projects, bundling of services and maintaining leadership in data acquisition and consulting have created a robust competitive position in these markets for Fugro.

The recovery of the marine seismic data acquisition market is progressing with improved pricing. Vessel activity should further increase in the Gulf of Mexico with the recently issued permits and the upcoming June lease round for the central part of the Gulf of Mexico. With increasing activity in areas like the North Sea, Barents Sea, Angola, the Arctic and Australia, a re-balancing of the global seismic fleet capacity is expected. This will lead to higher utilisation and create room for further price recovery in this market sector.

Fugro will continue to balance the size and flexibility (owned versus charter) of its seismic fleet with market circumstances and will continue to enhance its multi client library following the increasing interest from clients for multi client data.

The International Energy Agency indicates that in the next decennia the world crude oil demand will remain steady at about 80 million barrels per day (mb/d). The supply of crude oil is impacted by the increasing depletion rates of existing oil fields. In 2020, current production capacity will have declined by an estimated 25% due to depletion. Meeting the growing demand for energy in the world will mostly come from an increased supply of natural gas with an estimated compound annual growth of 1.7%. These developments will require the industry to focus on maximising production from existing oil and gas fields and the exploration and development of new fields. The portfolio of services across the Geoscience division, including the recent acquisition of Ocean Bottom Nodes business, provides unique solutions to support clients with these challenges.

The investments the oil and gas industry is making in subsea infrastructure, offshore production facilities and pipelines, will lead to a growing demand for subsea services, like inspection, repair and maintenance (IRM) of oil and gas installations. Fugro's survey and subsea business lines provide a global foot print that offers vessels, equipment like ROVs and AUVs and highly experienced staff to all regions in which our clients operate. With an investment boom in the fabrication of offshore facilities starting in 2010, the demand for offshore installation support services will increase during 2012 and onwards.

Enhancing oil- and gas production will require investments in large oil and gas infrastructure projects, like on- and offshore pipelines, terminals, jetties and storage and processing facilities. These projects require services like bathymetric and terrestrial survey, near-, on- and offshore geotechnical soil investigation, geohazard analyses and foundation design as well as techniques for planning the optimum pipeline routes, across land or on the sea bottom. The geographic spread of the Survey and Geotechnical divisions supports the client at the front end of the development, up to involvement in the detailed design, working with the engineering and construction contractors locally. This provides the client with the ability to contract all earth related services to one company, a competitive advantage for Fugro.

Mineral exploration and development activity is linked to economic growth and is relatively sensitive to supply or demand swings in any given commodity. In spite of the economic challenges in the Western world, mineral prices in general were at historically high levels over the past year thanks to Far East demand and it is expected that this will continue to drive exploration. Fugro's techniques are used in the exploration of all of these minerals. The ongoing demand in mineral exploration will benefit the land and airborne geophysical businesses which are major suppliers of these services to the world's mining companies.

In the oil and gas market we see a trend of a reducing talent pool as a result of retirement of experienced engineers and a decrease in new graduates entering the market. As a result of the increased requirements by the national oil companies to maximise local content and the scarcity of experienced local staff, attracting, training and retaining local staff is becoming more and more important. Fugro's corporate social responsibility focus on the health and safety, education and development of our employees and maximising local content in growth areas like Brazil and Angola will contribute to retaining key talent.

Fugro is expecting a strengthening of activity in most market sectors in which it operates, mainly towards the second half of 2012. This is supported by current tender activity and an improving backlog. Fugro has been able to prolong its strong financial position in 2011 as a result of the secured long term financing through a USPP (USD equivalent 909 million) and committed bank facilities of EUR 775 million. This provides sufficient financial resources for future investment opportunities to continue the expansion and broadening of activities both organically and through acquisitions.

As in previous years, we will first publish a quantitative outlook for 2012 in August, at the time of the publication of the 2012 half-yearly report.

Board of Management declaration pursuant to section 5:25c of the Financial Markets Supervision Act in the Netherlands

To the best of the Board of Management's knowledge the financial statements (pages 90 to 179) give a true and fair view of the assets, liabilities, financial position and profit or loss of Fugro N.V. and the companies included jointly in the consolidation, and the annual report gives a true and fair view of the situation on the balance sheet date and the business development during the financial year of Fugro N.V. and the Group companies for which the financial information is recognised in its financial statements. The principal risks and uncertainties with which Fugro N.V. is confronted, are described in this annual report.

Leidschendam, 8 March 2012

K.S. Wester, President and CEO until 31 December 2011
A. Steenbakker, Chairman Board of Management
as of 1 January 2012
P. van Riel, Vice-chairman / Director Geoscience division
A. Jonkman, Chief Financial Officer
W.S. Rainey, Director Geotechnical division
J. Rüegg, Director Survey division

IMPORTANT AND INTERESTING CONTRACTS

- Africa, Asia – Fugro undertook several large 3-D contract seismic acquisition projects, each in excess of USD 20 million, around the world, among others in Tanzania, Kenya, Mozambique, Nigeria, Brunei, India, Sierra Leone, Togo and Indonesia. These projects were undertaken for national oil companies, international majors, large independents and an industrial client.

- Australia – Fugro was awarded two major contracts as part of Woodside's Browse LNG project near James Price Point, north of Broome in Western Australia. Fugro's work scope included the onshore geotechnical investigation for the proposed LNG facility and performing the nearshore investigation for the port and loading facilities for the proposed development. The total value of the contracts was in excess of AUD 50 million.

- Australia, Norway, Republic of Seychelles – Fugro completed the Eendracht 3-D multi client survey in Australia. The project totals 8,639km². The data was acquired and processed by Fugro.
  Fugro also completed a 5,300km² 3-D in the Barents Sea just west of the recent Skrugard and Havis discoveries made by Statoil. The survey was designed based on Fugro's extensive 2-D database acquired from 2006 to 2011. Together with others, these projects are part of Fugro's quickly developing 3-D multi client library.
  In addition to the expansion into the 3-D market, Fugro continued to acquire 2-D data in new areas and completed a 17,000 linear km 2-D survey near the Seychelles.

- Brazil – Fugro In Situ was awarded the first nearshore site investigation contract using a jack-up barge in Brazil by Petrobras. The contract is a soil investigation campaign for a key LNG project in the Northeastern Region of Brazil in 'Todos os Santos' Bay, Salvador. The contract has a value for Fugro of some USD 4 million.

- Canada – Fugro GeoSurveys and Fugro Pelagos secured a three-year contract to provide airborne lidar bathymetry survey services to Canadian Hydrographic Service (CHS) in support of their annual charting and mapping effort in the Canadian Arctic region. CHS plan to utilise the reconnaissance survey data provided by Fugro to plan for more efficient and cost effective surveys, thereby improving the throughput of the Arctic Charting and Mapping effort in an area with a very limited operational window.

- Congo – Fugro Geotechnique SA, Fugro South Africa, Fugro Nigeria and Fugro France were jointly awarded a contract by Australian mining company, Elemental Minerals Limited, to provide a bathymetric survey, nearshore geophysical preliminary studies, onshore soil investigations, laboratory testing and a geological report for the design of a plant (facilities and mining buildings), rail corridor, yard and port facilities near Pointe Noire, Congo.

- Egypt – Fugro Subsea Services Ltd was awarded a contract to provide vessel, ROV and subsea intervention services, by Technip on their Burullus West Delta Deep Phase VIIIa Project. The project was carried out from the vessel Fugro Saltire and had a value of approximately USD 14 million.

- India – Fugro conducted an airborne geophysical survey for the Atomic Minerals Directorate for Exploration and Research of the Department of Atomic Energy, Government of India, to support their objectives of geological mapping and exploration. This project comprised 77,000 line-km of airborne surveying using Fugro's helicopter-borne electromagnetic system in the Indian States of Karnataka, Madhya Pradesh, and Rajasthan. The project had a value of USD 11 million.

- Malaysia – Fugro-TSM was contracted to provide their DP2 construction support vessel, the Havila Harmony to support drilling operations at Shell Sarawak's Gumust Project. The Harmony's primary task was the installation 14 subsea trees in up to 1,200m of water. The success of the Shell campaign during 2011 led to additional work with Murphy Oil in Malaysia, where two subsea trees have been installed in 1,300m of water using the same field proven technique. The total contract value was approximately USD 40 million.

- Mediterranean Sea – In December 2010 Fugro was awarded a contract with IGI Poseidon to conduct a detailed marine survey for a deepwater gas transmission pipeline. The pipeline linking Greece and Italy will form part of a larger proposed pipeline bringing gas from the Caspian region to Europe. Fieldwork for the contract was worth approximately EUR 10 million.

- Mexico – Fugro was awarded two major contracts for the execution of offshore geophysical and geotechnical investigations for the development of new fields in the North and Southwest Offshore Regions of the Gulf of Mexico for PEMEX. Fugro's scope of work included offshore geophysical surveys and geotechnical investigations for 37 proposed platform sites, more than 260km of pipelines and 6 jack-up placement locations, an AUV survey and reinterpretation of 3-D seismic data. The value of the contracts was in excess of USD 40 million.

- Middle East & India – Fugro has extended its long term frame work agreement with McDermott for the provision of positioning, survey, ROV and geotechnical services for another three years until the end of 2014. This contract extension continues a long and successful relationship which dates back more than 30 years and has an approximate value of USD 20-25 million per year.

- Nigeria – Fugro Subsea Services continues to develop its Life of Field Support operations offshore Nigeria, working for Mobil Producing Nigeria Unlimited, Shell Nigeria Exploration and Production, and the Shell Petroleum Development Company. This includes a comprehensive range of ROV, air-diving, inspection and intervention.

- North Sea – Fugro GeoConsulting Ltd entered into a five-year framework agreement with SMart Wind and Mainstream Renewable to carry out detailed geotechnical investigations at three offshore wind projects in Europe. The agreement is estimated to be worth approximately EUR 70 million.

- Papua New Guinea – Fugro TSM successfully completed a seabed drilling program for Nautilus Minerals on Solwara one in the Bismarck Sea. The program, which had a value of USD 30 million, included seafloor based drilling. Operations were completed in water depths exceeding 2,000 metres utilising remote operated vehicles.

- Russia – Fugro was awarded two major contracts as part of Phase I of the integrated development of the Shtokman gas-condensate field in the central part of the Russian sector of the Barents Sea. Fugro's work scope included the offshore geotechnical investigation of the field subsea structures, export pipeline and cable route and performing the nearshore survey in Opasova Bay for the pipeline landfall area. The value of the contracts to Fugro was approximately EUR 22 million.

- United States – Fugro Roadware has recently been awarded an extension to continue surveying California roads for a total contract value exceeding USD 20 million.

- United States – Fugro launched RoqSCAN, a portable well site system jointly developed by Fugro and Carl Zeiss, that analyses wellbore cuttings to provide highly quantitative mineralogical datasets within one hour. In 2011 this tool went into testing in the Wolfcamp shale play in the Permian Basin in Texas.

FLI-MAP embankment survey, Kinderdijk, the Netherlands
2002

RECENTLY AWARDED IMPORTANT AND INTERESTING CONTRACTS

- Angola – Fugro has been awarded a three-year survey and positioning contract from Oceaneering to support Oceaneering's BP Angola Field Support Vessels Services project in Angola. Fugro will perform all surface and subsea positioning tasks, including inspection surveys.

- Australia – Fugro TSM has been awarded the Greater Western Flank (GWF) Phase 1 Project Subsea Installation Contract from Woodside Energy Limited. Contract value is in excess of AUD 100 million.

- Australia – Fugro has been awarded a large 3-D seismic survey offshore Northwest Australia. The seismic data are being acquired by the vessel Geo Atlantic.

- India – Fugro Singapore has been awarded a major offshore geotechnical investigation contract by Reliance Industries Ltd on the East Coast of India. Fugro will perform geotechnical investigations, laboratory testing and foundation design studies to allow detailed design of subsea infrastructure for the Dhirubhai Satellite Fields located in water depths of up to 1,850 meter. Fugro will be deploying one of their deepwater geotechnical vessels. The value of the contract is approximately USD 8 million. This project is the first phase of the project that was cancelled early in 2011.

- Qatar – Fugro GEOS has been awarded a five-year contract which provides Qatar Shell with support for a seabed water temperature monitoring system. The contract will ensure round-the-clock support and maintenance of the metocean monitoring system, which is part of the Pearl GTL (gas-to-liquids) project in Ras Laffan, Qatar.

- East Africa, North Sea – Fugro Geoteam has recently signed letters of award with 4 major international oil companies for 3-D and 4-D seismic surveys in East Africa and the North Sea for a total amount of close to USD 120 million. The surveys will be undertaken during the summer months using Fugro Geoteam's industry leading C-Class seismic vessels.

GEOTECHNICAL DIVISION

The Geotechnical division's revenues marginally increased to EUR 670 million (2010: EUR 664 million). The offshore business line generated EUR 313 million (2010: EUR 308 million) and the onshore activities contributed EUR 357 million (2010: 356 million). Results from operating activities (EBIT) were EUR 98 million (2010: EUR 104 million) corresponding to an EBIT margin of 15% (2010: 16%).

The start to the year was slow due to a number of one-off issues like the cancellation of a large offshore contract in India, accelerated dry-docking of several vessels in the first quarter, reduced government funding in the USA and Europe and the political unrest in North Africa and the Middle East. The revenue voids created by the project cancellation and vessel delays due to drydocking were overcome; however, the costs associated with rearranging the respective work schedules contributed to a lower EBIT.

The offshore geotechnical revenues were consistent with last year in the global deepwater activities and increased in the specialised geoconsulting services. Further growth of windfarm and renewables projects were achieved. The larger deepwater projects in West Africa, Brazil, Gulf of Mexico and Indonesia, have been driven by the need for the international oil companies to locate and develop new, larger reserves. The stable price of oil provided a comfort zone for continued investments by oil and gas clients. Only the shallow water Gulf of Mexico and the South East Asia regions were weak, related to the low gas price in the USA, the fallout from Macondo and the lower volume of offshore oil and gas activity in the Asia Pacific region. The overcapacity in the Southeast Asia market provided an opportunity to acquire Bluestone Offshore Pte Ltd (Singapore), a specialist geotechnical company in South East Asia and Australia, who operated a deepwater geotechnical vessel in the region. Since the acquisition the vessel has been demobilised and returned to the owner.

The renewable (windfarm) activity for 2011 continued to increase in Europe, in countries like Germany, UK and the Netherlands with further geographical expansion in France and surrounding areas. The political commitment by the European Commission and associated subsidies will continue to drive this market. The large volume of windfarm work and the location of the projects in shallow water have enticed competitors that would not typically expand into the deeper water offshore market. The increase in the number of competitors has resulted in some pricing pressure on this sector. The long term and phased developments have resulted in multi-year contracts for the site surveys and engineering services in a number of these projects.

The onshore geotechnical revenues showed a positive development over the year in the face of the poor economic situation in many European countries and the United States and the effects of political unrest and related uncertainty for building and construction activities in some parts of the Middle East. Conversely, there was a strong performance in the Asia Pacific region and in Central and South America which were not so much affected by the global economic situation. In Africa, the operation in Nigeria benefited from a further political stabilisation in the Niger Delta and a stable oil price. In an effort to further support the onshore activities in Europe, Sial Geoscience Consulting and Engineering Şti, was acquired to provide a strong entrance into the Turkish market and this region in general. Sial, a leading Turkish geotechnical consultant, is recognised for their expertise in large infrastructure projects for the construction industry, governments and industrial clients.

Key figures Geotechnical (amounts x EUR 1 mln.)	2011	2010	2009	2008	2007
Revenue	670	664	536	541	443
Results from operating activities (EBIT)	98	104	94	95	78
Average invested capital (incl. acquisitions)	519	447	358	254	173
Depreciation of tangible fixed assets	40	35	29	24	19
Results from operating activities (EBIT)					
as a % of revenue	15	16	18	18	18

Soil investigation offshore Doha, Qatar
2005

Pavement services provide data collection along roadways with proprietary equipment to characterise the quality of the existing roadways and to support local, state and federal government's highway maintenance programs. Over the course of the year approximately 275,000 kilometres of highways were surveyed and reported to the various government agencies. Also services are provided for railway track surveys to provide rail operators the information necessary to support their long-term track bed maintenance or renewal programs.

The nearshore geotechnical and construction support activities have continued to grow and expand, amongst others, for the foundation installation projects which require drilling expertise. Expansion of these services has been significant in Latin and South America, the Mediterranean and Australia related to large projects such as the Panama Canal and the large LNG projects in Australia. The services offered include site surveys, large diameter drilling and specialised foundation investigations in water depths typically less than 25 meters. These particular services and the extended duration of the projects have resulted in a repositioning of equipment into these regions to support projects currently underway.

The number of very large global oil and gas related construction projects increased last year. Most of these developments involve onshore, nearshore and offshore geoscience and geotechnical consulting services which in totality cannot be offered by a single entity other than Fugro. In support of increasing technology resources and expertise AOA Geophysics Inc., based in Houston, Texas, was acquired to enhance the level of expertise in our geoscience consultancy services in the offshore oil and gas sectors with particular expertise in marine oil seepage.

Two deepwater geotechnical drilling vessels are under construction in India and will be delivered in the first part of 2013. Both vessels are specially designed and built for servicing the deepwater geotechnical market in Southeast Asia and the Americas, capable of operating in water depths up to 2,500 meters. The vessels are equipped with Fugro's proprietary deepwater drilling and seabed equipment.

The emerging markets are growing at a faster pace and have not been as susceptible to the fallout from the current budget and economic conditions experienced in the USA and Europe.

SURVEY DIVISION

In the year under review the Survey division achieved revenues of EUR 1,191 million (2010: EUR 1,009 million). The offshore survey business line generated EUR 632 million of revenue (2010: EUR 612 million). The subsea services business line added EUR 440 million (2010: EUR 275 million) and the geospatial activities contributed EUR 119 million (2010: EUR 122 million). The result from operating activities (EBIT) increased by 2% to EUR 233 million (2010: EUR 228 million) equating to an EBIT margin of 20% (2010: 23%).

The Survey division activities are largely dominated by the oil and gas industry. The oil price and the prevailing investment climate remain key factors in the business. Most of the division's activities are related to work offshore and include survey and positioning services together with geophysics and geology as well as subsea services and intervention in support of the development of natural resources. Meteorological and oceanographic services form an integral part of these activities. Subsea Services are providing a wide range of underwater services using a comprehensive fleet of ROVs and specialist ROV support vessels. The oil and gas activities focus mainly on inspection, repair and maintenance of subsea structures, support of construction activities and support of drilling operations for hydrocarbons. The Geospatial Services business line concentrates primarily on land and airborne surveys principally driven by government and infrastructure developments but also include an oil and gas related component.

A firm basis for activities in offshore survey is the Fugro network of Global Positioning System (GPS) reference stations operated globally, forming the nucleus of all survey activities at sea as well as on land and in the air. Safe and successful offshore construction operations for field developments as well as pure exploration rely on precise and reliable data concerning surface and seabed locations. Using the expertise gained in the oil and gas business Offshore Survey is using its knowledge in a variety of other applications that require sound knowledge of the marine environment, like offshore windfarms.

Following a slow start into the year the traditional offshore survey business caught-up in the second half of the year based on a balanced portfolio of activities around the globe. The most unpredictable business environment for the offshore survey activities was the Gulf of Mexico. While on the one hand Fugro benefits from new legislation introduced for work in the Gulf of Mexico, we experienced a slow return of exploration and production activities which is only now showing some return to normal. The European operations benefited from a strong renewables market and together with oil and gas activities had good order books during the report period. Trading conditions overall continue to be competitive, particularly in the offshore construction support market where many contractors were hungry for work and thus forced to operate often at cut-throat rates. This trend is felt by the subcontracting industry as well. In March we took delivery of the second dedicated survey vessel, the Fugro Galaxy, for the European markets. At year-end three survey vessels were under construction. To continue our policy of vessel replacement with younger tonnage and to upgrade our capabilities for future markets, also an order for three small survey vessels was placed. Offshore Survey enjoyed a successful year in a competitive environment.

The Subsea Services business performance varied in response to both regional and global conditions in its various market sectors although the overall performance did not meet all expectations due to increased competitive pressure on margins and lower activity in the first half year. Strongest performance came from subsea inspection, repair and maintenance (IRM)

Key figures Survey (amounts x EUR 1 mln.)	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue	1,191	1,009	956	960	852
Results from operating activities (EBIT)	233	228	246	235	205
Average invested capital (incl. acquisitions)	952	710	578	497	423
Depreciation of tangible fixed assets	50	51	49	43	37
Results from operating activities (EBIT)					
as a % of revenue	20	23	26	24	24

Surveyor with satellite positioning system, Rocky Mountains, Canada
2002

activities in general and in North West Europe in particular where the regulatory regime tends to take precedence. In the latter part of the year, construction activity picked up in Europe and Middle East although it still lagged behind in Asia-Pacific. The combined strong IRM and increasing installation activities resulted in improved utilisation of resources through the year and for vessels in particular. Drill support activities held up well.

In West Africa, the activity was at high level. Work in Brazil was dominated by projects for Petrobras with long term contracts resulting in a high level of backlog. The operations in the Middle East and Asia-Pacific had a challenging year.
The acquisition of TSmarine late in the first quarter enabled us to restructure the operations in Perth and Singapore and puts Fugro into a better position in the market place for specialist higher value contracts. Overall ROV utilisation improved as the year progressed. The ROV fleet increased to over 150 units partly through the acquisition of TSmarine and partly via our internal build programme. The delivery of new build Fugro Symphony in May got off to a very productive start. In December Fugro committed to a new build subsea support vessel to be built in Brazil to meet Petrobras requirements and to qualify for local content regulations.

Geospatial Services provides terrestrial (ground based) survey services and a range of airborne mapping solutions. The portfolio of services also includes satellite based remote sensing capabilities, using data from third party sources.

In 2011, the Geospatial business line managed to raise margins despite challenging market conditions. The business line benefited from continuing strong demand from the natural resource sector in Australia (oil and gas, mining) as well as the rail sector in the USA. Revenues from services associated with shale oil and gas development projects in the USA continued to grow. However, in other sectors and regions, the picture was more mixed. Demand for certain types of aerial mapping services deteriorated globally in 2011, due to the economic uncertainty and spending cutbacks, particularly in the public sector. In general, the terrestrial survey component of the Geospatial business line performed better than aerial mapping.

In the course of 2011, measures were taken to rationalise the Geospatial organisation in response to market circumstances. In addition to staff reductions, (in the USA, UK, Netherlands, South Africa and the Middle East) steps were taken to reorganise the aerial mapping business globally, to improve efficiency and resource utilisation. These measures are expected to result in an improved performance in 2012.

GEOSCIENCE DIVISION

In 2011 the Geoscience division saw revenue increase by 18% to EUR 717 million (2010: EUR 607 million). The seismic business line generated EUR 507 million (2010: EUR 403 million). In 2011 the information business line and general geophysical business line were combined and contributed EUR 210 million to the revenue (2010: EUR 204 million). Results from operating activities (EBIT) amounted to EUR 112 million (2010: EUR 101 million). This equates to an EBIT margin of 16% (2010: 17%).

The Geoscience division is a leading provider of proprietary and multi client data, technical and consulting services, and software and technical products associated with oil, gas and minerals exploration, development and production. The division's integrated services include geophysical and geological data acquisition, processing, analysis and interpretation. Fugro is the fourth largest marine seismic contractor in the industry and operates one of the newest and most modern high capacity 3-D seismic fleets in the world. Fugro's fleet was active around the globe. The marine seismic data acquisition segment, which accounts for the majority of the revenue, continued to be under pressure during 2011.

Marine seismic acquisition, predominantly applied to support oil and gas exploration, experienced another difficult year in 2011 due to a continued competitive contract market. Results were negatively impacted by a worldwide oversupply of seismic vessels. The seismic processing activities continued to quickly grow and contributed well. The capabilities of the seismic processing group were significantly enhanced by the acquisition of Kelman Technologies' seismic processing business. This has strengthened our offerings in land seismic data processing, in particular for seismic data acquired over shale oil and gas plays.

As in 2010, the reduced contribution from the marine seismic contract market has been largely offset by positive results from multi client seismic data sales which were strong across most of the portfolio. In 2011 large 3-D multi client programs were completed and delivered to underwriting clients. This included the Eendracht 3-D multi client survey in Australia which, with a total 8,639 km^2, is one of the largest 3-D marine seismic multi client surveys in the world to date. Also a 5,300km^2 3-D in the Barents Sea was completed in Norway, just west of Statoil's recent Skrugard and Havis discoveries. Fast track data was delivered to clients just 3 weeks after completing the survey. New 3-D multi client programs were also started up in other regions, including a large survey in the Netherlands. This continues the trend where increasing focus is being put on developing the 3-D multi client library in line with the shift in the seismic fleet, which now predominantly consists of high end 3-D vessels. Smaller programs on the 2-D side complement the 3-D programs. In 2011 a 17,000 km 2-D multi client survey was completed near the Seychelles. This multi client survey was enhanced by an integrated geological / geophysical interpretation by Fugro's geologist staff.
During the year two other acquisitions were completed. The first was De Regt Marine Cables, which is a specialist marine cable manufacturer of, among others, seismic lead-ins and gun umbilicals and umbilicals used in offshore geotechnics and ROVs. The second acquisition was the Ocean Bottom Node (OBN) business from Seabird Exploration. With this acquisition Fugro has entered the quickly developing market for the acquisition of seismic data on the seabed. The OBN method is particularly useful for obtaining full azimuth, long offset high quality data in areas with complex geologic structure and in areas where obstructions at the surface do not allow for streamer based acquisition.

Key figures Geoscience (amounts x EUR 1 mln.)	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue	**717**	607	561	654	508
Results from operating activities (EBIT)	**112**	101	106	154	115
Average invested capital (incl. acquisitions)	**1,207**	902	703	583	456
Depreciation of tangible fixed assets	**39**	38	32	28	23
Results from operating activities (EBIT) as a % of revenue	**16**	17	19	24	23

Electromagnetic airborne survey, High Lake Camp, Nunavut, Canada
2009

The demand for high end geologic and geophysical interpretation and reservoir modelling services continued to be stable throughout the year. Over the year Fugro introduced its new RoqSCAN well site technology, which has been successfully applied in pilot projects to help define fracking intervals in shale oil and gas field development. Also our specialist reservoir characterisation methods are finding good application for the development of shale hydrocarbon resources. Performance of the multi client geophysical data and geologic product sales was again strong, with good demand across the range of products. Software product sales through corporate access agreements continued to develop well. New corporate access agreements were entered into, among others, with Shell.

The market for general geophysical services continued its recovery and contributed well in 2011. Demand was evenly distributed across all major client groups: oil and gas, mining and government.

Minerals commodity prices continued to hold up well after the recovery in 2010, although volatility in some was high as expected. Gold and silver prices increased dramatically in 2011 in response to general economic uncertainty. Other solid mineral commodities linked to infrastructure and economic development, such as copper and iron ore, also remained in high demand. Overall this provided a good demand environment for Fugro's businesses which are active in the exploration of mineral resources. The full spectrum of services was active as a result and good progress was made in making market penetration with new airborne techniques such as the Falcon gravity gradiometry technology. Aircraft fleet rationalisation efforts begun in 2010 and were continued, leading to further improvement of operational efficiencies.
A large high resolution airborne magnetics multi client program was flown and completed in Brazil.

Demand in the oil and gas market remained robust. Clients are increasingly looking for non-standard solutions to exploration challenges spurred by the growing interest in new production environments such as shale gas and oil.

The cooperation for marine electromagnetic work with EMGS continued, with Fugro focusing on establishing the value of the data in typical exploration environments. This has resulted in most efforts revolving around processing and interpretation of data rather than data acquisition work.

50 years Fugro


Leidschendam office 1962

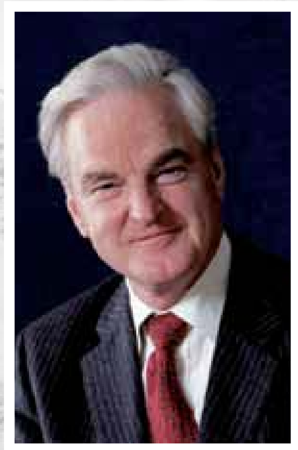

Leidschendam office


Brazil office


Wallingford office


Houston office


President and Chief
Executive Officer
K. Joustra 1962 - 1983


President and Chief
Executive Officer
G-J. Kramer 1983 - 2005


President and Chief
Executive Officer
K.S. Wester 2005 - 2011

From small Dutch engineering company to global player!

To mark our 50th anniversary we are pleased to present a brief summary of how Fugro has grown over the years and consistently been able to anticipate developments in the market. It has been an exciting time, with many successes, but from time to time also some fluctuations. Technical ingenuity and a belief in our own abilities at all levels of the group, together with perseverance, have been the decisive factors in achieving this success.

Over the past 50 years, Fugro has expanded its services from solving foundation problems in the Netherlands to being involved in global developments in energy, transport, water management and the exploration of natural resources.

We are privileged to have been able to play our part in so many fascinating developments all over the world, such as oil and gas production at depths of 3,000 metres; Burj Dubai, the tallest building in the world; mapping inaccessible areas in Papua New Guinea and exploring for valuable resources such as diamonds.

Every day our employees, from dozens of different countries, many of whom having worked for Fugro for years, do their utmost and enjoy sharing in our success.

You can find more details of Fugro's origins and growth over the years in Down to Earth and Up to Date, which we published on the occasion of Fugro's 40th anniversary, and in Moving on, which marked 45 years of Fugro. In May this year we will be celebrating Fugro's 50th anniversary.

10-ton CPT equipment

Geotechnical vessel Bucentaur

Seismic vessel Geo Coral

Fugro 1962-1970

How it all began

The 1960s saw a building boom in the Netherlands. As most Dutch soils are soft and weak, buildings need pile foundations. Traditionally, piles were made of wood: fir trunks that were nice and straight, but which had limited load-bearing capacity. That is why concrete piles increasingly started being used for larger buildings; as well as an increased range of pile sizes and lengths, these also increased the potential load-bearing capacities. Whereas sawing a metre off a wooden pile is a simple process, shortening concrete piles is much more difficult and, therefore, more expensive. And this demands a more detailed picture of the subsurface. The load-bearing capacity of both wooden and concrete piles used to be determined on the job, simply by counting the number of blows the pile driver needed to sink the last ten centimetres. But as load-bearing capacities increased and foundations became more expensive, the need for a better picture beforehand increased. And this meant information was needed on two subjects: the soil type and how the soil behaves when loaded. In short: soil investigation and soil mechanics.

Soil investigations used to be carried out by drilling companies, while soil mechanics was the domain of universities and a few municipal public works departments, and it often took a long time to reach any conclusions. There was, therefore, an opportunity in the market, and that led in 1962 to the formation of Fugro (Ingenieursbureau voor Funderingstechnieken en Grondmechanica). Its strategy: performing soil investigations itself and coming up with foundation recommendations on the basis of these investigations. And its Cone Penetration Testing (CPT) technology meant Fugro delivered rapid results. This decisive approach caught on, and soon the first orders came in. These also included export orders from Belgium and Curaçao, for instance. Improved mobility of CPT equipment and Fugro's development of the electric cone for measuring penetration resistance enabled faster and better measurements. Soon Fugro started hiring out its own surveyors for planning the many CPT and drilling operations, and by the late 1960s these activities had evolved into the Geodesy Department. Annual revenue in the first few years was around € 400,000.

By then, oil and gas had been discovered in the North Sea and Fugro was asked to perform offshore soil investigations. Elsewhere in the world, soil investigations were being carried out by drilling boreholes and taking soil samples. Fugro's newly developed electric CPT technology, however, produced much faster results and was highly suited for investigating the North Sea seabed. And so Fugro soon made a name for itself in this field.

Voorburgseweg Laboratory Leidschendam

Pile-driving monitoring in The Hague

Demonstration 2-ton CPT

Compression test

First offshore CPT at the Leman Bank

Taking a soil sample

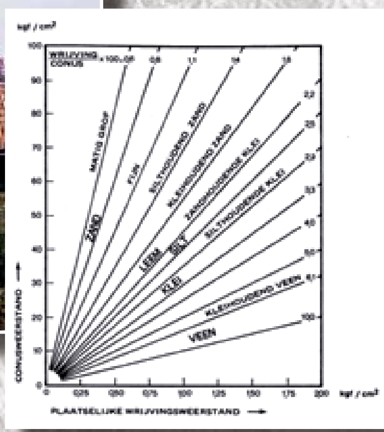
Surveyors in the field

Voorburgseweg 39 Leidschendam

Installing ground anchors for CPT test

Working in Curacao

One of the first CPT trucks



Graph of friction ratios in different soil types obtained from measurements with a Fugro electric friction cone penetrometer

Fugro 1962-1970

Fugro 1971-1980

Going offshore

In the early 1970s Fugro's revenue soared from around € 3 million a year to almost € 30 million in 1974. Collaboration and the subsequent merger with Cesco added hydrographical survey services for making nautical maps to its original range of onshore geodetic survey services. Internationalisation also proceeded rapidly, with US offices being opened in Long Beach and Houston. Fugro's reputation in CPT technology became widely known, also among such authorities in soil mechanics as Professor Schmertmann in the US and Professor Sanglerat in France, who become great supporters.

North Sea oil and gas production took off fast, and CPT equipment that could be positioned on the sea floor (Sea Calf) or lowered to and fixed at the bottom of a drill pipe (WISON) was developed to make offshore soil investigations less dependent on vessel movements caused by the swell. This technological innovation established Fugro's reputation once and for all. The electric penetration cone developed by Fugro became the world standard. Onshore activities were also expanding, with offices being opened in Hong Kong and Dubai.

An office was also opened in the United Kingdom to capitalise on the North Sea operations that were being coordinated from the UK. Offshore activities were growing fast and, by the mid-1970s, Fugro had eight vessels in use for offshore surveys. The second half of the 1970s was a difficult period, with considerable losses in Saudi Arabia and problems looming in the USA. Cesco's marine survey activities were divested. After growing rapidly to € 30 million a year by 1974, revenue then remained stable, until 1977 when the company made its first ever loss. But business subsequently picked up.

Fugro stand at a trade exhibition

Hanomag taking soil samples

1971 Head Office

Investigating asphalt layers

Aerial photograph mapping

Fugro van for visual inspection of sewers and mains

Works council meeting

Analysing soil samples in the laboratory

Mariner on the North Sea

Seacalf for CPT tests

Fugro 1971-1980

Fugro 1981-1990

Hard times

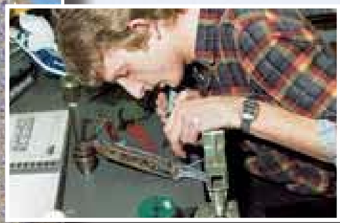
The record-breaking year of 1980 was followed by a few years of stagnation and major losses. This resulted in a reorganisation and a management reshuffle. Most of the US activities were spun off in a management buy-out.
The offshore market was under pressure, both in the North Sea and the Gulf of Mexico. The number of staff in the USA fell to fourteen. Several measures, however, helped the group to rebound, e.g. a speculative, but successful geochemical and geotechnical multi client survey campaign offshore Alaska. The data that Fugro collected at its own expense were avidly snapped up by various oil companies. The decision to split the onshore and offshore activities so as to achieve a better focus on the different markets proved successful!

All went well until the oil price collapsed in 1986, which heralded the start of the third oil crisis. Offshore work came to a standstill, and McClelland, Fugro's main competitor, especially in the Gulf of Mexico, was hit equally hard. This resulted in the two giants in offshore geotechnics deciding to join forces. Although revenue fell from € 50 million in 1984 to € 35 million in 1986, it bounced back, partly as a result of the merger, to over € 100 million by 1990, while profits also recovered strongly.
The group started an active acquisition policy in the late 1980s and strengthened its position in onshore geotechnical surveying, both in the Netherlands and elsewhere. This was primarily driven by a wish, after three oil crises, to become less dependent on the oil and gas industry.

The geodetic and hydrographical activities were divested in 1988 so that the group could focus solely on the Fugro and McClelland strengths: geotechnics. By the late 1980s, oil fields were being developed in water depths of around 1,000 metres and the industry asked Fugro to design measuring tools that would enable geotechnical investigations in water depths of up to 3,000 metres.

Until then, marine surveys were conducted onboard vessels owned by third parties. In 1990, however, Fugro purchased three vessels in order to become less dependent on vessel owners, and also to be able to adapt these vessels for increased efficiency.

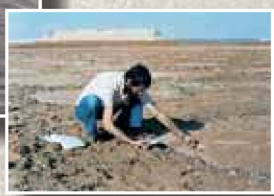
CPT truck in Baghdad, Iraq



Electro-technician at work

Mounting measuring equipment for monitoring driven pile

Geotechnical vessel Fugro I



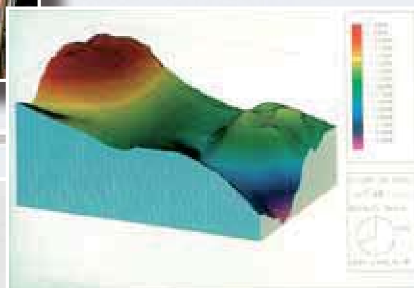
Geohydrological investigation in Abu Dhabi

German REO 26

Managers' meeting dinner in Duivenvoorde Castle, Voorschoten, Netherlands

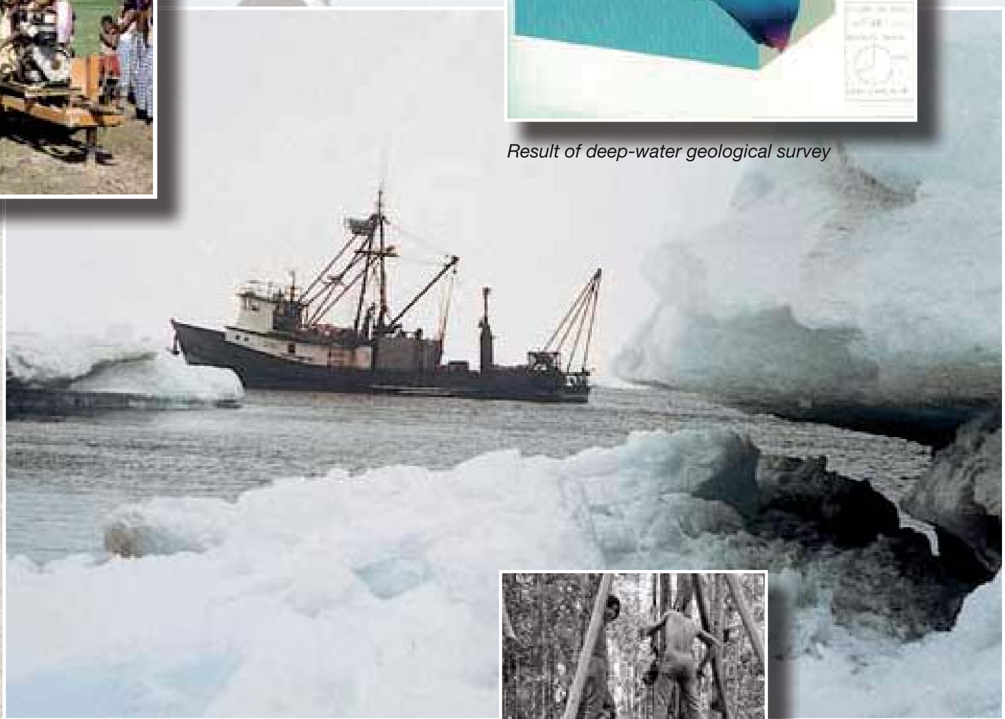
CPT truck in the Middle East

CPT testing for the Yamuna bridge in Bangladesh



Result of deep-water geological survey

Mounting measuring tools on an offshore pile



A geotechnical vessel in the ice off Alaska

Drillrig in Malaysian jungle

Fugro 1981-1990

Fugro 1991-2000

Stock exchange flotation

The acquisition of a number of companies meant a new start of surveying activities. The takeover of John E. Chance Associates of Louisiana in 1991 added 400 employees to the workforce in one go and, most importantly, state-of-the-art expertise in accurate offshore satellite positioning.

Onshore geotechnical activities were also expanded by, for example, adding environmental services for investigating soil pollution and laboratory analyses for determining the strength of building materials. The strong growth in the group's activities and the need for more financial headroom to fund further growth led to the decision in 1992 to list Fugro McClelland on the Amsterdam Stock Exchange. At the time of the flotation, revenue was around € 150 million and rapidly increased to over € 700 million by 2000 through a combination of organic growth and several, mainly small, acquisitions.

Fugro became increasingly involved in major projects, such as soil investigations and quality assurance of all the building materials for the new Hong Kong airport, Chek Lap Kok. As well as increasing its strong position in offshore geotechnical work in the 1990s, Fugro also built up a leading position in a wide range of marine survey services, in particular in increasingly accurate satellite positing systems.

The acquisition of the Norwegian company Geoteam marked Fugro's first steps in marine seismic operations. In response to increasing competition, Fugro divested most of its environmental activities in 1997. Acquisitions in 1999 gave the group a strong position in aerial geophysical surveys of mining locations.

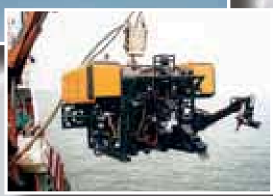
Despite some fluctuations, Fugro's share price tripled in the first seven years after flotation.

The Bavenit in Monaco harbour

Structural monitoring in Botlek tunnel, Netherlands

Geotechnical survey for extension of San Francisco airport

Helicopter with FLI-MAP system



Lowering an ROV

Structural monitoring of Hong Kong's Tsing Ma bridge

Launching "Searobin" for inspecting cable routes

Hauling in a "deep-tow" system that maps the sea floor

Drilling in the desert

Taking soil samples near a railway in California

Seismic vessel Seisquest

Surveyor in Canada in winter

3-tons installation for Euripides pile tests

Fugro 2001-2011

Further growth

After a few years of rapid growth, revenue fell in 2003 by some 13% to € 822 million as a result of economic stagnation and losses attributable to fluctuations in the US dollar exchange rate. Towards the end of the year, Fugro completed by far its largest ever acquisition by taking over Thales Geosolutions, with some 1,200 employees. Provisions made to fund the cost of integrating these activities resulted in a further reduction in the year end result that year. However, many years of strong growth followed, with revenue tripling over the next eight years to over € 2.5 billion in 2011. The net result increased even more strongly, as reflected in the rising share price.

The increased revenue was once again attributable to a combination of rapid organic growth and acquisitions. In 2005 we anticipated on an increase of the marine seismic market and invested in building new state-of-the-art seismic survey vessels to acquire 3-D data, in addition to the existing 2-D fleet.

New technology means oil and gas can now be produced profitably in ever deeper water. As a result, the industry is becoming interested in new regions such as Brazil and West Africa. Regulations on employing local staff and resources are also increasing. Fugro easily fullfills these regulations as its decentralised structure has traditionally depended primarily on local organisations. Fugro's operations in Brazil currently, for example, employ over 1,200 people.

Offshore, more and more installations are being placed on the sea floor in ever deeper water. This requires new investigation methods and positioning systems. Some surveys are now carried out by self-propelled Autonomous Underwater Vehicles (AUVs). Inspection and installation jobs in water depths of up to 3,000 metres require larger vessels and new equipment such as Remotely Operated Vehicles (ROVs). Every day, Fugro has some 70 vessels operating in activities such as geotechnical surveys, inspection work and seismic surveys.

Onshore activities are also showing steady growth. New investigation techniques for large-scale highway maintenance, measuring methods for inspecting the load-bearing capacity of heavily loaded pile foundations and studies into vulnerability to earthquakes and flooding were added to our range of services. Accurate airborne mapping techniques are increasingly replacing traditional mapping by surveyors. Airborne geophysical surveys are now also being used in oil and gas exploration by applying measuring techniques originally developed for mineral exploration and mining.

In addition to many contracts in the oil and gas sector, Fugro is becoming increasingly involved in other sources of energy such as offshore wind farms, nuclear power plants and the production of shale gas and oil.

Geotem survey in Canada

Wind turbines in the Irish Sea

Airborne survey in Brazil

Installation monitoring system in Singapore

Installation of anchoring pile in the Caspian Sea

Launching an AUV

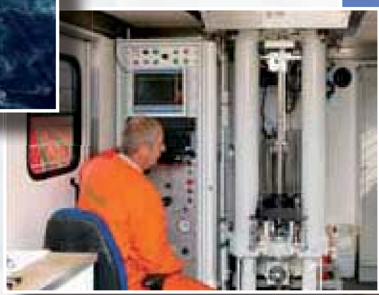
Seismic survey carried out by the Geo Caribbean

Highest CPT in the world on Mount Everest (8,850m)

Rolling out streamers for a seismic survey in Western Australia

Seismic survey by the Geo Celtic

Mobile jack-up rig at work in Istanbul



Interior of CPT truck

Recovering an ROV

Technician testing Fugro Dighem system

Enduringly innovative and ahead of its time

One of the cornerstones of Fugro's success in the past few decades has been its ability to come up early with solutions for new challenges facing the sectors in which it is active. This requires innovative approaches to developing new expertise and technology. A good example from Fugro's early years is the development of electric cone penetration testing equipment, which represented a breakthrough in offshore site investigation. It gave us a leading position in this business, and one which we have been able to maintain until this very day. Another example is our accurate offshore satellite positioning system.

The photographs on this page show some recent innovations. The Smart Pipe tool optimises deepwater pipeline design. The 'walking jack-up rig' can be employed more frequently as its relocation is less dependent on local swells. Special airborne LiDAR equipment can perform measurements for preparing nautical maps. The design of a new ROV vessel for Brazil took specific local operational requirements into account.

Smart Pipe

Walking jack-up rig

Airborne LiDAR Bathymetry

New Brazilian built ROV support vessel (artist's impression)

Our annual reports cover a range of topics. In addition to the compulsory financial reporting, it provides information on matters such as governance, strategy, market developments and our investments. However, Fugro also sees its annual report as an excellent opportunity to inform a wide audience of stakeholders, such as shareholders, clients and employees, about its activities. These include new developments and day-to-day operations on many fronts all over the world, as well as Fugro's involvement in social projects. This approach and our focus on innovation are obviously appreciated, as shown by the number of prizes we have been awarded in recent years.

- The King Willem I Award is granted every two years to recognise courage, vigor, sustainability and perseverance and to stimulate creative and innovative entrepreneurship.
- The Henri Sijthoff Price is an annual award of Het Financieele Dagblad for companies that favourably distinguish themselves with respect to public information and financial reporting.
- The Prix de Mazars is the award for the best annual report of listed companies in the Netherlands and is awarded annually.
- The Erasmus Innovation Price is awarded annually by the Erasmus University of Rotterdam to award Dutch organisations for the contribution of management and organisations for sustainable innovations.


Dubai Office, Middle East

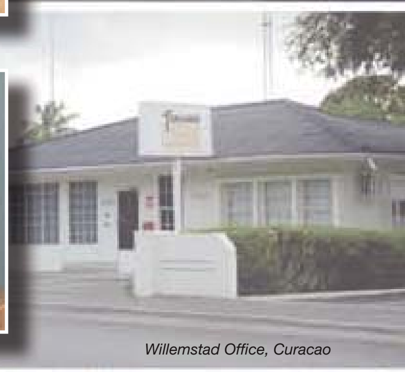

King Willem I prize - 2008


Mumbai Office, India


Henri Sijthoff prize - 2005 and 2008


Ciudad del Carmen Office, Mexico


Prix de Mazars - 2009 and 2011


Willemstad Office, Curacao


Erasmus Innovation Award - 2010-2011


Ontario Office, Canada

Corporate Social Responsibility

Vision and ambition

Fugro strives for strong but controlled growth in revenue and net result. The organisation aims for an optimised and balanced synergy between its various activities in order to realise its goals while maintaining a broad activity portfolio on a geographic and product basis. Fugro aims to deliver improved added value to its clients by a combination of specialised staff and technologies, and associated high-quality services. In addition to growth in revenue and net result, the organisation's policies on human resources, health, safety and the environment are also of great importance. Sustainability, transparency and reliability are the key themes of Fugro's policy.

It is realised that the impacts of Fugro's specific local activities and the international nature of its services place great demands on its staff. The organisation is aware of its role in society, particularly in an international and multicultural environment, and understands the importance of paying constant and increased attention to corporate social responsibility (CSR). Fugro strives to meet the expectations of all the stakeholders in the company by balancing regard for the environment, social awareness and financial results.

Resulting from a continuously developing CSR policy, Fugro operating companies and employees put the principles of CSR into daily practice in a wide range of areas. Fugro's CSR policy is inextricably linked with the course of business and should, therefore, be considered to be an integral part of other corporate aspects.

Fugro strives towards growth, both organically and through acquisition. Geographical expansion is a component of Fugro's ability to continue to capitalise on the world's rising prosperity. Growth also means attracting more local staff, and it enables the organisation to offer opportunities for training and education to its employees. The presence of local operating companies and a focus on maximising local content is an important spearhead for the integration of Fugro's services within communities in general.

The growing demand for energy is increasingly met by the use of alternative energy sources such as solar, wind, bio fuels, tidal and nuclear energy. This presents Fugro with good opportunities. When managing its investments, Fugro considers the balance between improving the quality of its equipment and the issues of fuel use, emissions and cost management.
Fugro aims to strengthen the coherence of its CSR policy by providing a framework, based on the ISO 26000 guidance standard on corporate social responsibility, to its subsidiaries on how to implement the various aspects of CSR.

Fugro's Corporate Social Responsibility reporting follows the framework of the Global Reporting Initiative (GRI). In the longer term Fugro will endeavor to increase the consistent and accurate measurement around key performance indicators at company level, provided these measurements will add value to our stakeholders. The implementation is phased and based on a number of coherent key focus areas. This will allow the organisation to collectively direct their CSR effort to these focus areas and accelerate the impact. Once certain focus areas are becoming an integral part of our company values, new key focus areas will be selected.

Fugro collects data using equipment, technology and expertise, but its value is embedded in how we interpret this data and provide the client with information to make good business decisions. People, being the enabler to create this value, are in the center of this process be it as an operator of the equipment, a developer of new technologies and/or applying their experience built through a long employment history with the company. This recognition has been guiding in the selection of the 2012-2013 key CSR focus areas, which can be summarised as follows:

- **Providing a safe, secure and healthy work environment** has a direct impact on the wellbeing of our employees, their families and communities. Fugro considers this a differentiator for the recruitment and retention of experienced staff.
- **Maximising local content** is critical to maintain and/or reinforce our position in relation to the competition. Focus on this area will also create sustainable development, through the direct interface with local communities, educational institutes and suppliers.
- **Continuous development of our staff** through the human resource initiative, Partnership for Growth program and the focused training through the Fugro Academy provides a personal growth environment during all stages of an employee's career.

CSR works from within the operating company. In line with Fugro's decentralised structure, the Board of Management is responsible to set the key focus areas, with the operating companies taking responsibility for the implementation, taking local practice and standards into account.

Loyalty of employees is an important pillar to deliver on Fugro's organic growth strategy in a decentralised structure. The key focus areas above are in direct support to continue to build a loyal workforce that provides a sustainable basis for continued growth of the company.

Organisational structure

The organisation is divided into three divisions: Geotechnical, Survey and Geoscience. These divisions work together worldwide in focusing on the right solutions for the relevant market. The Board of Management is responsible for Group policies, including corporate social responsibility, strategy, acquisitions, investments, risk management, finance and internal coordination. This includes matters that are best handled centrally, for reasons such as efficiency, advanced specialisation or financing.

Fugro's philosophy is that the operating companies in the divisions should be able to operate autonomously as much as possible within the framework of the Group's policy, business principles and internal risk management systems. This enhances the quality of the operating companies' management and the development opportunities available for employees. Delegation is closely entwined in the corporate culture. The increasing cooperation between or within the different divisions creates synergy, especially for complex and integrated projects, which increases earning capacity. Thus creativity and involvement within the whole organisation are increased while employees' opportunities for professional challenges and career development are considerably enhanced.

Management approach

Market presence

The Fugro decentralised organisational structure facilitates a strong regional market presence, which leads to the use of local staff and suppliers. The operating companies are responsible for local staff policies, which take into account local customs and regulations, within the guidelines set out by Fugro in areas such as salaries, pensions, safety and health and the general business principles. Most of the employees in Fugro's worldwide network of offices are nationals, including the managerial staff.

Transfer of knowledge

Fugro's range of high-quality services provides a strong foundation for further growth, and supports long-term development of higher standards of service. Fugro's global presence and innovative capabilities are utilised to further these goals. A suitable internal personal development and career policy is important in order to retain and benefit from competent employees and those with specific expertise relevant to the organisation.
The education policy is aimed at: employees who demonstrate management potential; the development of in-house experts; and at employees who can be deployed flexibly on a project-by-project basis.

Flexibility through exchangeability of staff is an important aspect of Fugro's education policy. To facilitate this, the same technical systems are used throughout the Group whenever possible, and both short- and long-term employee exchange programmes have been developed enabling people to gain experience through overseas postings. To foster the recruitment of new, young talent, Fugro has built-up good contacts with universities and the organisation supports both management and professional development through the Fugro Academy.

Prosperity is largely dependent on the extent to which knowledge and innovation processes thrive within business and the economy. This necessitates investment in classroom and e-learning training and education.

Environment

By increasing the awareness of the use of energy and sustainable materials, the impact on the environment can be minimised. Fugro considers this when purchasing or ordering new equipment, and when expanding its fleet of vessels and airplanes.
Fugro's services are aimed at efficiently deploying personnel and equipment for the collection and interpretation of data. The organisation also acts as an advisory body. Fugro does not own or operate large-scale production facilities that might have an impact on the environment. Its main focus is on environmental aspects associated with the deployment of the equipment and offices from which Fugro operates.

Community

Fugro aims to be a good neighbour, as demonstrated by the way the operating companies contribute, directly and indirectly, to the general wellbeing of the communities in which they work. Managers and employees are encouraged, where appropriate, to become involved with local communities and to support charitable projects, cultural events, and organisations and educational institutions that aim to improve the effectiveness of the industries in which Fugro operates.

Fugro's General Business Principles

Fugro works on the principle that every employee shares responsibility for the company's reputation. For all staff, this means that it is not enough to just do things right; employees must also do the right thing. Fugro's employees support the social values of reliability, integrity, openness, and respect for fellow employees and the environment. These common values form the foundation of Fugro's general business principles (Business Principles).

The Business Principles govern how each of the Fugro companies, which make up the Fugro Group, conducts its affairs. It provides fundamental guidelines upon which business decisions and actions throughout the world, at all employment levels, are to be based and apply to all corporate actions as well as the conduct of all Fugro employees and others, like agents, subcontractors etc., who act on Fugro's behalf. Since the Business Principles are not intended to be all encompassing, but to provide the minimum standards for behaviour required, the management of each Fugro company has the discretion to specify additional local rules of business conduct within the framework of the Business Principles.

All employees are expected to report any breach of the Business Principles or any suspicion thereof to the senior management or the Board of Management and are required to avoid any personal activities or financial interests that may conflict with their responsibilities towards the company. Fugro has a whistleblowing policy which encourages employees to report any (suspected) violation of the Business Principles and other relevant policies and standards.

In view of, amongst others, the UK Bribery Act which came into force on 1 July 2011, the anti-bribery section in the Business Principles was updated. In particular guidelines were added which contain specific rules related to gifts, favours, hospitality and payments to third parties.

Since 2009, Fugro has instituted the Business Partner Code, which requires suppliers and subcontractors to comply with this code. Fugro recognises that the way it conducts business towards clients, partners and the environment has an impact on the organisation's productivity and success. Both the Business Principles and the Business Partner Code are available on Fugro's website.

Health, safety and security policy

Fugro's responsibilities towards health, safety and security issues are integral to the way it conducts business. The organisation strives for a secure, safe and healthy workplace for everyone and firmly believes that all accidents can be prevented. To achieve this goal of prevention, Fugro implements a Security and HSE management system which is applicable at all levels of the organisation. The security management system requires the development of project specific security plans for territories that are considered high risk.
The HSE management system is designed to promote a consistent approach to identifying and managing HSE risk. Regular review, monitoring and reporting is a fundamental requirement to ensure that the requirements of these management systems are being implemented. The HSE vision, principles, policy and management system is maintained by the holding company.

By observing and encouraging our vision and principles, Fugro contributes to protecting the environment and the general wellbeing of all interested parties, including staff, customers, suppliers, subcontractors and local communities.

Indirect economic contributions

Fugro operates in a variety of supply chains. As a commercial service provider to the construction and infrastructure industry, it contributes mainly indirectly to national and international economic developments. Examples of large-scale infrastructure projects in which Fugro was involved in 2011 include:

- **Shatt al'Arab Waterway (Iraq)**
  Safe transportation of materials by land is constrained by poor road infrastructure. The Shatt al'Arab waterway, formed by the confluence of the Tigris and Euphrate rivers, continues to provide an excellent potential pathway to transport much needed materials to the oil and gas fields of Iraq. Transportation by river is potentially more economical and faster than by road and offers increased safety for local communities. In 2011 Fugro designed a hydrographic survey to determine a navigable passage along the waterway. A route of some 196 kilometers was surveyed, from the mouth of the Shatt al'Arab Waterway, upstream to an offloading facilities site. By providing a safe navigable passage to one of the largest oilfields in the world, the survey played a critical role in contributing to the reconstruction of Iraq.

- **Panama Canal (Panama)**
  The 81 kilometer Panama Canal connects the Pacific Ocean to the Atlantic Ocean and consists of a lake and a series of locks and canals. The largest vessels that can pass through the canal at present are known as Panamax vessels and are 32.3 meters wide. To enable larger vessels (mega tankers) to pass through the canal, a new set of locks is being built and the canals and lakes are being deepened. This project is due to be completed in 2014, the year which marks a century

since completion of the original canal. To complete a definitive design for the locks, an accurate model of the area was needed but the density of the surrounding rainforest ruled out a terrestrial survey. The solution was provided by Fugro, using light based airborne LiDAR system (FLI-MAP) which achieved good penetration through the canopy. On basis of the recorded laser data, contours were generated and a 3-D topographic model of the area was created.

With regards to infrastructure developments, Fugro is globally recognised for gathering, analysing and reporting information to measure the attributes, conditions and safety of road networks.

- **Virginia State (USA)**
  The Virginia Department of Transportation (VDOT) utilised data collected by Fugro to issue its April 2011 State of the Pavement Report. It outlined the pavement condition and ride quality of Virginia's roads classified by pavement type, highway system, maintenance district and country. The VDOT report incorporated data collected using continuous digital imaging and automated technology, mounted on Fugro's ARAN (Automatic Road Analyzer) collection vehicles, to capture downward pavement images for crack detection and right-of-way images. Future pavement conditions can be predicted using pavement performance models which also enables the VDOT to calculate the benefits of alternative treatment strategies. In 2011, Fugro was involved in similar projects among others in New York, California, Louisiana, Oklahoma, Utah and Iowa.

Fugro is also involved in several international projects in the area of protection against flooding:

- **New South Wales (Australia)**
  Fugro's airborne LiDAR bathymetry is widely accepted as an accurate and efficient technology for commercial surveys, supporting the oil and gas industry and numerous marine projects around the world. Following successful projects in other parts of Australia, June 2011 saw the first deployment of Fugro's light weight Airborne LiDAR Bathymetry (LADS Mk 3) system on its east coast. In a coastal zone management project for the New South West Government the information collected is used for environmental management, climate change adaptation and modelling the effects of storm surges and tsunamis.

- **White Volta (Ghana)**
  The White Volta, also known as the Nakambe River, is the headstream of the Volta River in West Africa. It originates in Burkina Faso and it flows into Lake Volta in Ghana. In the last four years, severe flooding occurred every wet season in this part of the drainage system. As partner of a consortium, Fugro was awarded a contract for the World Bank funded flood hazard assessment project for the Upper White Volta in Ghana. The project included survey activities, hydrological, hydraulic and overland flow modelling, cause analysis of the floods, assessment of effectiveness of flood mitigation measures and the implementation of a flood early warning system. For this project a total length of 880 river kilometres was surveyed and modelled.

- **International Levee Handbook**
  The International Levee Handbook, which is due for completion in 2013, will define best practices and guidance on all aspects related to the design, construction and maintenance of levees. Levee experts from Fugro in the Netherlands, UK, France

and the USA are actively involved in the creation of this handbook. In an international framework of experts they work together with governments, institutes and other engineering consultants.

In 2011, Fugro carried out projects relating to geohazards, including:

- **Seismic microzonation study Hong Kong**

In recent years, and in particular following the major earthquake of 2008 in western China's Sichuan province, there has been a growing interest in seismic design and mitigation of earthquake risk in Hong Kong. For this reason, the Hong Kong Government decided to carry out a seismic microzonation study covering their North West Territories. The objective of the study was to generate a hazard map, subdividing the study region into zones with relatively similar responses to earthquake-related effects and defining their seismic behaviour for future design and planning purposes.
Fugro has been awarded contracts, both to seismically classify and to determine the most suited geophysical technique for the solid and soft, superficial substrata of Hong Kong's North West Territories.

Indirect environmental contributions

Sustainable energy
Demand for sustainable energy has been the driver for the significant expansion of wind farm developments in Western Europe. Also in the years to come it is expected that many more wind farms will be built. Fugro provides a variety of services required to determine the best location, both on and offshore. Examples include:

- **SMart Wind and Mainstream Renewable Power (Europe)**, for which Fugro has carried out detailed geotechnical studies at two offshore wind projects in Europe.
- **EON Arkona Becken Wind Farm (Baltic Sea, Germany)**, a 400 MW offshore wind farm, for which Fugro performed the geotechnical investigation using a vessel and two jack-up platforms.
- **Centrica Lincs Offshore Wind Farm (North Sea, UK)**, a 270 MW offshore wind farm, which lies within one of the UK's most environmentally sensitive coastal regions, for which Fugro provided assistance with the installation of the electrical substation.

Biodiversity

- **Coral mapping (Southeast US)**

Lophelia Pertusa is the dominant deep-sea reef-forming coral off the South East United States (SEUS), found from North Carolina through the Gulf of Mexico at depths exceeding 200 meter. On the SEUS continental slope, deep-sea coral habitats typically occur at depths between 370 and 870 meter and are known to be oases of marine life offering both food and shelter for a diverse and unique fauna of fish and invertebrates. In 2011 Fugro was contracted to perform a geophysical cable route survey and associated environmental habitat mapping using seabed photography along the proposed route of a submarine cable along the South Eastern American continental shelf, stretching from Florida down to Mexico. Seabed video data was reviewed, and broad-scale habitat changes recorded according to the SEADESC and DNV habitat classification. Habitats where hard coral reefs were found to occur were further assessed for coral quality, and areas where reefs occurred were delineated.

- **Habitat mapping (North Sea, Europe)**
  Within the North Sea various environmentally sensitive habitats have been identified, including

shallow sand banks, stony reefs, submarine structures made by leaking gases and tube worm (Sabellaria) reefs. Fugro has been involved in identifying, delineating and mapping such areas in the North Sea. Through the combined experience of Fugro geophysicists and environmental scientists, geophysical data is used to identify areas of potential sensitivity which are subsequently groundtruthed through high resolution seabed photography. Seabed photography and habitat mapping has also been performed from one of our AUVs during deep sea surveys performed offshore West of Shetlands. Charts and accompanying descriptive reports are then produced showing the nature and extent of the habitat.
This allows correct management decisions to be made regarding the likely impact of the development activity on the surrounding environment.

Environment

- **Campos Basin oil spill sensitivity mapping project (Brazil)**
  The Brazilian environmental ministry (MMA) has a multi-year plan to map the Brazilian coastline, identifying potential impact for the fauna and flora, and social economy of oil spills generated by oil and gas industry activities. Fugro has been involved on several mapping projects to the MMA for the past six years. This mapping normally starts with a desk top study gathering satellite images, followed by field visits along the Brazilian coast, going from location to location in order to characterise the geo-morphology and coastal hydrodynamics off the coast line. The social economic activities are mapped detailing what each location is able to produce, e.g. fishing, aquaculture and port and harbors, etc. All this information is integrated into a GIS system, and compiled into an atlas including various charts, presented both in digital and hard copies. This is the basic tool that has been used by the Brazilian National Contingency Plan to mitigate any oil spill event.

Social contributions

Project participation

Integral to Fugro's value system is its support for social initiatives.
Fugro Seastar AS has been supporting a project in Ethiopia called Helping Hands for two years. The prime goal is to develop skills in the local community on farming and help raising chickens. So far they have been able to build a chicken house, a bridge and improved water supply.

Sponsorships

Fugro seeks to help preserve and promote accessibility to valuable cultural heritage and the organisation supports a large number of initiatives worldwide, notably in the fields of the arts, culture and sport. As sponsor of the Concertgebouw Amsterdam Fugro contributes to their mission to offer as many people as possible the opportunity to experience high quality classical music. Fugro's support to Stichting Hermitage, national park 'De Hoge Veluwe', the sea tugboat 'Holland' and MS150 (Houston-Austin cycling tour by US Multiple Sclerosis Society) is ongoing. Worldwide, operating companies regularly assist in local environmental projects such as cleaning up beaches, with some extending this to 'adoption' of part of the beach. Fugro GEOS Inc. continues to be Beach Guardians (Texas General Land Office, Adopt a Beach programme) for a local beach in Galveston, Texas.
Fugro-Lafayette sponsors the 'Family Performance Series' through the Acadiana Center for the Arts to provide a venue for quality live performance for young audiences. This up-close and informal setting is the perfect atmosphere to introduce children to a wide variety of performing arts experiences. Performances include music, poetry, puppet shows, international storytelling and folktales, and theatre. It is also sponsor of the Performing Arts Society of Acadiana (PASA).

Fugro continued to support the Barratt Due Institute of Music. The Barratt Due Institute of Music was founded in 1927 and it has played a central role in music education in Norway for more than 80 years. Children, young people and adult students are taught under the same roof, inspired by the founders' motto: From music kindergarten to the concert podium. In 2012 Fugro Norway also plans to participate in supporting the production of an album featuring the best young talents of Norway.

Several Fugro operating companies are involved in sports and charity events to raise money for (international) cancer organisations: Fugro Pelagos in California for the American Cancer Society and Fugro Survey for the 'Friends of Anchor' which is a local charity that raises money on behalf of the local hospital Cancer Center in Aberdeen. Employees of Fugro participated to the Making Strides against Breast Cancer Walk near downtown Houston. Fugro Survey also donated to the British Heart foundation. A group of employees of Fugro Pelagos participated in the Ronald McDonald House Dinner Service: they prepared and served dinner for over 160 people staying there.
For over twenty years, Fugro has been assisting the Texas Gulf Coast Regional Blood Center by conducting blood drives 3 times a year at its Hillcroft headquarters.
On 28 October every year Fugro House turns PINK. Employees show their support for the Breast Cancer Campaign by raising money through various pink initiatives: pink baking, pink clothing and even pink hair adorns the offices of Fugro House.

Fugro, in conjunction with the Dutch Consulate in Rio de Janeiro, supported the Municipality of Rio de Janeiro to gather thousands of local participants in celebrating the 'International Car-Free Day' event that was held at the famous 'Aterro do Flamengo' park. This opportunity was used to promote cycling in Rio de Janeiro as part of a healthy life style. The 'Orange Squad' distributed orange bicycles and commemoratives tee-shirts sponsored by Fugro. The 11km route, normally busy with hundreds of cars driving towards downtown Rio, was used exclusively for cycling and the participants were able to enjoy a calm and peaceful environment amidst the spectacular scenery on offer in the city of Rio de Janeiro. The crowd was a mixture of addicted cyclists, amateurs, entire families, and whoever was caught by the purpose of the day.

Fugro's companies in Hong Kong and China have been sponsoring a scholarship programme for a secondary school in Urad Qianqi, a city in Inner Mongolia, since 2010. Sixty poor students of the school receive financial support from Fugro and with that support are able to

continue their studies without struggling for school fees.
Fugro provides support to universities and local school by donating software and hardware, for instance in Mexico.
In South Africa, Fugro continues to contribute to The Homestead, a project to support street children. In 2011 the first Fugro Survey Africa 'Santa Shoebox Project' was initiated. The money collected from staff and the company was utilised to give 55 boys a bag with practical necessities as well as some sweets, loads of games and even some bulk food products for the Homestead itself at Christmas.
Fugro Caspian cooperated with 'Save the Children' in Azerbaijan: a small group of teenagers from a local orphanage spent time at Fugro assisting with clerical work. The boys were, for the first time, given the opportunity to gain valuable work experience in a professional environment.
As part of the Dutch 'Fietsen4Fietsen' (Cycling for Bicycles) initiative, Fugro sponsored the purchase of eight delivery tricycles for Africa.

Fugro also sponsors various sport events: the Abu Dhabi Squash Rackets Association, the Abu Dhabi International Triathlon and the Abu Dhabi Striders Half Marathon.
The Rugby football festival in the United Arab Emirates

was also sponsored by Fugro. Fugro Survey and Fugro Marine Services support the team of rowing boat De Rijp which participates amongst other in the annual Harlingen-Terschelling rowing boat race. The team consists of students from the Maritiem Instituut Willem Barentz. Three Fugro teams (altogether twenty men) entered into the Institute of Civil Engineering (ICE) 5-a-side football tournament.

These are just some examples of Fugro's contribution to local communities, which vary from large projects to small contributions.

Participation in industry-related organisations and research institutes

In addition to research activities, which is part of its core business, Fugro is actively involved with several related matters and social initiatives. The company takes an active role in a wide variety of committees, boards of management and institutes such as, the Houston Weather Museum, the Alliance for Coastal Technology, the Gulf of Mexico Coastal Ocean Observing System Regional association and the Society for Underwater Technology Houston Branch. In Australia, Fugro is on the Advisory board of the Curtin University and the National Board of the Australian Society of Hydrographers (AHS). In the Netherlands Fugro has a seat on the board of NIOZ (Netherlands Institute for Sea Research).

Fugro is currently holding the chairmanship of the International Association of Geophysical Contractors (IAGC), an industry body in which the geophysical contractors work togheter on topics such as technical and contract standards, the environmental impact of geophysical operations and advocating the multi client model.

Worldwide, Fugro has established long-term relationships with major universities and supports higher education through scholarships, financial support of PhD students, financing research and supports an active involvement of Fugro employees on the committees and boards of educational establishments such as the University of Newcastle, the Technical University of Catalonia, Memorial University in Canada, the University of New Hampshire, Curtin University in Australia, Georgia Tech., Delft Technical University, Heriot Watt University in the UK and Wuhan University in China.

Fugro has formed a close alliance with the Earth Sciences Department of Royal Holloway, University of London to accredit its geoscience training programmes. In 2011 the alliance delivered its first postgraduate diploma in Applied Petroleum Geosciences to a number of personnel from a conglomerate of Libyan oil companies. Despite the unrest in their home country Fugro could support the participants such that 85% of the attendees reached the required standards, some even achieving distinction grades for their postgraduate qualification. Especially the Fugro Geoscience division has a long history of supporting universities. The first was the Technical University in Delft in the early 90's and today they have over 15 active agreements with universities around the globe supporting research consortia and often donating software that is used in classroom, thesis projects and research consortiums. The most recent agreement was with the Department of Geology at the University of Malaya, the oldest geology department in Malaysia.
In the United States Fugro organised a number of industry workshops including the IMarEST (Marine Engineering, Science and Technology) / SUT Metocean Awareness Course in Houston.
Fugro is actively helping to develop industry guidelines and standards and supported the industry committee

that has produced guidelines and technical notes under the auspices of the International Oil and Gas Producers Association (OGP) for the conduct of offshore drilling hazard surveys. Fugro further played a leading role in the OGP/IMCA (International Marine Contractors Association) workgroup that was set up to revise and upgrade a guideline for the use of offshore positioning systems, which is important as positioning services can have an effect on safety at sea and are instrumental in the quality of the work that is delivered. The effort resulted in the publication of the new 'Guidelines for GNSS positioning in the oil & gas industry' by OGP/IMCA, a guiding document that is now widely adopted by the offshore industry.

Fugro has a leading role in both the Society for Underwater Technology Offshore Site Investigation and Geotechnics Committee (SUT OSIG) and the Offshore Site Investigation Forum (OSIF). This is a forum of world experts in the geotechnical and geophysical aspects of offshore site investigation. The committee is an acknowledged source of the highest level of technical advice to the industry and government bodies. Current initiatives in which Fugro are participating include membership in the SUT OSIG Working Group on Developing Guidance Notes on Site Investigations for Offshore Renewable Energy Projects and Fugro provides the chairman of an OSIF Working Group on the Development of Guidance on Well Top Hole Prognosis

Fugro is active in several technical subcommittees of the International Standards Organisation (ISO) and has contributed to the development of new standards for marine soils investigations, marine geophysical investigations and is currently working on a standard that relates to offshore jack-up rigs. In addition, Fugro is an ISO national committee member for offshore related matters and also provides the chairman of the NNI (Dutch Standards) sub-committee for geotechnical investigation techniques. Fugro is the secretary of the International Society for Soil Mechanics and Geotechnical Engineering (ISSMGE) committee for offshore geotechnics and is a member of the ISSMGE committee on in-situ testing.

Sustainable development / environment

One aspect of the general business principles (GBP) is Fugro's continuing commitment to sustainable development. This requires the organisation to make a balanced consideration of its short and long-term business interests and the integration of social, economic and environmental considerations during the commercial decision making process. Because of its global presence and decentralised structure, Fugro endeavours to keep in balance the limited or lack of local regulation and legislation in some countries and the high standards the organisation wishes to pursue. Fugro's services are aimed at efficiently deploying personnel and equipment for the collection and interpretation of data and providing installation support services. The organisation also acts as an advisory body. Fugro does not own or operate large-scale production facilities that might have an impact on the environment. Its main focus is on environmental aspects associated with the deployment of the equipment and offices from which Fugro operates.

Fugro had made it its goal that by the end of 2011 all large, operational subsidiaries would have a certified environmental management system according to ISO 14001 or equivalent. By the end of 2011, almost 85% of these subsidiaries were certified or close to certification.

Working environment

Partnership for Growth

The global human resources initiative Partnership for Growth was first introduced to the organisation in December 2010. Fugro's diverse business activities and global presence create good potential for development of its employees. Partnership for Growth is designed to achieve personal growth and for the organisation to harmonise this with its overall business goals.

Built as a series of interlinked modules, the Partnership for Growth is a set of tools and processes which assist the daily management of our people resources, aligning personal career ambitions with the overall goals and objectives of the company. Fundamentally underpinning all these activities is a regular, structured, open communication between manager and employee, ensuring clarity surrounding job role, performance, and career direction.

The Induction module was successfully launched in June 2011, and has been well received and effective. The Performance and Personal Development (PPD) process was also introduced in 2011. The full PPD process takes the form of an annual cycle, starting with target setting, and ending with performance appraisal with at least one interim review. An online survey conducted in June 2011 showed that 70% of OpCos had adopted the new tools, with the remainder able to make slight modifications to their existing processes. Approximately 55% reported that appraisals had already taken place, despite being part way through the year.

With these initiatives Fugro continues to build the framework it needs to develop a global workforce that is able to meet its clients' needs now and in the future.

Fugro Academy

The Fugro Academy has been operating for five years. In that time, the range of courses has grown, but the core essence of developing technical and business skills in our staff has remained the same. The vision that everyone will have access to the Fugro Academy remains a strong focus and has driven the expansion of Fugro Academy use into all of the Fugro operating companies. This has facilitated the global access to and sharing of Fugro knowledge that was one of the objectives in the original concept.

Technical training in Fugro systems and processes remains a core capability for Fugro Academy. By developing a global training team to deliver training at OpCo locations, Fugro Academy is able to support Fugro's needs to standardise service delivery to clients. One of the benefits of a global organisation is high standards service quality and Fugro Academy assists in that objective.

Offshore survey training is an example of how Fugro Academy has developed courses for the many operating companies working in this sector. Over the five years of its existence, almost 50 offshore survey courses have been developed by internal trainers and senior field staff who now pass on their knowledge and experience to newer staff members. By the end of 2011, over 900 courses had been delivered in over 21 countries to 6,800 staff resulting in 32,000 days of training.

E-learning continues to be developed as a means of delivering training and development opportunities to an international pool of staff. As well as a rich selection of commercially available courses, over 250 Fugro courses have been developed to support staff development. The e-learning software used by Fugro Academy is also available to Fugro operating companies to allow them to develop courses locally, or adapt corporate courses to local needs. A good example of how this takes place is Brazil, where various courses have been translated into Portuguese by a local e-learning expert to support the local staff.

Fugro Academy started to introduce the concept of mobile learning during 2011 through several pilot projects. Due to the nature of the Fugro business, many staff have difficulties accessing e-learning due to limited internet access, for example at sea. To support these staff during their working day and beyond, Fugro Academy has introduced a mobile learning platform that allows staff to download courses and take them on any computer.

Diversity & opportunities

In Fugro's business structure, local operating companies operate autonomously within the framework of the group's policy, business principles and internal risk management systems. As a global organisation, operating in more than 60 countries, diversity is inextricably part of Fugro's business. Whenever possible, staff is recruited locally, and is offered local training and development opportunities. In this way, a balanced reflection of the countries in which Fugro operates is realised which contributes to successful operations because Fugro benefits from the local expertise in understanding business practices, laws and customs. At the same time, being a global employer, Fugro offers career opportunities worldwide which naturally results in diversity because of the many different ethnicities within the workplace. Though working with people from various cultural backgrounds is at times challenging, it adds value in that it provides a learning environment where people have an open mind and appreciate and respect each others qualities. In this way constructive cooperation between professionals leads to innovation and global quality solutions for Fugro's clients.

With an ongoing focus on demonstrating our commitment to our stakeholders for sustainable global growth, diversity will always be a natural business outcome for Fugro.

Employment benefits

Fugro promotes commitment and rewards effort and results; for this reason flexible reward systems and an option plan have been in place for many years.

Employee pension schemes and other such benefits are maintained on behalf of the company's staff, taking into account local customs and regulations.

Health and safety

Fugro is committed to working to eliminating hazards and preventing all incidents. Therefore it is important that a longer term strategic view of HSE is taken which aims to further develop our culture and ensure good and continually improving health, safety and environmental performance. Fugro will continue to strengthen its HSE culture through leadership, stakeholder engagement and effective policy implementation. In 2011, a four year strategy (2012-2015) has been developed to promote the HSE principles and to build on the success of improving global standards and implementing a consistent approach to HSE throughout the organisation.

The Fugro organisation is diverse with many HSE risks which need to be managed locally; each division has a HSE strategy which addresses their own operations within the corporate framework. Management and employees at all levels within the organisation are key to delivering the strategy and are expected to be actively involved in ensuring good health, safety and protection of the environment. This system ties in with Fugro's business principles, which state that the operating companies will carry out their activities independently in accordance with instructions and supervision from Fugro. The operating companies are supported by a dedicated team of HSE advisors.

The incident performance indicators for 2011 show that Fugro's safety program continues to result in improvements. The recordable incidence and lost time injury frequency in 2011 reduced 11% and 14% respectively (per 1 million manhours worked) compared to 2010.
Fugro strives to achieve incident ratios which are in line with the benchmarks that are appropriate for the industries in which Fugro works, such as to achieve an LTIF (Lost Time Injury Frequency) of less than 0.5 per 1 million work hours (benchmark set by the International Association of Oil and Gas Producers). The part of Fugro's services that relates to this segment showed a LTIF below 0.5 in 2011.

In 2011 the Golden SAM (Safety Always Matters) was awarded to Fugro Subsea Services Ltd. in Aberdeen and Fugro Airborne Surveys (Pty) Ltd. in Johannesburg for best overall and consistent HSE performance.

In 2010 Fugro engaged a team of safety experts from a leading industrial company to assist with the execution of an employee safety perception survey. A total of 1,600 randomly selected employees participated. From the survey it can be concluded that:

- Safety is considered a value by the organisation,
- Employees consider the Fugro HSE Management System of high quality,
- Safety rules are obeyed,
- Individuals feel empowered to take action.

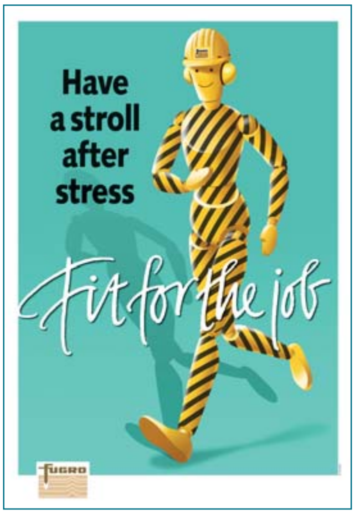
Further involvement and engagement of the workforce, particularly in incident investigation and development of (local) procedures, training and recognition of safety achievements were indicated as areas for improvement.

The outcome of this employee safety perception survey has been valuable input for goal setting and defining the priorities for Fugro's HSE strategy for the next four years.

Health campaign

Fugro believes that health awareness contributes to the well being of the employees and the company launched a 'Fit for the Job' wellness campaign in 2010. This campaign, built on the character of SAM (Safety Always Matters) aims to encourage employees to start or continue personal wellness activities while on the job. In 2011 the operating companies were encouraged to support and promote the initiative. Examples include;

- **Fugro Companies in the USA** have actively participated in the 'Fit for the Job' initiative, recognising the importance of having a healthy workforce. In 2011 a voluntary biometric screening of all staff was undertaken to determine the key areas of focus for the US health initiative. In addition, two newsletters were issued with articles on specific aspects of health and wellness, success stories and the two competitive programs that were completed during the year. The first program was called 'Walk around the world', in which different regions competed against each other to see who could amass the greatest number of hours exercised over a three month period. Equating it to miles walked, over the three month period of the program participants logged 125,000 miles equivalent of exercise. The second was the 'Biggest Loser' Campaign that pitched individuals against each other in a weight loss competition. Participants lost more than 600lbs of weight in total.



- **Fugro Netherlands,** For many years, Fugro staff in the Netherlands participate in international running events such as the Zevenheuvelenloop (Nijmegen) and the City-Pier-City (The Hague). But they also show up in other major international sport events in rowing, football and cycling.

In August 2011 the first Dutch edition of the 'Fit for the job' newsletter was issued, in which the availability of free company fruit was announced and employees were invited to follow introductory lessons in the local fitness-centre. At the end of the year a special sports exhibition was held to make all the Leidschendam employees aware of the coming 'Fit for the Job' activities.

Risk Management

General

Fugro's risk management policy is aimed at the long-term sustainable management of its business activities and the limiting or, where meaningful, hedging of the associated risks. Due to the wide diversity of markets, clients and regions and its broad portfolio of activities, quantifying all the existing risks relevant to the Group as a whole is virtually impossible. Risks are, however, quantified wherever possible and useful. This applies amongst others to the influence of the exchange rate of the US dollar, the Norwegian kroner and the British pound. See page 28.

Strengths

- Consistent execution of strategy as an independent service provider
- Good market position in many niche markets worldwide
- Professional employees who receive continuous additional training
- High-quality technology and services provision
- Well functioning financial and risk management systems
- Cooperation between business units
- Healthy financial position

Weaknesses

- Sensitivity to rapid, sharp fluctuations in, amongst others, the exchange rate of the US dollar, the Norwegian kroner and the British pound
- Much of the revenue depends on investment by the oil and gas industry

Opportunities

- Increased investment by the oil and gas industry, amongst others related to depletion of existing fields
- Increasing demand for oil and gas with a growing world population
- Optimisation of existing oil and gas fields
- More and larger infrastructure projects, including coastline protection and pipelines
- Developments in unconventional oil and gas fields
- Upcoming markets such as Brazil, India and China
- Increasing demand for non-fossil energy sources

Threats

- Economic and financial instability as a result of the euro crisis
- Political instability in countries and/or regions important to Fugro
- Payment risk of clients with low financial strength
- Pressure on prices by clients as a result of lower demand and/or overcapacity in certain market segments
- Strong decrease of the oil price compared to the present level of USD 100 per barrel (WTI), leading to lower investments by the oil and gas industry
- Offshore operations in a number of regions around the globe are vulnerable to acts of piracy
- Cuts in government spending

Operational

Activity portfolio

Although the core activities show a high degree of cohesion, they also target highly diverse markets, clients and regions. A high proportion of the activities is related

Fugro's long-term risks are limited due to:

- The diversity of activities in more than one international market segment
- No clients with contracts accounting for more than around 4% of Fugro's total annual revenue
- Use of own modern technologies and professional employees
- The ability to adjust quickly to exchange rate and price changes as most contracts are of short duration
- Geographical spread of the activities
- A balanced and flexible vessel fleet composition (owned and chartered)
- Current liabilities (EUR 856 million) amount to 22% of the balance sheet total
- Limited risk related to pension obligations
- Good internal risk management and control systems
- Part of the (manpower) capacity being hired-in on a flexible basis, among which free lance staff
- Strong financial position to support future growth

Streamer deployment onboard the seismic vessel 'Geo Atlantic'
2007

to the oil and gas industry. Fugro's dependence on the more cyclic investment in oil and gas exploration and development is balanced by its involvement in the more stable investments in oil and gas production. The other activities are dependent on developments in markets that include infrastructure, construction and mining. The influence of positive and negative economic effects is further moderated by:

- Cohesion between a broad range of services provided to different markets
- Good geographical spread
- Being an independent service provider to a diverse base of clients
- Strong market positions
- Size of the Group

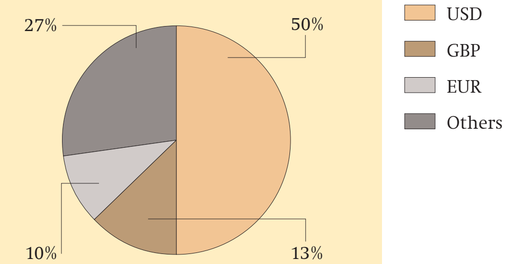
Contract flow and price changes
Some of Fugro's contracts are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out several projects for the same client. The projects carried out for any single client do not, however, account for more than around 4% of the total annual revenue. Having a large number of clients supports Fugro's independence and improves its stability.

To carry out its projects Fugro has at its disposal highly trained employees and many technically advanced and therefore expensive equipment. Much of Fugro's work involves short-term contracts. Fugro is, to a degree, sensitive to price changes and sudden changes in exchange rates, although it can adapt relatively quick due to the general short term duration of projects. Fugro's budgets are, to a great extent, based on the expected investments by the oil and gas industry. Unless there is a structural drop in the oil price to less than around USD 80 per barrel (WTI), it is not anticipated that substantial (up or down) fluctuations in oil prices will lead to a rapid change in these investments.

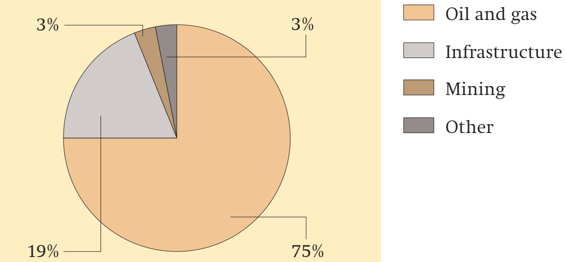
Capacity management
Fugro is constantly alert for signals that indicate changes in market conditions so it can react quickly and appropriately. Sudden and unexpected changes in market conditions are, however, always possible. Some of Fugro's survey activities can precede investment by clients and generally take place at the start of project or investment cycles of clients. This means Fugro's activities can be the first to be affected by changes in market conditions. Postponement and interruption to the flow of orders can lead to temporary shortfalls in revenue due to under-utilisation of capacity.

The weather and the availability of vessels are key factors for offshore activities in particular. Weather influences are calculated into the budgets and tend to average out over the year and the regions in which Fugro is active. As far as vessels are concerned, Fugro's objective is to operate a balanced fleet in which around 50% of the vessels are owned and around 30% are on mid-term or long-term charter basis. Approximately 20% of the fleet is chartered on short term or a project basis.
The fact that Fugro is deploying heavy and specialist

Breakdown revenue per currency (for the year 2011)



Breakdown revenue per sector (for the year 2011)



equipment does mean that the risk of capacity under-utilisation will increase. At the same time, the exchange of manpower and equipment between the various business units can improve capacity utilisation.
The deployment of expensive (marine) equipment also leads to risks with regard to loss of revenue due to equipment break downs. Part of the staff is appointed on a temporary basis or works on a freelance basis, providing Fugro a certain flexibility to respond to variations in manpower needs.

Financial

Balance sheet

Fugro follows an active policy to optimise its balance sheet ratios in order to limit financial risks and maintain its long-term solvency. Being quoted on the stock exchange provides a worthwhile contribution towards achieving the (financial) targets and it enables Fugro to make a well considered selection of the optimal financing mix when considering larger investments and acquisitions.

Future interest rate risks are limited to bank loans. Fugro's objective is to limit the effect of interest rate changes on the results.

Research costs are charged directly to the results. Fugro has evaluated the book value of its assets, including goodwill, within the framework of its normal balance sheet evaluation. This has shown that no impairment of any tangible or intangible asset is necessary.

Currency exchange rate conversion

Fugro limits its susceptibility to changes in foreign currency variances, but is not immune to exchange rate variances caused by rapid changes to the rates versus the Euro (which is the reporting currency). Besides that, changes in exchange rates will result in translation differences. As most of Fugro's revenue in local currencies is used for local payments, the effect of negative or positive currency movements on operational activities at a local level is minimal. Fugro's international monetary streams are limited and mainly in US dollars, US dollar related currencies the Euro, the Norwegian kroner and the British pound. Where possible and desirable, forward exchange contracts are executed.
Fugro strives to match assets and liabilities in foreign currencies. Rapid and radical changes in exchange rates can also influence the balance sheet and profit and loss account, partly due to the length of time between tenders being submitted and orders being awarded or delayed, during which period forward exchange hedging contracts would not be appropriate. This creates an additional foreign currency risk that cannot be quantified in advance. At the Group's current structure and size, a rate difference of 10% on the USD would affect profit by EUR 2 million and revenue by approximately EUR 107 million. A rate difference of 10% on the GBP would affect profit by EUR 3.5 million and revenue by approximately EUR 42 million. For a 10% rate difference of the NOK the effect on profit is EUR 5 million and on revenue by approximately EUR 15 million.

Pension provisions

Fugro maintains pension schemes for its employees in accordance with regulations and customs which prevail in each of the countries in which Fugro operates.

Since 1 January 2005 Fugro operates an average salary based pension scheme in the Netherlands. This is classified as a 'defined benefit' scheme. The pension

Exchange rates (in EUR)	USD end of period	USD average	GBP end of period	GBP average	NOK end of period	NOK average
31 December 2011	0.77	0.71	1.20	1.15	0.129	0.129
30 June 2011	0.69	0.70	1.11	1.14	0.129	0.128
31 December 2010	0.75	0.76	1.16	1.17	0.128	0.125
30 June 2010	0.81	0.76	1.22	1.16	0.126	0.125
31 December 2009	0.69	0.72	1.13	1.13	0.121	0.115
30 June 2009	0.71	0.75	1.17	1.12	0.111	0.112
31 December 2008	0.71	0.68	1.05	1.25	0.102	0.125
30 June 2008	0.63	0.65	1.26	1.28	0.125	0.121

commitments in the Netherlands are fully re-insured on the basis of a guarantee contract. The accrued benefits are fully financed.
The employees of De Regt participate in the Metalektro sector collective arrangement. There are no risks for Fugro following this arrangement.

In the United States Fugro has a 401K system for its employees. Fugro contributes towards the deposits of its employees in accordance with agreed rules and taking the regulations of the Internal Revenue Service (IRS), the American federal tax authority, into account. This system is free of risk for Fugro.

In the United Kingdom Fugro operates a number of pension schemes. All the schemes available to new employees are defined contribution schemes. There is one defined benefit scheme open for long-serving employees and there are other defined benefit schemes which have been closed but which have on-going obligations to their members. Measures have been taken to ensure these obligations can be paid when required.

In the other countries where Fugro has organised retirement provisions for its employees, obligations arising from these provisions are covered by items recognised in the balance sheet of the relevant operating company.

Information and communication technology (ICT)
Fugro relies on a range of ICT systems (including hardware, software, computer networks and communication links) to manage its business, support operations and to deliver many of the advanced technological solutions which help to differentiate the company in the marketplace. While much of the office based hardware and software used by Fugro are proven off-the-shelf products, Fugro actively develops proprietary hardware and software to facilitate its range of specialist services and to strengthen its market position.

Fugro's global ICT infrastructure is designed to support the needs of a decentralised global organisation in an efficient, reliable and secure manner. The ICT needs of individual Fugro companies vary according to the size and operational activities of each company. Typically, company managers have local responsibility for their Local Area Network (LAN) infrastructure including its support. At a local or regional level, operating companies are encouraged to share ICT knowhow and support services in order to generate efficiencies of scale. However, at a global level, the connection between every operating company's LAN and that of any other Fugro company or the 'outside world' is monitored and controlled by a dedicated team of ICT security specialists, using state-of-the-art 'firewall' systems and other ICT security related systems.

Fugro maintains a dedicated ICT security team consisting of a global ICT security officer and eight regional ICT security personnel. This team is responsible for maintaining and monitoring the security aspects of Fugro's ICT infrastructure, such as access to the internet, e-mail and intranet applications. The ICT security team is independent from the ICT support staff in the operating companies.

As a group, Fugro works to mitigate ICT related risks through a variety of measures, which are constantly under review:
- The adoption of new third party software and software upgrades (such as that used in the office environment) is generally delayed until sufficient time has passed to prove that the software is stable and does not pose a security risk. Once adopted for use, critical 'patches' to fix software bugs are applied as they become available.
- Proprietary software is subject to comprehensive testing procedures before operational use.
- Access to client data and other confidential information is restricted to specific people in the operating company concerned, who have a legitimate reason for such access.
- Fugro's central web hosting facilities are protected by high-end web application firewalls specifically designed to protect the applications from known attack vectors.
- Data communications within Fugro's global wide area network (WAN) are channelled over an encrypted virtual private network (VPN), the security of which is monitored around the clock.
- Fugro's ICT systems are constantly monitored for evidence of contamination by viruses or 'malware'using a variety of independent means.
- Access from Fugro's WAN to 'social network' sites is restricted for security reasons.

During the first quarter of 2011, Fugro brought in-house the responsibility for the operation of a substantial number of firewall devices previously outsourced to a third party ICT security service provider. This transition went smoothly according to plan and has resulted in a number of practical and operational benefits to the

Survey vessel during iceberg profiling project, Notre Dame Bay, Newfoundland, Canada

2009

organisation, not to mention cost savings. In the light of these changes. Fugro commissioned an independent audit by a third party of its ICT security systems and procedures. The results from this audit, confirmed that Fugro's perimeter firewall configuration and related systems are indeed robust and fit for purpose.
The audit also highlighted areas where further enhancements could be made and form the basis for a number of initiatives to be undertaken in 2012.

Insurance and legal risks

Fugro is insured against a number of risks. Risks related to professional indemnity and general liability are covered at a Group level. Equipment is insured locally and local cover is arranged for risks associated with normal business operations, such as insurance for the vehicle fleet, the buildings and for employees.

Some operating companies are involved in claims, either as the claimant or the defendant, within the context of normal business operations. Where necessary proper provisions have been accounted for in the financial statements. Based on developments thus far, it is not anticipated that Fugro's financial position will be noticeably affected by any of these proceedings.
With regard to items included in the annual report adjustments to estimates are possible.

Internal systems

Due to the generally short-term nature of its assignments, constant monitoring of its markets and its operating and financial results is intrinsic to Fugro's modus operandi.

Clarity and transparency are an absolute must for assessing and evaluating risks. These are fundamental characteristics of the Fugro culture. Due to the wide variety of markets, clients and regions and Fugro's extensive activity portfolio, the management of the operating companies is responsible for the application and monitoring of and compliance with the internal control systems. The monitoring systems consist of the internal control framework described below.

General Business Principles (code of conduct)

The Fugro General Business Principles govern how each of the Fugro companies, which make up the Fugro Group, conducts its affairs. See for further information page 62. The General Business Principles were last updated in November 2011. In particular the anti-bribery section was updated and guidelines were added which contain specific rules related to gifts, favours, hospitality and payments to third parties. The General Business Principles are posted on the website.

Corporate handbook

Fugro's corporate handbook contains mandatory instructions regarding many business aspects, including risk management. This handbook is for the senior management members responsible for further application within the operating companies.
The corporate handbook is updated regularly.

Financial handbook

This handbook contains detailed guidelines for the financial reporting. The financial handbook is for the senior management and the controllers of all operating companies. The latest update was issued in December 2011.

Insurance manual

The insurance manual contains detailed guidelines with respect to risks to be insured. The insurance manual is distributed to managers of all operating companies and their employees who are responsible for insurances.
The latest update was issued in December 2011.

Information and communication technology (ICT)

Fugro endeavours to mitigate the risks associated with ICT systems through a variety of measures. These are described on page 76.

Project Management handbook

This handbook provides procedures in preparation to and for the execution of projects. This handbook is used by project managers. The latest update was issued in October 2011.

Planning
The business plans of every Fugro unit are translated into budgets. Adherence to the budgets is checked on a monthly basis. Any unforeseen circumstances that arise, or any substantial deviation from the budgets, must be reported immediately by the management of the operating company to the responsible division director. The monthly reports submitted by the operational management to Fugro include an analysis of the achievements versus the approved plans and a forecast for the coming period.

Authorisation level
Managers are bound by clear authorisation restrictions regarding representation. Projects and contracts with a value or risk that exceeds a specified amount must be approved in accordance with the applicable authorisation matrix which is updated from time to time by the Board of Management.

Letter of representation
Every six months all managers and controllers of operating companies and the responsible division director sign a detailed statement regarding the financial reporting and internal control.

Internal Audit
Regular and frequent internal audits of the various operating companies are carried out. The findings are reported directly to the responsible division director. The findings are also shared with the Audit Committee.

Peer reviews
'Peer reviews' are also carried out on a regular basis. A peer review involves a review of an operating company by a team from other operating companies. The results are reported directly to the responsible division director.

Audit Committee
The Audit Committee comprises three members of the Supervisory Board and it ensures an independent monitoring of the risk management process from the perspective of its supervisory role. The Audit Committee focuses on the quality of the internal and external reporting, the effectiveness of the internal audits and the functioning of the external auditor. Further information on the Audit Committee is available on pages 17 and in the terms of reference of the Audit Committee. These terms of reference (included in the terms of reference of the Supervisory Board) are posted on Fugro's website.

External audit
The financial statements of Fugro and most of its subsidiaries are audited annually by external auditors. These audits take place on the basis of generally accepted auditing standards. The performance of the external auditor is evaluated annually. The current external auditor, KPMG Accountants N.V., was appointed as Group auditor by the Annual General Meeting of Shareholders in 2010. In principle, the (re)appointment of the external auditor will be on the agenda of the Annual General Meeting of Shareholders in 2014.

Advisory roles
If necessary, professional external advice is sought of third parties. The external auditor does not act in an advisory capacity, except for occasionally due diligence as part of mergers and acquisitions and activities relating to the financial statements.

Safety
Key operational subsidiaries are externally certified in accordance with OHSAS 18001 or equivalent. Compliance audits are done by internal specialists and by external agencies when re-certification has to take place. The last update was issued in December 2011.

Quality
Where required Fugro operating companies work in accordance with the relevant certificates such as ISO 9001 or equivalent. Compliance audits are carried out internally, by clients and by external agencies.

Environment
Fugro has set a goal that all key operational subsidiaries will have a certified environmental management system according to ISO 14001 or equivalent. By the end of 2011, almost 85% of these subsidiaries were certified or close to certification. As with quality certification, compliance audits are carried out, both internally and by external agencies.

Whistleblowers arrangements
Employees have the possibility of reporting alleged irregularities of a general, operational or financial nature in any Fugro operating company, worldwide, without jeopardising their legal position.
A whistleblower policy is posted on Fugro's website.

Declaration regarding risk management
Taking the above into account, to the best knowledge of and in the opinion of the Board of Management, Fugro's internal risk management and control systems as described in this annual report provide a reasonable assurance that the financial reporting does not contain any errors of material importance and these systems worked properly in the year under review.

Corporate Governance

General

Fugro subscribes to the Dutch Corporate Governance Code, which is based on the principle accepted in the Netherlands that a company is a long-term alliance between the various parties involved in the company. The stakeholders are the groups and individuals who, directly or indirectly, influence – or are influenced by – the attainment of the company's objects: e.g. employees, shareholders and other lenders, suppliers, clients, the public sector and civil society. The Board of Management and the Supervisory Board have overall responsibility for weighing up these interests, generally with a view to ensuring the continuity of the enterprise, while the company endeavours to create long-term shareholder value.

It is very important for Fugro to achieve a balance between the interests of its various stakeholders. Good entrepreneurship, integrity, openness and transparent management as well as good supervision of the management are the starting points for Fugro's corporate governance structure.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code (Code) was initially set up by the Tabaksblat Committee in December 2003. Fugro's corporate governance structure was approved by the Annual General Meeting of Shareholders (AGM) in May 2004. The Code was revised in December 2008. On 10 December 2009 the Dutch legislator designated the revised Code by decree as the new corporate governance code as defined by section 2:391 Dutch Civil Code. For Fugro the Code became effective retrospectively as per 1 January 2009 and had hardly any consequences for Fugro's corporate governance structure. The full text of the Code is available at www.commissiecorporategovernance.nl.

In accordance with the recommendations of the Corporate Governance Code Monitoring Committee the broad outline of Fugro's corporate governance structure and compliance with the principles and best practices of the Code – including explanation of a few deviations – was discussed in the AGM held on 6 May 2010. Since that date no substantial changes have been made to the corporate governance structure.

Each substantial change in the corporate governance structure of Fugro and in the compliance of the Code shall be submitted to the General Meeting of Shareholders for discussion under a separate agenda item.

Broad outline Corporate Governance structure and compliance with the Code

The broad outline of Fugro's corporate governance structure is explained in this chapter and also on Fugro's website. All underlying documentation is posted on the website.

Fugro's corporate governance structure, its supervision and the way it is reported are in line with the Code. The Code contains principles and best practice provisions that regulate relations between the Board of Management, the Supervisory Board and the General Meeting of Shareholders. The principles may be regarded as reflecting the general views on good corporate governance, which enjoy wide support. They have been elaborated in the form of specific best practice provisions. Companies may depart from the best practice provisions. Departures may be justified in certain circumstances. Each year Fugro indicates expressly in the annual report to what extent it has applied the best practice provisions in the Code and, if it did not do so, why and to what extent it did not apply them.

Fugro takes the view that shareholders, the media, corporate governance 'rating agencies' and proxy advisors should carefully assess the reason for each and every departure from the Code's provisions and they should avoid a 'tick-a-box' mentality. A shareholder should vote as he sees fit. A shareholder who makes use of the voting advice of a third party is expected to form his own judgment on the voting policy of this adviser and the voting advice provided by him.

Compliance with the Code in 2011

A full overview ('Comply or Explain'-report) of Fugro's compliance with the Code in 2011 is posted on the website. Fugro's corporate governance structure is fully in line with the recommendations in the Code except for the points below. All deviations were approved earlier by the General Meeting of Shareholders.

Best practice provisions II.1.1 and II.2.8

The term of appointment (1996) of one of the six members of the Board of Management, Mr. K.S. Wester (65), deviates from the first provision as he was not appointed for a maximum term of four years. Also the employment agreement (1981) with Mr. Wester does not provide for a specific severance pay on termination of employment. Fugro honours agreements that were entered into long before the introduction of the Code in 2004. Mr. Wester will retire in June 2012.

Best practice provision III.3.5

The term of the appointment of the Chairman of the Supervisory Board, Mr. F.H. Schreve, deviates from this provision because he has already served as a member of Fugro's Supervisory Board for longer than twelve years. Mr. Schreve was Chairman of the Supervisory Board from 1983 until the AGM in May 2011 when he retired and was succeeded by Mr. H.C. Scheffer. When Mr. Scheffer passed away in September 2011. The Supervisory Board asked Mr. Schreve to return as chairman. Mr. Schreve was almost unanimously (re)appointed as member of the Supervisory Board for a term of one and a half years at an Extraordinary Meeting of Shareholders (EGM) that was held on 14 December 2011. With this appointment, the EGM agreed with the deviation from this best practice provision. See for further details page 19.

Principle III.5 and best practice provision III.5.11

The Supervisory Board does not have a separate remuneration committee and nomination committee. In May 2005 the at that time separate remuneration committee and nomination committee were, with the approval of the AGM, amalgamated into one committee that carries out the tasks in both areas. The reason for the amalgamation was that a separate remuneration committee and nomination committee (with separate meetings) had proven impractical due to the fact that the Supervisory Board is small and three of its members are not resident in the Netherlands. The chairman of the Remuneration and Nomination Committee is Mr. G-J. Kramer who was a member of Fugro's Board of Management until the end of 2005. This is not fully in compliance with the provision that the chairmanship of the remuneration committee (but there is no separate remuneration committee) is not filled by a former member of the Board of Management.

Principle IV.2

Maintaining its operational independence is crucial for Fugro (see page 83 for a further explanation). One of the ways to safeguard this independence is share certification. Although the Code provides that the certification structure is not meant as a protective measure, Fugro has chosen, in the interest of its clients, to also view the certification structure as part of its protective measures. During the performance of its assignments Fugro often receives extremely confidential information. Fugro can only perform its assignments if it can secure the confidential nature of such information towards its clients.

The second reason for the certification structure is the prevention of possible harmful effects as a result of absenteeism in the shareholders' meetings of Fugro. Fugro considers it not to be in the interest of its stakeholders in general that through absenteeism an accidental majority can, based only on its own interest, force through its opinion. To prevent this, ties in with this Principle IV.2.

Best practice provision IV.2.1

In accordance with this provision the Board of the Fugro Trust Office (or 'Trust Office') enjoys the confidence of the holders of certificates and operates independently of Fugro. One deviation from this provision is that the terms of administration of the Trust Office do not stipulate the instances in which and the conditions under which holders of certificates may ask the Trust Office to convene a meeting, except with respect of the right to nominate a candidate for appointment to the Board of the Trust Office (see further the explanation on best practice provision IV.2.2).

Best practice provision IV.2.2

According to this provision the meeting of holders of certificates may make recommendations to the Board of the Trust Office for the appointment of a member to the Board. The Board has decided that holders of certificates representing at least 15% of the issued share capital in the form of certificates of shares may request that a meeting of holders of certificates is convened in order to make recommendations for the appointment of a member to the Board.

Best practice provision IV.2.5

According to this provision the Trust Office, in exercising its voting rights, should be guided 'primarily by the interests of the holders of certificates, taking the interests of the company and its affiliated enterprise into account'. The articles of association and the terms of administration of the Trust Office provide that if the

Southern Ocean in transit to installation project
2011

Trust Office exercises the voting rights, it will do this in such manner that the interest of Fugro and its enterprise, as well as the interests of all stakeholders, will be safeguarded as best as possible (article 2 of the articles of association and article 4 of the terms of administration). The interests of some stakeholders need not necessarily at all times run parallel with that of other stakeholders. For example, some will have a short term focus whilst others have a long term focus. It is up to the Board of the Trust Office to, after balancing the interests, come to a well considered decision on the exercise of the voting rights. In addition, when considering the exercise of voting rights the Board in any case takes into consideration the (Dutch) law as well as the articles of association and the terms of administration of the Trust Office. The Board can (also) opt, for reasons of its own, to not exercise the voting rights on the shares held by the Trust Office.

Best practice provision IV.2.8
Based on the provisions of section 2:118a Dutch Civil Code and article 18.2 of the terms of administration, the Trust Office will provide a power of attorney to any holder of certificates of shares who so requests, to exercise the voting rights on the (underlying) shares corresponding to the certificates held by the holder in a shareholders' meeting of Fugro. Holders of certificates of shares can (also) choose to have themselves represented in the shareholders' meeting by a written power of attorney. In specific situations the Trust Office can opt not to provide a requested power of attorney, limit the power of attorney or withdraw a power of attorney. This applies for example in case a public offer for the (certificates of) shares in the share capital of Fugro is announced or is already made, but it applies also in (other) circumstances in which granting a power of attorney in the view of the Trust Office substantially conflicts with the interest of Fugro and its enterprise (article 18.3 terms of administration and section 2:118a Dutch Civil Code). Therefore the deviation of this provision of the Code is that proxies to vote are not issued without any limitation and in all circumstances. This deviation is of course the consequence of the fact that the structure of share certification is also meant as a protective measure.

CORPORATE INFORMATION

Capital structure
The authorised capital of Fugro amounts to EUR 16,000,000 and is divided into:
(i) 96,000,000 ordinary shares, with a nominal value of EUR 0.05 each;
(ii) 160,000,000 cumulative protective preference shares, with a nominal value of EUR 0.05 each;
(iii) 32,000,000 cumulative financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 16,000,000 cumulative financing preference shares; and
(iv) 32,000,000 cumulative convertible financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 16,000,000 cumulative convertible financing preference shares.

On 31 December 2011 the issued capital amounted to EUR 4,069,649.05, divided into 81,392,981 ordinary shares. No preference shares have been issued.

Restrictions to the transfer of shares
The Board of Management's approval is required for each transfer of protective preference shares, financing preference shares and convertible financing preference shares. The approval has to be requested in writing stating the name of the intended acquirer of the shares in question.

Ordinary shares may be transferred only to natural persons. Notwithstanding the provisions of the preceding sentence, the transfer of ordinary shares shall not be possible if and insofar as the acquirer, either alone or under a mutual collaboration scheme jointly with one or more others, natural persons and/or legal entities, either directly or – otherwise than as a holder of certificates of shares issued with the cooperation of Fugro – indirectly:
(i) is the holder of ordinary shares to a nominal amount of one percent or more of the total capital of Fugro issued in the form of ordinary shares

(as of 31 December 2011 one percent equalled 813,929 shares); or

(ii) through such transfer would acquire more than one percent of the total capital of Fugro issued in the form of ordinary shares.

The restrictions to the transfer of ordinary shares stated above are not applicable to:

(a) the transfer of ordinary shares to Fugro itself or to a subsidiary of Fugro;

(b) the transfer or issue of ordinary shares to, or the exercise of a right to subscribe for ordinary shares by, a trust office or to another legal person, if in respect of such a trust office or other legal person the Board of Management with the approval of the Supervisory Board has by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer or issue of ordinary shares, to which lifting of restrictions conditions may be attached; in respect of another legal person as referred to above, such restrictions may be lifted only to the extent that such may be required to permit that legal person to avail itself of the facility of the participation exemption, as at present provided for in section 13 of the Corporation Tax Act 1969;

(c) the transfer of ordinary shares acquired by Fugro itself or the issue by Fugro of ordinary shares, if such a transfer or issue takes place within the framework of either a collaborative arrangement with or the acquisition of another enterprise, or a legal merger, or the acquisition of a participating interest or the expansion thereof, in respect of which the Board of Management with the approval of the Supervisory Board by an irrevocable resolution has wholly or partially lifted the restrictions limiting the transfer or issue of ordinary shares, to which lifting of restrictions conditions may be attached;

(d) the transfer or transmission of ordinary shares to shareholders who on 31 March 1992 were recorded as shareholders in the shareholders' register of Fugro, if in respect of such a transfer or transmission the Board of Management, with the approval of the Supervisory Board, by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer of ordinary shares, to which lifting of restrictions conditions may be attached;

(e) the transfer or transmission of ordinary shares to group companies of legal person-shareholders who on 31 March 1992 were recorded as shareholders in the shareholders' register of Fugro, if in respect of such a transfer or transmission the Board of Management, with the approval of the Supervisory Board, by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer of ordinary shares, to which lifting of restrictions conditions may be attached.

If article 17 of the articles of association of Fugro is not applicable, then article 11, sub 1 of the terms of administration of the Trust Office is applicable. In accordance with article 11, sub 1, a holder of certificates of shares who as a result of conversion acquires ordinary shares in the capital of Fugro may only transfer these ordinary shares to a third party if he or she has first offered these shares to the Trust Office. Also applies that the holder of certificates who as a result of conversion acquires ordinary shares in the capital of Fugro, during the period that article 11, sub 1 is applicable shall:

(i) not encumber the acquired shares with a right of lien or a right of usufruct, whereby the voting right on these shares shall be granted to the holder of the right of lien or the usufructuary; and

(ii) not grant a proxy to vote on the acquired shares nor accept any voting instructions from third parties regarding the manner in which he exercises the voting rights on these shares.

Substantial interests in Fugro

As far as Fugro is aware of, the shareholders with an interest in Fugro's share capital of more than 5% are reported on page 12.

Protective measures (extraordinary control rights; limitation of voting rights)

When carrying out assignments Fugro can have access to clients' extremely confidential information. For this reason Fugro can only carry out its activities if it can safeguard its independence in relation to its clients.

The main point of Fugro's protection against a hostile takeover depends on the one hand on certification of the ordinary shares and, on the other hand, on the possibility of Fugro to issue cumulative protective preference shares. In addition to this, protective preference shares may also be issued by the Fugro subsidiaries Fugro Consultants International N.V. and Fugro Financial International N.V. to Stichting Continuïteit Fugro (see pages 84). The primary aim of the protective measures is to safeguard Fugro's independence in relation to its clients.

Fugro Trust Office ('Trust Office')

Only (non-voting) certificates of shares are listed and traded on Euronext Amsterdam. These exchangeable certificates are issued by the Trust Office and the Board of the Trust Office exercises the voting rights on the underlying shares in such manner that the interests of Fugro and its enterprise, as well as the interests of all stakeholders, are safeguarded as best possible. For the composition of the Board of the Trust Office see page 181. The (Board of the) Trust Office operates completely independent of Fugro.

Holders of certificates (and their authorised proxies):

- may, after timely written notification, attend and speak at shareholders' meetings;
- are entitled to request from the Trust Office a proxy to exercise the voting rights on the (underlying) shares corresponding to their certificates. The Trust Office may solely limit, exclude or revoke this proxy if:
  a) a public offer has been announced or made on the (certificates of) shares of Fugro or if a justifiable expectation prevails that such an offer shall be made, without agreement thereon having necessarily been reached with Fugro;
  b) a holder of certificates or a number of holders of certificates, in accordance with an agreement between and among them to co-operate, together or not, with subsidiaries, acquire at least 25% of the issued capital of Fugro; or
  c) in the opinion of the Trust Office, the exercise of voting rights by a holder of certificates constitutes a real conflict of interests with those of Fugro;
- may, provided they are natural persons and they have not entered into an agreement between and among them to co-operate, exchange their certificates for ordinary shares entitled to vote up to a maximum of 1% of the issued share capital of Fugro per shareholder.

Stichting Beschermingspreferente aandelen Fugro ('Foundation Protective Preference Shares')

The objects of Foundation Protective Preference Shares are to attend to Fugro's interests and of Fugro's businesses as well as the businesses of the entities that form part of the Group, in such way that Fugro's interests and the interests of the relevant businesses as well as the interests of all parties involved, are safeguarded to the extent possible, and that Fugro and the relevant businesses are defended to the extent possible against factors that could negatively affect the independence and/or continuity and/or identity of Fugro and the relevant businesses, as well as all activities which are incidental to or which may be conducive to any of the foregoing. The Foundation aims to achieve its objects independent from Fugro, by acquiring protective preference shares and by exercising the rights attached to such shares.
Fugro – in observance of the authority granted to the Board of Management by the AGM of 2011 – on 8 March 2012 has entered into an option agreement with the Foundation pursuant to which the Foundation was granted the right to acquire cumulative preference protective shares in Fugro's share capital, each share with a nominal value of EUR 0.05, up to an amount to be determined by the Foundation up to a maximum equal to 100% minus 1 share of the aggregate nominal value of ordinary shares and preference financing shares in Fugro that are held by third parties at the time the right to acquire preference protective shares is exercised by the Foundation. By entering into the option agreement, the Foundation is in a position to achieve its objects – i.e. safeguarding the company and its businesses – autonomously, independently and effectively should the occasion occur. The (Board of) Foundation Protective Preference Shares operates completely independent of Fugro. For the composition of the Board of the Foundation see page 182.

Stichting Continuïteit Fugro ('Foundation Continuity')

The (call) option on protective preference shares granted by Fugro Consultants International N.V. and Fugro Financial International N.V. (both registered in Curaçao) to Foundation Continuity has been approved by the AGM in 1999. The objective of Foundation Continuity corresponds to that of Foundation Protective Preference Shares. The protective measures described above shall be put up, especially in a takeover situation, when this is in the interest of Fugro to protect its independence and also in defining Fugro's position in relation to that of the raider and the raider's plans and it creates the possibility, when necessary, to look for alternatives. The protective measures will not be put up to protect the Board of Management's own position. Due to the uncertainty regarding the situations with which Fugro could be confronted, the use of protective measures in circumstances other than those described above cannot be discounted. For the composition of the Board of Foundation Continuity see page 181.

Fugro Saltire near a platform
2009

Option scheme
Fugro has a stock option scheme that was approved by the AGM on 14 May 2008. Details of the option scheme are described on page 12 of this Annual Report. Employee options on ordinary shares are granted to the members of the Board of Management and other employees in such way that at any moment the maximum number of outstanding options to acquire ordinary shares in Fugro will not exceed 7.5% of the issued ordinary share capital. In order to mitigate dilution, it is Fugro's policy to purchase own shares to cover the option scheme with the result that no new shares are issued when options are exercised. The total number of options to be granted is subject to the approval of the Supervisory Board as is the grant of options to members of the Board of Management itself.

Agreements with a shareholder that could provide a reason for limitation of the transfer of (certificates of) shares
If article 11, sub 1 of the terms of administration of the Trust Office is applicable (see also above), exchange of certificates into ordinary shares is only possible if the holder of certificates who acquires ordinary shares in the capital of Fugro as a result of the exchange, shall accept the stipulations pursuant to section 11, sub 1 of the terms of administration.

Functioning of the General Meeting of Shareholders
The powers of the (Annual) General Meeting of Shareholders are stipulated in legislation and in the articles of association of Fugro and can be stated concisely as follows: approval of decisions that would cause a major change to the identity or character of Fugro or its business; appointment and dismissal of members of the Board of Management and of the Supervisory Board; adoption of the remuneration policy for the members of the Board of Management; approval of the stock option scheme for the members of the Board of Management; determination of the remuneration of members of the Supervisory Board; adoption of the financial statements; discharge of members of the Board of Management and of the Supervisory Board; approval of the profit appropriation; authorisation to acquire own shares, to issue shares (or to grant rights to subscribe for shares) and to restrict or exclude pre-emptive rights in respect of shares; and approval of decisions to amend the articles of association or to dissolve Fugro. In addition, the following is discussed in the (Annual) General Meeting of Shareholders: the annual report, changes to the profile of the Supervisory Board, the dividend policy and substantial changes in the corporate governance structure of Fugro and in the compliance with the Code.

At least one (Annual) General Meeting of Shareholders is convened each year. Extraordinary General Meetings are convened as often as the Supervisory Board or the Board of Management deems this necessary. The shareholders' meeting is chaired by the Chairman of the Supervisory Board. The Supervisory Board and the Board of Management provide the shareholders' meeting with all the information requested, unless there is a very good reason why providing the information would not be in the interests of Fugro.

Appointment and dismissal of members of the Board of Management and Supervisory Board
The members of both the Board of Management and the Supervisory Board are appointed by the General Meeting of Shareholders for a maximum period of four years on a binding nomination of the Supervisory Board.
The binding nature of such a nomination may, however, be overruled by a resolution adopted by an absolute majority of the votes cast by the General Meeting of Shareholders, provided such majority represents more than one-third of the issued share capital. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, regardless of the proportion of the capital represented at the meeting. If a binding nomination has not been made or has not been made in due time,

the General Meeting of Shareholders may appoint a Managing Director at its discretion.

Unless the resolution is proposed by the Supervisory Board, the General Meeting of Shareholders may only pass a resolution to suspend or dismiss a member of the Board of Management or Supervisory Board with a majority of two-thirds of the votes cast, which majority represents more than one-half of the issued capital. With regard to the overruling of the binding nature of a nomination by the Supervisory Board and the decision to suspend or dismiss a member of the Board of Management or Supervisory Board, convening a second General Meeting of Shareholders pursuant to section 2:120, subsection 3, Dutch Civil Code shall not be permitted.

Amendment of the articles of association

A resolution to amend the articles of association of Fugro may be passed only on a proposal thereto of the Board of Management with the prior approval of the Supervisory Board and by a majority of at least two-thirds of the votes cast at a General Meeting of Shareholders at which at least one-half of the issued capital is represented. If at a meeting at which the proposal to amend the articles of association is to be considered, the required part of the capital is not represented, then a second meeting may be convened at which second meeting the resolution to amend the articles of association may be passed, irrespective of the part of the capital represented at such meeting, provided such resolution is adopted by a majority of at least two-thirds of the votes cast. Insofar as a resolution to amend the articles of association brings about a change in the rights vested in the holders of protective preference shares or the holders of financing preference shares or the holders of convertible financing preference shares, such a resolution shall require the approval of the meeting of holders of protective preference shares or the meeting of holders of financing preference shares or the meeting of the holders of convertible financing preference shares, as the case may be.

Fugro's articles of association were last amended on 28 June 2010 and are posted on the website.

Authorisation of the Board of Management with regard to the acquisition (purchase) of own shares and the issue of shares

Fugro regularly proposes to its shareholders to authorise the Board of Management to acquire and to issue shares.

On 10 May 2011 the AGM authorised the Board of Management for a period of 18 months as from 10 May 2011 until 10 November 2012, to, subject to the approval of the Supervisory Board, cause Fugro to purchase its own (certificates of) shares, within the limits set by the articles of association, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the certificates of the shares on Euronext Amsterdam for the five business days before the day on which the purchase is made.
Also on 10 May 2011 the AGM designated the Board of Management as the corporate body which is authorised for a period of 18 months as of 10 May 2011 until 10 November 2012, to, subject to the approval of the Supervisory Board,

(a) resolve on the issue of – and/or on the granting of rights to subscribe for – all preference shares – including both the cumulative protective preference shares and the different kinds of financing preference shares – and ordinary shares in which the authorised capital is divided at the date of the relevant resolution;
(b) restrict and/or to exclude pre-emption rights that accrue to shareholders upon issue of (grant of rights to subscribe for) ordinary shares and/or financing preference shares.

Fugro Searcher surveying in the North Sea
2010

The authorisation of the Board of Management with respect to the issue of ordinary shares and /or to grant rights to subscribe for ordinary shares was limited to 10% of the issued share capital of Fugro at the time of the issue plus an additional 10% of the issued capital of Fugro at the time of the issue in connection with or on the occasion of mergers and acquisitions.

The Board of Management may resolve, with the approval of the Supervisory Board, to dispose of shares acquired by Fugro in its own capital.

Consequences of public bid for major agreements

Fugro differentiates three categories of agreements as referred to in the Decree on Section 10 EU Takeover Directive:

a) Credit facility with Rabobank of EUR 150 million for five years. This agreement was implemented in 2011 and EUR 82 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with ING Bank N.V. of EUR 150 million for five years. This agreement was implemented in 2011 and EUR 82 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with The Royal Bank of Scotland N.V. of EUR 100 million for five years. This agreement was implemented in 2011 and EUR 55 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with HSBC Bank Plc. of EUR 100 million for five years. This agreement was implemented in 2011 and EUR 55 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with BNP Paribas S.A. of EUR 100 million for five years. This agreement was implemented in 2011 and EUR 55 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with Barclays Bank Plc. of EUR 75 million for five years. This agreement was implemented in 2011 and EUR 41 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with ABNAMRO Bank N.V. of EUR 50 million for five years. This agreement was implemented in 2011 and EUR 27 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with Credit Suisse A.G. of EUR 50 million for five years. This agreement was implemented in 2011 and EUR 27 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

   Credit facility with Rabobank of EUR 100 million for five years. This agreement was implemented in 2008 and the facility has been fully utilised. The facility is being repaid in quarterly instalments. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

b) Private Placement USD loans. As described in paragraph 5.46.2 of the Financial statements, Fugro has concluded long term loans with American and British institutional investors in 2002. The terms and conditions of these loans provide that Fugro may consolidate or merge with any other person or legal entity if either a) Fugro shall be the surviving or continuing person, or b) the surviving, continuing or resulting person or legal entity that purchases, acquires or otherwise acquires all or substantially all of the assets of the company i) is a solvent entity organised under the laws of any approved jurisdiction (any of the following jurisdictions: the Netherlands, The United States, Canada and any country which is a member of the EU (other than Greece) at the time of the date of the agreement, ii) is engaged in any similar line of business as Fugro and iii) expressly assumes the obligations of Fugro under this agreement in a writing which is in form and substance reasonably satisfactory to the holders of at least 51% of the outstanding principal amount of the notes.
   Fugro has also concluded long term loans with American and British institutional investors in 2011. In case of a 'Change of Control' Fugro shall give written notice of such fact to all holders of the loan notes. The notice shall contain an offer by Fugro to prepay the entire unpaid principal amount of loan notes held by each holder at 100% of the principal amount of such loan notes at par (and without any make-whole, premium, penalty or make-whole amount whatsoever or howsoever described), together with interest accrued thereon to the prepayment date selected by Fugro.
c) Employee option agreements. The employee option agreements stipulate that in the event of a restructuring of the share capital of Fugro or a merger of Fugro with any other legal entity, the option holder is entitled for every option to such securities, cash or other property as to which a shareholder of Fugro is entitled per share immediately prior to the restructuring or merger, unless the option period is shortened by Fugro. In the event of a restructuring of its share capital or merger with another company, Fugro may shorten the option period so as to terminate immediately prior to the time at which the restructuring or merger is effectuated. In the event that a public offer is considered hostile and such offer is declared unconditional, all options become immediately exercisable.

Payment to members of the Board of Management on termination of employment resulting from a public bid

Fugro has not entered into any agreements with members of the Board of Management or employees that provide for a specific severance pay on termination of employment as a result of a public bid within the meaning of section 5:70 or 5:74 of the Dutch Act on Financial Supervision. The employment agreements with Messrs. Jonkman, Rainey, Van Riel, Rüegg and Steenbakker do – in accordance with the Code – provide for a general severance pay amounting to a maximum of one year's base salary which in principle is applicable in the event of termination or annulment of the employment agreement. These severance payments are also applicable in the event that said persons in reasonableness cannot continue to perform their function any longer as result of a change in circumstances such that continuing to fulfil their function can no longer be asked of them. This could be the case if Fugro is wound-up, merged or taken over, or undergoes a far-reaching restructuring or a fundamental change of policy. The employment agreement (1981) with Mr. Wester (65) does not provide for a specific severance pay on termination of employment or change of circumstances. This means that general Dutch labour law provisions are applicable. Fugro honours agreements that were entered into long before the introduction of the Code in 2004. Mr. Wester will retire in June 2012.

Corporate Governance statement

This is a statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the 'Decree'). The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of this Annual Report 2011 and are deemed to be included and repeated in this statement:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by section 3 of the Decree, can be found in the chapter on 'Corporate Governance';
- the information concerning Fugro's main features of the internal risk management and control systems relating to the financial reporting process, as required by section 3a sub a of the Decree, can be found in the chapter on 'Risk Management';

Conducting seabed CPT operations from the back deck of the MV Meridian
2011

- the information regarding the functioning of Fugro's General Meeting of Shareholders, and the authority and rights of Fugro's shareholders and holders of certificates of shares, as required by section 3a sub b of the Decree, can be found in the chapter on 'Corporate Governance';
- the information regarding the composition and functioning of Fugro's Board of Management, the Supervisory Board and its Committees, as required by section 3a sub c of the Decree, can be found in the relevant sections of the chapter on 'Corporate Governance', the Report of the Supervisory Board and on pages 14 and 22; and
- the information concerning the disclosure of the information required by the Decree on Section 10 EU Takeover Directive, as required by section 3b of the Decree, may be found in the chapter on 'Corporate Governance'.

This corporate governance statement is also available on Fugro's website.

Financial statements 2011

1 Consolidated statement of comprehensive income

For the year ended 31 December

	(EUR x 1,000)	2011	2010
(5.25)	Revenue	2,577,765	2,280,391
(5.28)	Third party costs	(994,037)	(765,587)
	Net revenue own services (revenue less third party costs)	1,583,728	1,514,804
(5.29)	Other income	23,860	21,902
(5.30)	Personnel expenses	(774,592)	(723,141)
(5.35)	Depreciation	(220,984)	(201,493)
(5.36)	Amortisation of intangible assets	(10,674)	(8,111)
(5.31)	Other expenses	(252,008)	(252,482)
	Results from operating activities (EBIT)	349,330	351,479
	Finance income	29,099	28,239
	Finance expenses	(42,548)	(22,065)
(5.32)	Net finance income/(costs)	(13,449)	6,174
(5.38)	Share of profit of equity-accounted investees (net of income tax)	4,721	1,018
	Profit before income tax	340,602	358,671
(5.33)	Income tax expense	(45,332)	(78,518)
	Profit for the period	295,270	280,153
	Attributable to:		
	Owners of the Company	287,595	272,219
	Non-controlling interests	7,675	7,934
	Profit for the period	295,270	280,153
(5.45)	Basic earnings per share (EUR)	3.63	3.47
(5.45)	Diluted earnings per share (EUR)	3.58	3.42

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

1 Consolidated statement of comprehensive income (continued)

For the year ended 31 December

	(EUR x 1,000)	2011	2010
	Profit for the period	295,270	280,153
	Other comprehensive income		
(5.32)	Foreign currency translation differences of foreign operations	55,850	108,638
(5.32)	Foreign currency translation differences of equity-accounted investees	24	121
(5.32)	Net change in fair value of hedge of net investment in foreign operations	(53,218)	864
(5.33)	Defined benefit plan actuarial gains (losses)	(14,919)	735
(5.32)	Net change in fair value of cash flow hedges transferred to profit or loss	1,034	1,034
(5.32)	Net change in fair value of available-for-sale financial assets	(1,899)	(438)
	Total other comprehensive income for the period (net of tax)	(13,128)	110,954
	Total comprehensive income for the period	282,142	391,107
	Attributable to:		
	Owners of the Company	273,810	382,289
	Non-controlling interests	8,332	8,818
	Total comprehensive income for the period	282,142	391,107

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

2 Consolidated statement of financial position

As at 31 December

	(EUR x 1,000)	2011	2010
	Assets		
(5.35)	Property, plant and equipment	1,482,981	1,291,314
(5.36)	Intangible assets	782,386	576,433
(5.38)	Investments in equity-accounted investees	1,632	7,836
(5.39)	Other investments	59,247	62,533
(5.40)	Deferred tax assets	55,262	18,891
	Total non-current assets	2,381,508	1,957,007
(5.41)	Inventories	364,875	219,028
(5.42)	Trade and other receivables	884,550	803,241
(5.34)	Current tax assets	60,278	29,352
(5.43)	Cash and cash equivalents	170,384	81,363
	Total current assets	1,480,087	1,132,984
	Total assets	3,861,595	3,089,991
	Equity		
	Share capital	4,070	4,014
	Share premium	431,385	431,441
	Reserves	932,735	800,644
	Unappropriated result	287,595	272,219
	Total equity attributable to owners of the Company	1,655,785	1,508,318
	Non-controlling interests	18,349	14,929
(5.44)	**Total equity**	1,674,134	1,523,247
	Liabilities		
(5.46)	Loans and borrowings	1,215,173	590,862
(5.47)	Employee benefits	98,320	76,100
(5.48)	Provisions	4,215	5,204
(5.40)	Deferred tax liabilities	13,683	14,780
	Total non-current liabilities	1,331,391	686,946
(5.43)	Bank overdraft	167,810	300,301
(5.46)	Loans and borrowings	79,776	23,658
(5.49)	Trade and other payables	512,692	474,208
	Other taxes and social security charges	46,279	45,222
(5.34)	Current tax liabilities	49,513	36,409
	Total current liabilities	856,070	879,798
	Total liabilities	2,187,461	1,566,744
	Total equity and liabilities	3,861,595	3,089,991

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity

	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Reserve for own shares	Unappropriated result	Total	Non-controlling interest	Total equity
											2011
	Balance at 1 January 2011	4,014	431,441	(7,082)	(3,511)	934,317	(123,080)	272,219	1,508,318	14,929	1,523,247
	Total comprehensive income for the period:										
	Profit or (loss)							287,595	287,595	7,675	295,270
	Other comprehensive income										
(5.32)	Foreign currency translation differences of foreign operations			55,193					55,193	657	55,850
(5.32)	Foreign currency translation differences of equity-accounted investees			24					24		24
(5.32)	Net change in fair value of hedge of net investment in foreign operations			(53,218)					(53,218)		(53,218)
(5.33)	Defined benefit plan actuarial gains (losses)					(14,919)			(14,919)		(14,919)
(5.32)	Net change in fair value of cash flow hedges transferred to profit or loss				1,034				1,034		1,034
(5.32)	Net change in fair value of available-for-sale financial assets					(1,899)			(1,899)		(1,899)
	Total other comprehensive income (net of tax)	–	–	1,999	1,034	(16,818)	–	–	(13,785)	657	(13,128)
	Total comprehensive income for the period	–	–	1,999	1,034	(16,818)	–	287,595	273,810	8,332	282,142
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.30)	Share-based payments					13,201			13,201		13,201
	Share options exercised						29,899		29,899		29,899
	Addition to reserves					212,844		(212,844)	–		–
(5.44)	Own shares acquired and stock dividend	56	(56)				(110,068)		(110,068)		(110,068)
(5.44)	Dividends to shareholders							(59,375)	(59,375)	(4,912)	(64,287)
	Total contributions by and distribution to owners	56	(56)	–	–	226,045	(80,169)	(272,219)	(126,343)	(4,912)	(131,255)
	Balance at 31 December 2011	4,070	431,385	(5,083)	(2,477)	1,143,544	(203,249)	287,595	1,655,785	18,349	1,674,134

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity (continued)

	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Reserve for own shares	Unappropriated result	Total	Non-controlling interest	Total equity
											2010
	Balance at 1 January 2010	3,939	431,441	(115,821)	(4,545)	721,907	(112,600)	263,410	1,187,731	11,779	1,199,510
	Total comprehensive income for the period:										
	Profit or (loss)							272,219	272,219	7,934	280,153
	Other comprehensive income										
(5.32)	Foreign currency translation differences of foreign operations			107,754					107,754	884	108,638
(5.32)	Foreign currency translation differences of equity-accounted investees			121					121		121
(5.32)	Net change in fair value of hedge of net investment in foreign operations			864					864		864
(5.33)	Defined benefit plan actuarial gains (losses)					735			735		735
(5.32)	Net change in fair value of cash flow hedges transferred to profit or loss				1,034				1,034		1,034
(5.32)	Net change in fair value of available-for-sale financial assets					(438)			(438)		(438)
	Total other comprehensive income (net of tax)	–	–	108,739	1,034	297	–	–	110,070	884	110,954

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity (continued)

	(EUR x 1,000)										2010
		Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Reserve for own shares	Unappropriated result	Total	Non-controlling interest	Total equity
	Total comprehensive income for the period	–	–	108,739	1,034	297	–	272,219	382,289	8,818	391,107
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.30)	Share-based payments					12,654			12,654		12,654
	Share options exercised						25,280		25,280		25,280
	Addition to reserves					206,129		(206,129)	–		–
(5.44)	Own shares acquired and stock dividend	75					(35,760)		(35,685)		(35,685)
(5.44)	Dividends to shareholders							(57,281)	(57,281)	(4,499)	(61,780)
	Total contributions by and distribution to owners	75	–	–	–	218,783	(10,480)	(263,410)	(55,032)	(4,499)	(59,531)
	Changes in ownership interests in subsidiaries										
	Acquisition of non-controlling interests without a change in control					(6,670)			(6,670)	(1,169)	(7,839)
	Total transactions with owners of the Company	75	–	–	–	212,113	(10,480)	(263,410)	(61,702)	(5,668)	(67,370)
	Balance at 31 December 2010	4,014	431,441	(7,082)	(3,511)	934,317	(123,080)	272,219	1,508,318	14,929	1,523,247

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

4 Consolidated statement of cash flows

For the year ended 31 December

	(EUR x 1,000)	2011	2010
	Cash flows from operating activities		
	Profit for the period	295,270	280,153
	Adjustments for:		
(5.35)	Depreciation	220,984	201,493
(5.36)	Amortisation of intangible assets	10,674	8,111
	Amortisation of transaction costs related to loans and borrowings	1,258	838
(5.26)	Net gain from bargain purchases	(4,542)	–
(5.41)	Expensed inventories	103,820	108,602*
(5.51)	Change in allowance for impairment on trade receivables	(17,163)	393*
(5.32)	Net finance costs (excluding net foreign exchange variance and net change in fair value of financial assets at fair value through profit or loss)	32,760	11,058
(5.38)	Share of profit of equity-accounted investees	(4,721)	(1,018)
(5.32)	Net change in fair value of financial assets at fair value through profit or loss	(3,941)	(22,337)
(5.26)	Loss on disposal of assets and liabilities	1,300	–
	Gain on sale of property, plant and equipment	(2,556)	(3,050)
(5.30)	Equity-settled share-based payments	13,201	12,654
(5.33)	Income tax expense	45,332	78,518
	Operating cash flows before changes in working capital and provisions	691,676	675,415
	Change in inventories	(240,732)	(233,066)*
	Change in trade and other receivables	30,110	(178,308)*
	Change in trade and other payables	(75,806)	77,286
	Change in provisions and employee benefits	(18)	1,107
		405,230	342,434
	Interest paid	(24,639)	(17,330)
	Income tax paid	(71,833)	(97,987)
	Net cash from operating activities	308,758	227,117
	Cash flows from investing activities		
	Proceeds from sale of property, plant and equipment	16,794	25,945
	Proceeds from sale of other investments	15,286	436
(5.32)	Interest received	6,131	4,853
(5.32)	Dividends received	203	1,049
(5.26)	Disposal of assets and liabilities	(1,131)	–
(5.26)	Acquisition of subsidiaries, net of cash acquired	(203,463)	(53,634)
(5.26)	Acquisition of non-controlling interest	–	(7,839)
(5.35)	Acquisition of property, plant and equipment	(320,914)	(443,824)
(5.35)	Change in assets under construction	43,164	44,803
(5.36)	Acquisition of intangible assets	(8,617)	(13,742)
(5.36)	Internally developed intangible assets	(16,504)	(8,486)
	Investment in equity-accounted investees	(109)	(69)
(5.39)	Acquisition of other investments	(9,529)	(14,091)
	Net cash from investing activities	(478,689)	(464,599)

* *Restated for comparison purposes.*

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

4 Consolidated statement of cash flows (continued)

For the year ended 31 December

(EUR x 1,000)		2011	2010
	Cash flows from financing activities		
	Proceeds from issue of long-term loans	1,268,615	172,000
	Repurchase of own shares	(110,068)	(35,760)
	Paid consideration for the exercise of share options	(17,652)	(22,271)
	Proceeds from the sale of own shares	47,551	47,551
	Repayment of borrowings	(724,459)	(27,099)
	Payment of transaction costs related to loans and borrowings	(6,119)	(350)
	Dividends paid	(64,287)	(61,705)
	Net cash from financing activities	393,581	72,366
	Net increase/(decrease) in cash and cash equivalents	223,650	(165,116)
	Cash and cash equivalents at 1 January	(218,938)	(59,761)
	Effect of exchange rate fluctuations on cash held	(2,138)	5,939
	Cash and cash equivalents at 31 December	2,574	(218,938)
	Presentation in the statement of financial position		
(5.43)	Cash and cash equivalents	170,384	81,363
(5.43)	Bank overdraft	(167,810)	(300,301)
		2,574	(218,938)

The notes on pages 98 to 179 are an integral part of these consolidated financial statements.

5 Notes to the consolidated financial statements

5.1 General

Fugro N.V., hereinafter to be referred to as 'Fugro' or 'the Company', has its corporate seat in The Netherlands. The address of the company's principal office is Veurse Achterweg 10, 2264 SG, Leidschendam, The Netherlands. The consolidated financial statements of Fugro as at and for the year ended 31 December 2011 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees. A summary of the main subsidiaries is included in chapter 6. Fugro is a global service provider with regard to the collection and interpretation of data relating to the earth's surface and sub-surface and for associated services and advice in support of infrastructure development on land, along the coast and on the seabed.

5.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements have been prepared by the Board of Management and have been authorised for publication by the Supervisory Board on 8 March 2012. Publication will take place on 9 March 2012. The financial statements will be submitted for adoption to the Annual General Meeting of Shareholders on 22 May 2012. The official language for the financial statements is the English language as approved by the Annual General Meeting of Shareholders on 10 May 2011. With reference to the Company income statement of Fugro N.V., use has been made of the exemption pursuant to section 2:402 of the Netherlands Civil Code.

5.3 Basis of preparation

5.3.1 Functional and presentation currency

The financial statements are presented in EUR x 1,000, unless mentioned otherwise. The Euro is the functional and presentation currency of the Company.

5.3.2 Basis of measurement

The financial statements have been prepared on the basis of historical cost, except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss, available-for-sale financial assets and plan assets associated with defined benefit plans.

5.3.3 Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
Key sources of estimation uncertainty and references to the notes which include information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 5.60.

5.3.4 Changes in accounting policies

No significant changes in accounting policies were applicable during the year ended 31 December 2011.

5.3.5 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of Fugro, except for IFRS 9 Financial Instruments, which becomes mandatory for the 2013 consolidated financial statements and could change the classification and measurement of financial assets and potentially the amended IAS 19 Employee benefits, effective as from 1 January 2013, which could impact pension expense (in profit or loss) as well as actuarial gains and losses (in other comprehensive income). Fugro does not plan to adopt these standards early and the extent of the impact has not been determined.

5.4 *Significant accounting policies*

The accounting policies set out below have been applied consistently by all subsidiaries and equity-accounted investees to all periods presented in these consolidated financial statements. Certain comparative information is restated for comparison purposes.

5.4.1 Basis of consolidation

5.4.1.1 *Accounting for business combinations*

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
  the fair value of the existing equity interest in the acquiree, if the business combination is in stages; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2003 and 1 January 2010

For acquisitions between 1 January 2003 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

5.4.1.2 *Subsidiaries*

Subsidiaries are those entities controlled by the Group, taking into account the impact of potential voting rights that are presently exercisable. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

5.4.2 Equity-accounted investees

Equity-accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Refer to note 5.10 for the accounting policy for equity-accounted investees.

5.4.3 Other investments

Other investments are those entities in whose activities the Group holds a non-controlling interest and has no control or significant influence. Refer to note 5.11 for the accounting policy for other investments.

5.4.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.5 *Foreign currency*

5.5.1 Foreign currency transactions and translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the respective functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at foreign exchange rates effective at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale financial assets and equity-accounted investees, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

A summary of the main currency exchange rates applied in the year under review and the preceding years reads as follows:

	USD at year-end	USD average	GBP at year-end	GBP average	NOK at year-end	NOK average
2011	0.77	0.71	1.20	1.15	0.129	0.129
2010	0.75	0.76	1.16	1.17	0.128	0.125
2009	0.69	0.72	1.13	1.13	0.121	0.115
2008	0.71	0.68	1.05	1.25	0.102	0.121
2007	0.68	0.73	1.36	1.46	0.126	0.125

5.5.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at foreign exchange rates effective at the reporting date. The income and expenses of foreign operations are translated to EUR at exchange rates effective at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve for foreign operations (Translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. If the Group disposes of only part of its investment in an equity-accounted investee that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the Translation reserve in equity.

5.5.3 Hedge of a net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the functional currency of Fugro (EUR), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the (re-)translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the Translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the Translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

5.6 *Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, additional information on the determination of fair values is disclosed in the notes of the specific asset or liability.

5.6.1 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

5.6.2 Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

5.6.3 Inventories

The fair value of inventories (including seismic and geological libraries) acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5.6.4 Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to-maturity investments is determined for disclosure purposes only.

5.6.5 Trade and other receivables

The fair value of trade and other receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

5.6.6 Forward exchange contracts and interest rate swaps

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

5.6.7 Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

5.6.8 Share-based payment transactions

The fair value of the employee share options are measured using a binomial model. Measurement inputs include the share price on the measurement date (year-end date of the year of granting), the exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of Fugro's (certificates of) shares, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5.7 *Financial instruments*

5.7.1 Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. Reference is made to note 5.11.

Loans and receivables comprise cash and cash equivalents and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

5.7.2 Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities and assets are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Reference is made to note 5.14 cash and cash equivalents and note 5.20 Trade and other payables.

5.7.3 Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.
On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.
Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

5.7.3.1 *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the Hedging reserve in equity.

The amount recognised in the Hedging reserve is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the Hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

5.7.3.2 *Other non-trading derivatives*

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

5.8 *Property, plant and equipment*

5.8.1 Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (refer accounting policy 5.15). The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment that is being constructed or developed for future use is classified as property, plant and equipment under construction and stated at cost until construction or development is complete, at which time it is reclassified as land and buildings, plant and equipment, vessels or other property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within 'other income' or 'other expenses' in profit or loss.

5.8.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognised in the Group's statement of financial position. Lease payments are accounted for as described in accounting policy 5.22.2.

5.8.3 Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

5.8.4 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	Years
Land and buildings	
Land	Infinite
Buildings	20 – 40
Fixtures and fittings	5 – 10
Vessels	
Vessels and jack-ups	2 – 25
Plant and equipment	
Plant and equipment	4 – 10
Survey equipment	3 – 5
Aircraft	5 – 10
AUVs and ROVs	6 – 7
Computers and office equipment	3 – 4
Transport equipment	4
Other	
Maintenance	3 – 5
Used plant and machinery	1 – 2

5.9 *Intangible assets*

5.9.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, refer to note 5.4.1.1, Accounting for business combinations.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment annually or when there is an indication for impairment (refer accounting policy 5.15). In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

5.9.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The capitalised expenditure includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer accounting policy 5.15).

5.9.3 Software and other intangible assets

Software and other intangible assets acquired or developed by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (refer accounting policy 5.15).

5.9.4 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

5.9.5 Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangibles assets with an indefinite life are systematically tested for impairment annually or when there is an indication for impairment (refer accounting policy 5.15). Other intangible assets and software are amortised from the date they are available for use. The estimated useful life of software and other capitalised development costs is, in general, five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.10 *Investments in equity-accounted investees*

Investments in equity-accounted investees are accounted for using the equity method and are recognised initially at cost. The Group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses (refer accounting policy 5.15). The consolidated financial statements include the Group’s share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds the carrying amount of the equity-accounted investee, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

5.11 *Other investments*

5.11.1 Other investments in equity instruments

Other investments in equity instruments do not have a quoted market price in an active market. As the fair value cannot be reliably measured the equity instruments are stated at cost. Dividends received are accounted for in profit or loss when these become due.

5.11.2 Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

5.11.3 Long-term loans and other long-term receivables

Long-term loans and other long-term receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method; less any impairment losses (refer to accounting policy 5.15).

5.11.4 Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 5.15) and foreign currency differences on available-for-sale debt instruments (refer to note 5.5.1), are recognised in other comprehensive income and presented in the other reserves in equity. When an investment is derecognised, the cumulative gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

5.12 *Inventories*

5.12.1 Seismic and geological data libraries

The seismic and geological data libraries consist of completed and in progress collection of seismic and geological data that can be sold non-exclusively to one or more clients. These seismic and geological data libraries are measured at the lower of cost and net realisable value. Net realisable value is the estimated sales value price in the ordinary course of business, less the estimated costs of completion and selling expenses. Costs include direct costs and an attributable portion of direct overheads, but exclude a profit element.
As it is expected that sales lead to a lower net realisable value of the seismic and geological data, these expected decreases in value are taken into account at the moment of sale throughout the financial year. The Group evaluates the net realisable value on a regular basis and reassesses the net realisable value at each reporting date.

5.12.2 Other inventories

Other inventories are measured at the lower of cost and net realisable value. The cost of other inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5.13 *Trade and other receivables*

Services rendered on contract work completed but not yet billed to customers are included in trade and other receivables as unbilled revenues on completed contracts.
Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses (refer accounting policy 5.15).

5.14 *Cash and cash equivalents*

Cash and cash equivalents, comprising cash balances and call deposits, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses (refer accounting policy 5.15).
Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5.15 *Impairment*

5.15.1 Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level.
All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in other comprehensive income, and presented in equity, to profit or loss. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

5.15.2 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories, assets arising from employee benefits and deferred tax assets (refer accounting policy 5.23), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or group of cash-generating units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash generating units to which the corporate asset is allocated.
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.16 *Share capital*

5.16.1 Share capital

Share capital is classified as equity. The term 'shares' as used in the financial statements should, with respect to ordinary shares issued by Fugro, be construed to include certificates of shares ('share certificates' or 'depositary receipts' for shares) issued by 'Stichting Administratiekantoor Fugro' (also referred to as 'Fugro Trust Office' or 'Trust Office'), unless the context otherwise requires or unless it is clear from the context that this is not the case. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5.16.2 Repurchase and sale of shares

When shares are repurchased or sold, the amount of the consideration paid or received, including direct attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares and related results are reported as reserve for own shares and presented separately as a component of total equity.

5.16.3 Dividends

Dividends are recognised as a liability in the period in which they are declared.

5.17 *Loans and borrowings*

Loans and borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method.

5.18 *Employee benefits*

5.18.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

5.18.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

5.18.3 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

5.18.4 Share-based payments

The share option scheme allows some assigned Group employees to acquire shares in Fugro. The fair value of granted options is recognised as an employee expense, with a corresponding increase in equity. The fair value is determined on the date of granting and is spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of options for which the related service vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that meet the related service conditions at the vesting date.

5.19 *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

5.19.1 Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

5.19.2 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

5.20 *Trade and other payables*

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

5.21 *Revenue*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.
The Group recognises revenue when persuasive evidence exists, usually in the form of an executed sales agreement, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from Sales of goods, seismic and geological data, and software licences and subscription income do not qualify as a significant category of revenue as referred to in IAS 18.35 (b); however for completeness sake the relating revenue recognition policies are set out in 5.21.2, 5.21.3 and 5.21.4.

5.21.1 Services rendered

Revenue from services rendered to third parties relate to fixed price contracts and 'cost plus' contracts (mainly daily rates or rates per (square) kilometre). This revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed using the proportion of contract cost incurred for work performed to the reporting date, compared to total contract cost (as this method is most appropriate for the majority of the services provided by the Group), which are mainly based on daily rates for staff and equipment or rates per (square) kilometre for vessels and airplanes.

5.21.2 Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs of goods can be estimated reliably, and there is no continuing management involvement with the goods.
No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. An expected loss on a contract is recognised immediately in profit or loss.

5.21.3 Seismic and geological data

Revenue from the sale of non-exclusive seismic and geological data libraries is recognised in the period when the data has been collected, processing has been completed and data has (substantially) been delivered to the client. Pre-commitments on seismic and geological data library sales are recorded as advance instalments. When data collection has commenced, revenue is recognised based on the stage of completion. Separate (service) components/deliverables, such as annual maintenance fees or training fees, are accounted for over the period in which these services have been delivered to the customer, using a straight line basis over the term of the contract.

5.21.4 Software licences and subscription income

Software licences and subscription income are recognised in the period during which the underlying services have been provided, using a straight line basis over the term of the contract.

5.21.5 Net revenue own service (revenue less third party costs)

Net revenue own service comprise all revenue minus costs incurred with third parties related to the employment of resources (in addition to the resources deployed by the Group) and other third party cost such as charter-lease costs and other cost required for the execution of various projects.

5.21.6 Other income

Other income concerns income not related to the key business activities of the Group, such as income from the sale of non-monetary assets and/or liabilities, exceptional and/or non-recurring income.

5.21.7 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group (partly) for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that (partly) compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

5.22 *Expenses*

5.22.1 Third party costs

Third party costs are matched with related revenues on contracts and accounted for on a historical cost basis.

5.22.2 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

5.22.3 Net finance costs

Net finance costs consist of finance costs, finance income and foreign currency gains and losses.
Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.
Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payment is established, which in the case of quoted shares is normally the ex-dividend date.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

5.23 *Income tax*

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: taxable temporary differences arising on the initial recognition of goodwill; temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

5.24 *Statement of cash flows*

The consolidated statement of cash flows is prepared using the indirect method. The cash flow statement distinguishes between operating, investing and financing activities. Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Payments and receipts of corporate taxes are included as cash flow from operating activities and interest paid is shown as cash flow from operating activities. Cash flows as a result from acquisition/divestment of financial interest in subsidiaries and equity accounted investees are included as cash flow from investing activities, taking into account the available cash in these interests. Dividends paid are part of the cash flow from financing activities.

5.25 *Segment reporting*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax assets and liabilities, loans and borrowings and corporate assets and head office expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

5.25.1 Operating segments

As an engineering firm with operations throughout the world, the Group delivers its services to clients located all over the globe and collects and interprets data related to the earth's surface and the soil and rock beneath. On the basis of this data the Group provides advice, generally for purposes related to the oil and gas industry, the mining industry and the construction industry. The Group has three reportable segments, which are the Group's divisions. The divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the divisions, the Executive Committee reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Geotechnical

The Geotechnical division investigates the engineering properties and geological characteristics of near-surface soils and rocks using (in-house developed) proprietary technologies, advises on foundation design, provides construction materials testing, pavement assessment and installation support services. These services support clients' projects worldwide in the onshore, near shore and offshore environments, including deep water. Typical projects include support of infrastructure development and maintenance, large construction projects, flood protection and support of the design and installation of oil and gas facilities and windfarms.

Survey

The Survey division provides a range of services in support of the oil and gas industry, renewables and commercial and civil industries, as well as governments and other organisations. It encompasses numerous offshore, subsea and geospatial activities as well as global positioning systems that support these and other Group activities. Offshore services include geophysical investigations for geohazards, pipeline and cable routes, inspection and construction support services, hydrographic charting and meteorological and oceanographic studies. Subsea services revolve around the use of remotely operated vehicles (ROV) in support of drilling as well as inspection, repair and maintenance (IRM) services of subsea assets. These services are expanded to well intervention in support of oil and gas extraction. Geospatial services concentrate on land survey and aerial/satellite mapping services for a wide range of clients. Fugro's global positioning system (GPS) which augments GPS and Glonass signals to provide globally precise positioning are used for the foregoing services but also are provided on a subscription basis to a wide range of clients in industry as well as agriculture.

Geoscience

The Geoscience division provides services and products associated with collecting, processing, interpreting, managing and storing geophysical and geological data. These data sets are used for evaluating the presence of natural resources, including oil, gas, water and minerals, and for optimising the exploration, appraisal, development and production of those resources. A broad range of geophysical data sets are collected including marine seismic, gravity, magnetics and electromagnetics. The data sets are collected at sea, from the air and on land using vessels, low flying airplanes and helicopters. Clients are oil and gas companies, mining companies and governmental organisations.

The segments are managed on a worldwide basis, and operate in four principal geographical areas, The Netherlands, Europe other/Africa, Middle East/Asia/Australia and the Americas. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operating companies. The allocation of segment assets is based on the geographical location of the operating company using the assets.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Executive Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Operating segments

(EUR x 1,000)	Geotechnical		Survey		Geoscience		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	**731,817**	724,878	**1,252,365**	1,060,746	**745,101**	626,726	**2,729,283**	2,412,350
Of which inter-segment revenue	**61,616**	60,352	**61,670**	52,112	**28,232**	19,495	**151,518**	131,959
Segment result	**138,335**	138,962	**284,644**	278,831	**159,684**	145,733	**582,663**	563,526
Finance income	**957**	939	**3,933**	3,012	**8,797**	25,596	**13,687**	29,547
Finance expense	**(12,973)**	(13,309)	**(15,837)**	(5,458)	**(20,218)**	(24,974)	**(49,028)**	(43,741)
Share of profit of equity-accounted investees	**–**	914	**4,642**	–	**79**	104	**4,721**	1,018
Depreciation	**(40,025)**	(34,597)	**(50,046)**	(50,530)	**(39,232)**	(38,305)	**(129,303)**	(123,432)
Amortisation intangible assets	**(679)**	(658)	**(1,625)**	(676)	**(8,189)**	(6,654)	**(10,493)**	(7,988)
Reportable segment profit (or loss) before income tax	**85,615**	92,251	**225,711**	225,179	**100,921**	101,500	**412,247**	418,930
Reportable segment assets	**688,585**	608,239	**1,400,819**	1,051,920	**1,548,427**	1,312,309	**3,637,831**	2,972,468
Reportable segment liabilities	**385,136**	163,055	**563,016**	294,409	**869,737**	761,599	**1,817,889**	1,219,063
Capital expenditure, property, plant and equipment	**45,691**	54,413	**221,573**	96,775	**40,393**	288,809	**307,657**	439,997
Capital expenditure intangible assets	**31,766**	6,042	**68,849**	40,745	**107,781**	19,184	**208,396**	65,971
Additions to other investments	**(4)**	(1)	**7,372**	–	**(10,434)**	39,113	**(3,066)**	39,112

Geographical segments

(EUR x 1,000)	Netherlands		Europe other/Africa		Middle East/ Asia/Australia		Americas		Consolidated	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue from external customers	**143,588**	133,233	**1,224,878**	1,110,685	**645,067**	432,105	**564,232**	604,368	**2,577,765**	2,280,391
Non-current assets	**249,773**	199,585	**997,314**	817,599	**856,976**	714,183	**277,445**	225,640	**2,381,508**	1,957,007

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

(EUR x 1,000)	2011	2010
Revenues		
Total revenue for reportable segments	2,729,283	2,412,350
Elimination of inter-segment revenue	(151,518)	(131,959)
Consolidated revenue	2,577,765	2,280,391
Profit or loss		
Total profit (or loss) for reportable segments before income tax	412,247	418,930
Unallocated amounts:		
– Other corporate expenses	(93,537)	(80,627)
– Net finance income	21,892	20,368
Consolidated profit before income tax	340,602	358,671
Assets		
Total assets for reportable segments	3,637,831	2,972,468
Other unallocated amounts	223,764	117,523
Consolidated assets	3,861,595	3,089,991
Liabilities		
Total liabilities for reportable segments	1,817,889	1,219,063
Other unallocated amounts	369,572	347,681
Consolidated liabilities	2,187,461	1,566,744

Unallocated assets are assets that are used by more than one reporting segment, and principally comprise in both 2011 and 2010 property, plant and equipment, equity-accounted investees and other investments, deferred tax assets, current tax assets, derivative financial instrument assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements. Unallocated liabilities are liabilities that relate to more than one reporting segment, and comprise both in 2011 as in 2010 borrowings, derivative financial instruments liabilities; current and non-current tax liabilities, employee benefit obligations and centrally held accruals and provisions.

Other corporate expenses 2011 and 2010 include general (corporate) expenses, depreciation on corporate assets and on certain items of property, plant and equipment that are used by operating segments but are managed as a central pool.

Other material items 2011 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	13,687	15,412	29,099
Finance expense	(49,028)	6,480	(42,548)
Depreciation	(129,303)	(91,681)	(220,984)
Amortisation intangible assets	(10,493)	(181)	(10,674)

Other material items 2010 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	29,547	(1,308)	28,239
Finance expense	(43,741)	21,676	(22,065)
Depreciation	(123,432)	(78,061)	(201,493)
Amortisation intangible assets	(7,988)	(123)	(8,111)

5.26 *Acquisitions and divestments of subsidiaries*

5.26.1 Acquisitions 2011

The Group acquired a 100% interest in the following companies, assets and activities:

(EUR x million)	Price	Goodwill	Country	Division	Annual revenue	Number of employees	Acquisition date
TSmarine Group Holdings Pty Ltd.	90.5	67.9	Australia	Survey	90.0	170	3 March
Bluestone Offshore Pte Ltd.	9.5	23.4	Singapore	Geotechnical	15.4	40	4 April
JDR Cable Systems Holdings Netherlands B.V.	35.1	37.1	Netherlands	Geoscience	25.0	110	29 April
Kelman Technologies (Seismic Processing business and assets)	7.3	4.1	Canada	Geoscience	9.1	40	13 May
AOA Geophysics, Inc.	0.6	2.3	USA	Geotechnical	1.9	14	30 June
Sial Geosciences Consulting and Engineering Şti	4.6	4.1	Turkey	Geotechnical	1.5	21	6 July
MR Subsea KS and AS	6.6	(4.5)	Norway	Survey	4.6	1	September
Geo-log GmbH	1.2	1.2	Germany	Geotechnical	2.0	20	1 October
Seabird (Ocean Bottom Nodes business and assets)	60.8	31.7	Norway	Geoscience	65.0	55	8 December
Adjustment prior years	–	(0.2)					
Total	216.2	167.1			214.5	470	

5.26.1.1 *TSmarine Group Holdings Pty Ltd.*

Early March, Fugro has acquired 100% of the shares in TSmarine Group Holdings Pty Ltd. (TSM) and its subsidiaries. Revenue in 2010 was EUR 90.0 million and the company employs 170 staff. The goodwill amounts to EUR 67.9 million.

5.26.1.2 *Bluestone Offshore Pte Ltd.*

In April, Fugro has acquired 100% of the shares in Bluestone Offshore Pte Ltd. Revenue in 2010 was EUR 15.4 million and the company employs 40 staff. The goodwill amounts to EUR 23.4 million.

5.26.1.3 *JDR Cable Systems Holdings Netherlands B.V.*

In April, Fugro has acquired 100% of the shares in JDR Cable Systems Holdings Netherlands B.V. renamed to De Regt Marine Cables B.V. Revenue in 2010 was EUR 25.0 million and the company employs 110 staff. The goodwill amounts to EUR 37.1 million.

5.26.1.4 *Kelman Technologies (Seismic Processing business and assets)*

In May, Fugro has acquired the seismic processing business from Kelman Technologies in Canada. Revenue in 2010 was about EUR 9.1 million and Fugro has taken over 40 employees. The goodwill amounts to EUR 4.1 million.

5.26.1.5 *AOA Geophysics, Inc.*

At the end of June, Fugro has reached agreement with AOA Geophysics to acquire 100% of the shares in the company. AOA Geophysics is based in Houston and provides geoscience consultancy and contracting services to the offshore oil and gas sectors, with particular expertise in marine oil seep exploration and the interpretation of geophysical data in complex ground conditions, including gas hydrates. The company employs 14 staff with annual revenue of EUR 1.9 million. The goodwill on the acquisition amounts to EUR 2.3 million.

5.26.1.6 *Sial Geosciences Consulting and Engineering Şti (Sial)*

In July, Fugro has acquired 100% of the shares in Sial. Sial is a leading Turkish geotechnical consultant providing expertise to large infrastructure construction companies and government. The annual revenues amounted to EUR 1.5 million. The goodwill on the acquisition amounts to EUR 4.1 million. The company has 21 employees.

5.26.1.7 *MR Subsea KS and AS*

On 1 September Fugro acquired the remaining 50% of the shares in MR Subsea KS and MR Subsea AS from Simon Møkster Shipping. MR Subsea is active in the field of ROV services and is the owner of the sub sea vessel Atlantis Dweller. The annual revenue amounted to EUR 4.6 million. The fair value of the assets recognised in the business combination was higher than the purchase price. As a result, Fugro has recognised a gain in profit and loss of EUR 4.5 million as a result of this bargain purchase. In addition, a gain was recognised in share of profit of equity-accounted investees (net of income tax) as a result of remeasuring the equity interest, held by Fugro before the business combination, to fair value of EUR 3.7 million.

5.26.1.8 *Geo-log GmbH*

Early October, Fugro acquired 100% of the shares in Geo-log GmbH in Germany. Geo-log is an onshore geotechnical company with expertise in the field of site investigation and characterisation.
The annual revenue amounted to EUR 2.0 million. The company employs 20 employees. The goodwill amounts to EUR 1.2 million.

5.26.1.9 *Seabird (Ocean Bottom Nodes business and assets)*

In December, Fugro has acquired the Ocean Bottom Nodes business from Seabird Exploration Plc. in Norway. Revenue in 2010 was about EUR 65.0 million and Fugro has taken over 55 employees. The goodwill amounts to EUR 31.7 million.

5.26.2 Divestments

In March, Fugro divested its geotechnical business in the South of France. This transaction involved taking over staff (70 employees), equipment and the order book of the branches in Aix, Montpellier, Toulouse and Bordeaux.

5.26.3 Effect of acquisitions and divestments

The TSM acquisition had the following effect on the Group's assets and liabilities:

(EUR x 1,000)	2011
Property, plant and equipment	18,231
Intangible assets	1,005
Inventories	1,159
Trade and other receivables	60,000
Current tax assets	2,102
Cash and cash equivalents	(835)
Deferred tax assets	5,065
Trade and other payables	(64,152)
Total net identifiable assets and liabilities	22,575
Goodwill on acquisition	67,900
Consideration payable	(7,700)
Consideration paid, in cash	82,775
Cash acquired	835
Net cash outflow	83,610

The Ocean Bottom Nodes acquisition had the following effect on the Group's assets and liabilities:

(EUR x 1,000)	2011
Property, plant and equipment	40,919
Intangible assets	8,324
Other fixed assets	23
Trade and other receivables	5,309
Deferred tax assets	10,631
Cash and cash equivalents	133
Loans and borrowings	(35,572)
Trade and other payables	(780)
Total net identifiable assets and liabilities	28,987
Goodwill on acquisition	31,691
Consideration paid, in cash	60,678
Cash acquired	(133)
Net cash outflow	60,545

The other acquisitions had the following effect on the Group's assets and liabilities:

(EUR x 1,000)	2011
Property, plant and equipment	66,652
Intangible assets	2,477
Investments in equity-accounted investees	(11,055)
Deferred tax assets	739
Inventories	1,379
Trade and other receivables	11,152
Current tax assets	160
Cash and cash equivalents	3,587
Loans and borrowings	(52,289)
Trade and other payables	(25,215)
Total net identifiable assets and liabilities	(2,413)
Goodwill on acquisitions	67,458
Considerations payable	(2,150)
Consideration paid, in cash	62,895
Cash (acquired)/disposed of	(3,587)
Net cash outflow	59,308

The other acquisitions have been combined in the table above as none of them individually is considered to be material. Furthermore, the acquisitions in 2011 include an amount of EUR 0.3 million relating to prior period adjustments due to the finalisation of the purchase price allocation procedures (2010: EUR 4.4 million).

The acquisitions in 2011 contributed EUR 161 million to the revenues of the Group. If all acquisitions in 2011 had been effected at the beginning of 2011, the revenue of the Group would have been around EUR 268 million higher.
The acquisitions in 2011 contributed EUR 0.1 million negative to the profit of the Group. On a full year basis this would approximately amount to EUR 7.5 million positive. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2011.

The goodwill from the acquisitions is attributable mainly to market share, the skills and technical talent of the acquired business' work force, and the synergies expected to be achieved from integrating the companies into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.
The fair value of acquired assets and (contingent) liabilities related to the acquisitions has been determined provisionally pending completion of final valuations.

The group incurred acquisition-related costs of EUR 2,612 thousand (2010: EUR 481 thousand) related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the other expenses in profit or loss.

The divestments had the following effect on the Group's assets and liabilities:

(EUR x 1,000)	**2011**
Property, plant and equipment	(153)
Trade and other receivables	(1,238)
Current tax assets	621
Trade and other payables	601
Total net identifiable assets and liabilities	(169)
Sale price	1,300
Consideration paid, in cash	1,131
Cash disposed of	–
Net cash outflow	1,131

5.27 *Government grants*

The Company has not been awarded any significant government grants in 2011.

5.28 *Third party costs*

(EUR x 1,000)	**2011**	**2010**
Cost of suppliers	601,221	408,651
Operational lease expense	141,781	99,566
Other rentals	113,093	95,441
Seismic and geological data libraries	78,917	88,758
Other costs	59,025	73,171
	994,037	765,587

5.29 *Other income*

(EUR x 1,000)	2011	2010
Government grants	1,501	1,052
Net gain on sale of property, plant and equipment	4,406	3,323
Net gain from bargain purchases	4,542	–
Sundry income	13,411	17,527
	23,860	21,902

5.30 *Personnel expenses*

(EUR x 1,000)	2011	2010
Wages and salaries	656,276	612,151
Compulsory social security contributions	71,789	68,320
Equity-settled share-based payments	13,201	12,654
Contributions to defined contribution plans	22,034	20,318
Expense related to defined benefit plans	10,191	8,978
Increase in liability for long service leave	1,101	720
	774,592	723,141

5.30.1 Share-based payments

Fugro's share option scheme allows some assigned Group employees to acquire shares in Fugro. A share option entitles the employee to purchase ordinary shares in Fugro. The granting of options is dependent on the achievement of the targets of the Group as a whole and of the individual operating companies as well as on the contribution of the relevant employee to the long term development of the company. In order to become entitled to options the employee has to be employed by the Group twelve months prior to the granting of the options. The Group stipulates that in addition to the services provided in the twelve months prior to the granting of the options, services also must be provided in the future. The vesting period for the granted options is three years starting at the first of January of the year following the grant date. The option period is six years. The options granted are not subject to any further conditions of exercise, except that the option holder is still employed by Fugro or one of its operating companies. Standard exceptions apply to the latter rule in connection with retirement, long-term disability and death.

The Board of Management and the Supervisory Board decide annually on the granting of options. Options are granted annually on 31 December and the option exercise price is equal to the price of the certificates of shares at the closing of Euronext Amsterdam on the last trading day of the year. The costs of the options are recognised in profit or loss over the related period of employment (four years).

With respect to options granted before 31 December 2007 a difference exists between conditions for Dutch residents and foreign residents. Options to Dutch residents are unconditional, the options could be exercised immediately after the grant notwithstanding a 90% fine on the profit, to be retained by the Group. Costs related to these options were recognised in profit or loss in the year of granting. For foreign residents the same conditions were applicable on options granted after 31 December 2007, e.g. the options could only be exercised after three years starting at the first of January of the year following the grant date. The costs of the options are recognised in profit or loss over the related period of employment (four years).

The average stock price on Euronext Amsterdam during 2011 was EUR 50.41 (2010: EUR 47.03).
As at 31 December 2011, Fugro N.V. granted 1,161,100 options to 684 employees. These options have an exercise price of EUR 44.895 (2010: 1,107,350 options were granted to 663 employees with an exercise price of EUR 61.50).

In 2011 Fugro sold 970,050 certificates of shares in relation to options that were exercised. Fugro issued no new (certificates of) shares in relation to the exercise of options in 2011 (2010: nil). The (certificates of) shares that were sold had an average purchase price of EUR 44,16 per certificate. The options were exercised throughout the year, with the exception of determined closed periods.

As at 31 December the following options were outstanding:

Year of issue	Duration	Number of partici-pants	Granted	Out-standing at 01-01-2011	Forfeited in 2011	Exercised in 2011	Out-standing at 31-12-2011	Exercis-able at 31-12-2011	Exercise price (EUR)
2005	6 years	521	1,155,000	795,750	6,500	789,250	–	–	27.13
2006	6 years	547	1,140,500	963,550	4,000	127,800	831,750	831,750	36.20
2007	6 years	565	1,140,500	1,120,950	8,350	53,000	1,059,600	1,059,600	52.80
2008	6 years	620	1,141,900	1,130,750	12,250	–	1,118,500	1,118,500	20.485
2009	6 years	639	1,166,550	1,161,750	7,850	–	1,153,900	–	40.26
2010	6 years	663	1,107,350	1,107,350	2,800	–	1,104,550	–	61.50
2011	6 years	684	1,161,100	–	–	–	1,161,100	–	44.895
			8,012,900	6,280,100	41,750	970,050	6,429,400	3,009,850	

The outstanding options as at 31 December 2011 have an exercise price ranging from EUR 20.485 to EUR 61.50. The average remaining term of the options is four years (2010: four years). The movement during the year of options and the average exercise price is as follows:

	2011		2010	
	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)	Number of options
Options outstanding at 1 January	**40.40**	**6,280,100**	33.17	6,334,430
Forfeited during the period	**35.96**	**(41,750)**	34.79	(25,700)
Options granted during the period	**44.895**	**1,161,100**	61.50	1,107,350
Options exercised during the period	**29.73**	**(970,050)**	20.77	(1,135,980)
Options outstanding at 31 December	**42.85**	**6,429,400**	40.40	6,280,100
Exercisable at 31 December		**3,009,850**		2,880,250

The valuation of the share options is determined by using a binomial model.
Concerning early departure, different percentages for different categories of staff are used: Board of Management 0%, other Executive Committee members 0%, managers of operating companies 7%.
The expected behaviour for exercising the options by the Board of Management is estimated till the end of the vesting period and for the other two groups with a multiple of three. Expected volatility is estimated by considering historic average share price volatility.

The inputs used in the measurement of the fair values at grant date of the share options are the following:

	2011	2010
Average share price during the year in EUR	50.41	47.03
Average fair value of the granted options during the year in EUR	12.76	16.71
Exercise price (fair value at grant date) in EUR	44.895	61.50
Expected volatility (weighted average volatility)	41%	39%
Option term (expected weighted average term)	4 years	4 years
Expected dividends	3.28%	3.38%
Risk-free interest rate (based on government bonds)	1.91%	2.74%
Costs of granted options at the end of 2007 in EUR	–	3,291,433
Costs of granted options at the end of 2008 in EUR	1,715,401	1,582,401
Costs of granted options at the end of 2009 in EUR	3,153,277	3,153,277
Costs of granted options at the end of 2010 in EUR	4,627,100	4,627,100
Costs of granted options at the end of 2011 in EUR	3,704,740	–
Total	13,200,518	12,654,211

5.30.2 Number of employees as at 31 December

	2011			2010		
	Netherlands	Foreign	Total	Netherlands	Foreign	Total
Technical staff	703	9,861	10,564	607	9,545	10,152
Management and administrative staff	163	2,591	2,754	154	2,643	2,797
Temporary and contract staff	168	390	558	182	332	514
	1,034	12,842	13,876	943	12,520	13,463
Average number of employees during the year	1,053	12,696	13,749	944	12,500	13,444

5.31 *Other expenses*

(EUR x 1,000)	2011	2010
Maintenance and operational supplies	62,723	60,779
Indirect operating expenses	71,188	62,429
Occupancy costs	44,805	43,176
Communication and office equipment	37,247	34,181
Restructuring costs	257	544
Research cost	682	3,278
Loss on disposal of property, plant and equipment	1,850	273
Other	33,256	47,822
	252,008	252,482

Audit fees, presented under other expenses, as charged by KPMG are disclosed in note 9.13.

5.32 *Net finance (income) costs*

(EUR x 1,000)	2011	2010
Interest income on loans and receivables	(6,131)	(4,853)
Dividend income on available-for-sale financial assets	(203)	(1,049)
Net change in fair value of financial assets at fair value through profit or loss	(6,008)	(22,337)
Net foreign exchange variance	(16,757)	–
Finance income	(29,099)	(28,239)
Interest expense on financial liabilities measured at amortised cost	39,094	16,960
Net change in fair value of derivatives	1,387	–
Net change in fair value of financial assets at fair value through profit or loss	2,067	–
Net foreign exchange variance	–	5,105
Finance expense	42,548	22,065
Net finance (income)/costs recognised in profit or loss	13,449	(6,174)

(EUR x 1,000)	2011	2010
Recognised in other comprehensive income		
Net gain (loss) on hedge of net investment in foreign operations	(53,218)	864
Foreign currency translation differences of foreign operations	55,850	108,638
Foreign currency translation differences of equity-accounted investees	24	121
	2,656	109,623
Net change in fair value of cash flow hedges transferred to profit or loss	1,034	1,034
Net change in fair value of available-for-sale financial assets	(1,899)	(438)
Total	1,791	110,219

Recognised in:		
Hedging reserve	1,034	1,034
Translation reserve	1,999	108,739
Other reserves	(1,899)	(438)
Non-controlling interests	657	884
Total	1,791	110,219

5.33 *Income tax expense*

Recognised in profit or loss

(EUR x 1,000)	2011	2010
Current tax expense		
Current year	59,703	67,298
Adjustment for prior years	(612)	(3,356)
	59,091	63,942
Deferred tax expense		
Origination and reversal of temporary differences	(3,172)	14,210
Reduction in tax rate	924	333
Utilisation of tax losses recognised	(5,363)	188
Recognition of previously unrecognised tax losses	(5,462)	(495)
Effect of write-down deferred tax assets	–	1
Adjustments for prior years	(686)	339
	(13,759)	14,576
Total income tax expense	45,332	78,518

Reconciliation of effective tax rate

(EUR x 1,000)

	2011 %	2011	2010 %	2010
Profit for the period		**295,270**		280,153
Income tax expense		**45,332**		78,518
Profit before income tax		**340,602**		358,671
Income tax using the weighted domestic average tax rates	**16.7**	**57,025**	23.0	82,522
Reduction in tax rate	**0.3**	**924**	0.1	333
Recognition of previously unrecognised tax losses	**(1.6)**	**(5,462)**	(0.2)	(495)
Effect of write-down deferred tax assets	**–**	**–**	0.0	1
Non-deductible expenses	**0.8**	**2,748**	0.9	3,246
Tax exempt income	**(1.5)**	**(5,278)**	(0.9)	(3,250)
Effect of utilisation previously unrecognised tax losses	**(1.0)**	**(3,327)**	(0.2)	(822)
Adjustments for prior years (deferred)	**(0.2)**	**(686)**	0.1	339
Adjustments for prior years (current)	**(0.2)**	**(612)**	(0.9)	(3,356)
	13.3	**45,332**	21.9	78,518

The geographical spread of taxable profits in 2011 compared to 2010 resulted in a reduction of the average domestic tax rate applicable from 23.0% to 16.7%. Furthermore, in a number of tax jurisdictions previously unrecognised tax losses were recognised (2011: EUR 5.5 million; 2010: EUR 0.5 million) and in addition previously unrecognised tax losses were utilised in 2011 (2011: EUR 3.3 million; 2010: EUR 0.8 million). In 2011 a lot of emphasis was put on reducing tax expenses, for example by using the recently introduced innovation box opportunity in the Netherlands.

Adjustments for prior years relate to settlement of outstanding tax returns of several years and various fiscal tax entities as well as the recognition of tax liabilities for fiscal positions taken that are currently being challenged or probably will be challenged by tax authorities.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)	2011			2010		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Defined benefit plan actuarial gains (losses)	**(19,655)**	**4,736**	**(14,919)**	1,274	(539)	735
Net change in fair value of cash flow hedges transferred to profit or loss	**1,388**	**(354)**	**1,034**	1,388	(354)	1,034
Net change in fair value of hedge of net investment in foreign operations	**(53,218)**	**–**	**(53,218)**	2,700	(1,836)	864
Share-based payment transactions	**29,021**	**878**	**29,899**	22,728	2,552	25,280
Net change in fair value of available-for-sale financial assets	**(1,899)**	**–**	**(1,899)**	(438)	–	(438)
Foreign currency translation differences of foreign operations and equity-accounted investees	**55,028**	**846**	**55,874**	108,493	266	108,759
	10,665	**6,106**	**16,771**	136,145	89	136,234

Reference is also made to note 5.40.

5.34 *Current tax assets and liabilities*

The net current tax asset of EUR 10,765 thousand (2010: EUR 7,057 thousand net current tax liability) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

5.35 ***Property, plant and equipment***

(EUR x 1,000)

	2011					
	Land and buildings	Plant and equip-ment	Vessels	Fixed assets under con-struction	Other	Total
Cost						
Balance at 1 January 2011	171,395	1,144,045	676,246	134,313	214,291	2,340,290
Acquisitions through business combinations	3,723	67,434	42,565	3,738	8,342	125,802
Investments in assets under construction	–	–	–	134,387	–	134,387
Other additions	16,195	73,482	30,284	–	23,402	143,363
Capitalised fixed assets under construction	–	59,112	118,439	(177,551)	–	–
Disposals	(3,308)	(42,169)	(3,529)	–	(14,297)	(63,303)
Effects of movement in foreign exchange rates	3,481	12,728	24,646	(2,356)	4,358	42,857
Balance at 31 December 2011	191,486	1,314,632	888,651	92,531	236,096	2,723,396
Depreciation and impairment losses						
Balance at 1 January 2011	50,383	666,652	146,104	–	185,837	1,048,976
Depreciation	7,344	148,623	44,225	–	20,792	220,984
Disposals	(750)	(33,454)	(3,207)	–	(11,501)	(48,912)
Effects of movement in foreign exchange rates	1,092	9,829	4,509	–	3,937	19,367
Balance at 31 December 2011	58,069	791,650	191,631	–	199,065	1,240,415
Carrying amount						
At 1 January 2011	121,012	477,393	530,142	134,313	28,454	1,291,314
At 31 December 2011	133,417	522,982	697,020	92,531	37,031	1,482,981

(EUR x 1,000)						2010
	Land and buildings	Plant and equip-ment	Vessels	Fixed assets under con-struction	Other	Total
Cost						
Balance at 1 January 2010	155,595	922,775	450,189	164,319	190,266	1,883,144
Acquisitions through business combinations	2,112	(1,317)	–	–	2,136	2,931
Investments in assets under construction	–	–	–	226,285	–	226,285
Other additions	5,793	147,339	3,309	–	16,295	172,736
Capitalised fixed assets under construction	–	61,860	209,228	(271,088)	–	–
Disposals	(3,505)	(64,384)	(6,967)	–	(10,512)	(85,368)
Effects of movement in foreign exchange rates	11,400	77,772	20,487	14,797	16,106	140,562
Balance at 31 December 2010	171,395	1,144,045	676,246	134,313	214,291	2,340,290
Depreciation and impairment losses						
Balance at 1 January 2010	44,100	527,383	110,778	–	157,656	839,917
Depreciation	6,292	136,553	35,823	–	22,825	201,493
Disposals	(2,161)	(45,219)	(6,956)	–	(8,137)	(62,473)
Effects of movement in foreign exchange rates	2,152	47,935	6,459	–	13,493	70,039
Balance at 31 December 2010	50,383	666,652	146,104	–	185,837	1,048,976
Carrying amount						
At 1 January 2010	111,495	395,392	339,411	164,319	32,610	1,043,227
At 31 December 2010	121,012	477,393	530,142	134,313	28,454	1,291,314

5.35.1 Impairment loss and subsequent reversal

The Group has not incurred nor reversed any impairment losses.

5.35.2 Fixed assets under construction

This involves mainly vessels under construction and ROVs. These will become operational in 2012 and 2013. At 31 December 2011 capitalised borrowing costs related to the construction of vessels amounted to EUR 10.0 million (2010: EUR 13.6 million), with an interest rate of 4.5% (2010: 4.5%).

5.35.3 Leased fixed assets

The Group has no leased fixed assets that have to be included in property, plant and equipment.

5.35.4 Security

Land and buildings includes EUR 5 million (2010: EUR 6 million) in the Netherlands, that serves as security for mortgage loans (refer to note 5.46).

5.36 *Intangible assets*

(EUR x 1,000)	2011			
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2011	526,623	120,029	17,534	664,186
Acquisitions through business combinations	171,832	2,852	8,954	183,638
Adjustments prior period	(241)	–	–	(241)
Purchase of intangible assets	–	1,568	7,049	8,617
Internally developed intangible assets	–	16,504	–	16,504
Effect of movements in foreign exchange rates	7,364	1,704	388	9,456
Balance at 31 December 2011	705,578	142,657	33,925	882,160
Amortisation and impairment losses				
Balance at 1 January 2011	–	78,928	8,825	87,753
Amortisation of intangible assets	–	7,953	2,721	10,674
Effect of movements in foreign exchange rates	–	958	389	1,347
Balance at 31 December 2011		87,839	11,935	99,774
Carrying amount				
At 1 January 2011	526,623	41,101	8,709	576,433
At 31 December 2011	705,578	54,818	21,990	782,386

(EUR x 1,000)				2010
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2010	459,745	92,163	15,273	567,181
Acquisitions through business combinations	39,735	29	–	39,764
Adjustments prior period	4,356	–	–	4,356
Purchase of intangible assets	–	13,740	2	13,742
Internally developed intangible assets	–	8,486	–	8,486
Effect of movements in foreign exchange rates	22,787	5,611	2,259	30,657
Balance at 31 December 2010	526,623	120,029	17,534	664,186
Amortisation and impairment losses				
Balance at 1 January 2010	–	68,339	6,152	74,491
Amortisation of intangible assets	–	6,228	1,883	8,111
Effect of movements in foreign exchange rates	–	4,361	790	5,151
Balance at 31 December 2010	–	78,928	8,825	87,753
Carrying amount				
At 1 January 2010	459,745	23,824	9,121	492,690
At 31 December 2010	526,623	41,101	8,709	576,433

5.36.1 Impairment loss and subsequent reversal

The Company has not incurred nor reversed any impairment losses.

5.37 *Impairment testing for cash-generating units containing goodwill*

For the purpose of impairment testing, goodwill is allocated to cash-generating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and which is not higher than the Group's operating segments as reported in note 5.25. The aggregate carrying amounts of goodwill are allocated to the following groups of cash-generating units:

(EUR x 1,000)	2011	2010
Geotechnical	**109,727**	76,830
Survey	**322,543**	252,663
Geoscience	**273,308**	197,130
Total	**705,578**	526,623

The recoverable amounts of the cash-generating units that carry goodwill are determined based on calculations of value in use. Value in use was determined by discounting the expected future cash flows from the continuing use of the units. Unless indicated otherwise, value in use in 2011 was determined similarly as in 2010. The calculation of the value in use was based on the following key assumptions:

- The period for the discounted cash flow calculations is in principle indefinite. However the Group has set the period at fifty years, subject to periodic evaluation, for the following reasons. About 75% of the Group's activities relate to the oil and gas industry. The services are in principle of such a nature that our clients use us to help them to explore and extract hydrocarbon and mineral resources. Experts are without doubt that these resources will continue to be available to mankind for many decades and their reports indicate periods between fifty and hundred years. The Group recognises that harnessing alternative means of energy, like wind, nuclear and hydro electric energy will continue. These sources however have limited output and will be difficult to transport.
- Cash flows in the first year of the forecast are based on the approved profit plan. The anticipated annual revenue growth for following years has been based on average growth levels ranging from 0 to 3.5%.
- The pre-tax discount rate used to discount the pre-tax cash flows used for impairment testing purposes is determined through an iterative calculation method using the projected post-tax cash flows, expected tax rate for the respective cash generating unit and post-tax discount rate for the Group. The weighted average pre-tax discount rate for the Group is 10.5% (2010: 10.6%).

The key assumptions and the approach to determine their value are the growth rates that are based on analysis of the long-term market price trends in the oil and gas industry adjusted for actual experience.
The carrying amounts of the units remain below the recoverable amounts and as such no impairment losses are accounted for. Considering the significant headroom (recoverable amounts exceeding carrying amounts), no sensitivity analysis has been prepared. Future adverse changes in the assumptions could however reduce the recoverable amounts below the carrying amount. As at 31 December 2011 no cumulative impairment losses have been recognised (2010: none).

5.38 *Investments in equity-accounted investees*

The carrying amount of the equity-accounted investees of the Group can be summarised as follows:

(EUR x 1,000)	2011	2010
Equity-accounted investees	1,632	7,836

The Group's share in realised profit in the above mentioned equity-accounted investees amounted to EUR 4,721 thousand positive in 2011 (2010: EUR 1,018 thousand positive).
In 2011 and 2010 the Group did not receive dividends from any of its investments in equity-accounted investees or other investments.

None of the group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations.
Not adjusted for the percentage ownership held by the Group, the equity-accounted investees have assets of EUR 3 million (2010: EUR 46 million), liabilities of EUR 1 million (2010: EUR 30 million), revenues of EUR 10 million (2010: EUR 20 million) and profit of EUR 2 million (2010: EUR 4 million). The decrease compared to 2010 is mainly a result of the acquisition of the remaining 50% shares in MR Subsea KS and MR Subsea AS.

5.39 *Other investments*

The Group holds the following other investments:

(EUR x 1,000)	2011	2010
Other investments in equity instruments	1,095	1,095
Long-term loans	5,246	31,623
Financial assets at fair value through profit or loss	47,658	25,636
Available-for-sale financial assets	1,021	2,812
Other long-term receivables	4,227	1,367
	59,247	62,533

5.39.1 Other investments in equity instruments

The Group has the following other investments in equity instruments accounted for at cost:

Name of the company (EUR x 1,000)	Country	Ownership	Assets	Liabilities	Equity	Revenue	Profit/ loss
La Coste & Romberg-Scintrex	USA	11%	12,713	9,643	3,070	13,856	1,612

The Group's other investments in equity instruments are not listed. A reliable fair value estimate cannot be made.

5.39.2 Long-term loans

In July 2010, Fugro granted a loan to Electro Magnetic GeoServices ASA (EMGS) of US dollar 20 million. The loan had a maturity of 3.5 years, carried an interest rate of Libor plus 8% and was secured by the income of the Pemex contract which EMGS is carrying out. The loan was repaid in July 2011.

In December Fugro granted a loan facility for five years of USD 25 million to Expro AX-S Technology. At the end of December about one third of the facility has been drawn. The loan bears interest of 10%, after an interest free period of 10 months. The loan is scheduled to be repaid as follows: 20% in year 3, 20% in year 4 and 60% in year 5. The facility agreement includes a warrant and a call option. The warrant (expiring 31 December 2013) gives Fugro the right to obtain 25% of the shares of Expro AX-S for an amount of USD 250,000, the option (expiring 30 April 2012) gives Fugro the right to convert the loan facility into another 25% of the shares.

5.39.3 Financial assets at fair value through profit or loss

In 2009 the Group provided a long-term convertible loan of NOK 150 million at 7% per annum to Electro Magnetic GeoServices ASA (EMGS). The conversion feature has been accounted for as financial asset at fair value through profit or loss. The loan could at any time be converted into common shares in EMGS at the conversion price of NOK 5.40 per share until the maturity date on 2 January 2012. In April 2011 the EMGS convertible loan was converted into 27.8 million shares in EMGS (14.81% of the outstanding shares of EMGS, valued at year-end share price of NOK 13.30).

5.39.4 Available-for-sale financial assets

The fair value of the available for sale financial assets is based on quoted prices of these companies on the Australian Securities Exchange (ASX).

5.40 ***Deferred tax assets and liabilities***

5.40.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	Assets		Liabilities		Net	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Property, plant and equipment	**10,958**	8,568	**(7,148)**	(5,466)	**3,810**	3,102
Intangible assets	**833**	490	**(12,133)**	(8,319)	**(11,300)**	(7,829)
Other investments	**124**	2,246	**–**	(1,132)	**124**	1,114
Financial assets at fair value through profit or loss	**–**	–	**–**	(6,253)	**–**	(6,253)
Loans and borrowings	**–**	186	**–**	–	**–**	186
Employee benefits	**25,126**	20,018	**–**	–	**25,126**	20,018
Provisions	**1,408**	3,302	**(236)**	(1,473)	**1,172**	1,829
Tax loss carry-forwards	**26,948**	1,040	**–**	–	**26,948**	1,040
Exchange rate differences	**213**	206	**(64)**	(62)	**149**	144
Other items	**8,027**	2,752	**(12,477)**	(11,992)	**(4,450)**	(9,240)
Deferred tax assets/(liabilities)	**73,637**	38,808	**(32,058)**	(34,697)	**41,579**	4,111
Set off of tax components	**(18,375)**	(19,917)	**18,375**	19,917	**–**	–
Net deferred tax asset/(liability)	**55,262**	18,891	**(13,683)**	(14,780)	**41,579**	4,111

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences.

Movement in temporary differences during the year

(EUR x 1,000)					**2011**
	Balance 01-01-11	**Acquired in business combinations**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance 31-12-11**
Property, plant and equipment	3,102	(1,576)	2,284	–	3,810
Intangible assets	(7,829)	–	(3,471)	–	(11,300)
Other investments	1,114	(366)	(624)	–	124
Financial assets at fair value through profit or loss	(6,253)	–	6,253	–	–
Loans and borrowings	186	548	(734)	–	–
Employee benefits	20,018	290	82	4,736	25,126
Provisions	1,829	892	(1,549)	–	1,172
Tax loss carry-forward	1,040	14,571	11,337	–	26,948
Exchange differences	144	2	(2,374)	2,377	149
Other items	(9,240)	2,074	2,555	161	(4,450)
	4,111	16,435	13,759	7,274	41,579

(EUR x 1,000)					2010
	Balance 01-01-10	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31-12-10
Property, plant and equipment	3,016	(350)	436	–	3,102
Intangible assets	(6,982)	–	(847)	–	(7,829)
Other investments	5,132	(982)	(3,036)	–	1,114
Financial assets at fair value through profit or loss	–	–	(6,253)	–	(6,253)
Loans and borrowings	(1,650)	–	–	1,836	186
Employee benefits	20,006	–	551	(539)	20,018
Provisions	2,592	–	(763)	–	1,829
Tax loss carry-forward	701	–	339	–	1,040
Exchange differences	425	–	(547)	266	144
Other items	(4,687)	(97)	(4,456)	–	(9,240)
	18,553	(1,429)	(14,576)	1,563	4,111

5.40.2 Unrecognised deferred tax assets and liabilities

Deferred tax has not been recognised in respect of the following items:

Unrecognised deferred tax assets

(EUR x 1,000)	2011	2010
Deductible temporary differences	318	3,073
Tax losses	19,586	21,352
Capital allowances	3,084	3,199
Total	22,988	27,624

Unrecognised deferred tax assets relate to tax units previously suffering losses for which it is currently not probable that future taxable profit will be available to offset these losses, taking into account fiscal restrictions on the utilisation of loss compensation.

Unrecognised tax assets changed over the period as follows:

Unrecognised deferred tax assets

(EUR x 1,000)	2011	2010
As of 1 January	27,624	21,711
Movements during the period:		
Additional losses	2,162	4,789
Utilisation	(3,327)	(822)
Recognition of previously unrecognised tax losses	(5,462)	(495)
Effect of change in tax rates	(599)	(105)
Exchange rate differences	(45)	1,583
Change from reassessment	(728)	963
Resulting from acquisitions	3,363	–
As of 31 December	22,988	27,624

Reassessment of tax compensation opportunities under applicable tax regulations has resulted in a decrease of unrecognised deferred tax assets of EUR 0.7 million (2010: EUR 1.0 million increase).
Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 3,326 thousand expires in periods varying from two to five years. An amount of EUR 2,216 thousand expires between five and ten years and an amount of EUR 40,992 thousand can be offset indefinitely.
The deductible temporary differences and capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.
Based on forecasted results per tax jurisdiction, management considered it probable that sufficient future taxable profit will be generated to utilise deferred tax assets depending on taxable profits in excess of the profits arising from the reversal of existing temporary differences.

Unrecognised deferred tax liabilities

At 31 December 2011 no deferred tax liabilities relating to investments in subsidiaries have been recognised (2010: nil), because Fugro controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.
In some of the countries where the Group operates, local tax laws provide that gains on disposal of certain assets are tax exempt, provided that the gains are not distributed. The company does not intend to distribute such gains; therefore no tax liabilities are recognised in this respect.

5.41 *Inventories*

(EUR x 1,000)	2011	2010
Seismic and geological data libraries	333,806	204,485
Other inventories	31,069	14,543
	364,875	219,028

Seismic and geological data libraries

Seismic and geological data libraries are stated at the lower of cost and net realisable value. During 2011 EUR 78.9 million (2010: EUR 88.8 million) of seismic and geological data libraries were recorded in third party costs.

Virtually no data acquired during or before 2009 is valued on the balance sheet. EUR 156 million of sales of seismic multi client data was recognised in revenue.

Other inventories

During 2011 EUR 24,609 thousand (2010: EUR 19,340 thousand) of other inventories were recognised as an expense and EUR 294 thousand (2010: EUR 504 thousand) was written down. The write down is included in third party costs.

5.42 *Trade and other receivables*

(EUR x 1,000)	2011	2010
Unbilled revenue on completed projects	221,550	224,038
Trade receivables	494,058	444,097
Non-trade receivables	168,942	135,106
	884,550	803,241

Unbilled revenue on completed projects includes aggregated costs and recognised profits, net of recognised losses for all contracts in progress for which this amount exceeds progress billings.
At 31 December 2011 trade receivables include retentions of EUR 8.6 million (2010: EUR 7.2 million) relating to completed projects.
Trade receivables are shown net of impairment losses amounting to EUR 30.2 million (2010: EUR 47.3 million) arising from identified doubtful receivables from customers. Trade receivables were impaired taking into account the financial position of the debtors, the days outstanding and expected outcome of negotiations and legal proceedings against debtors. Unbilled revenue on completed projects does not include impairment losses (2010: nil). Non-trade receivables include among others pre-payments and VAT receivables.

Reference is made to note 5.51 and 5.53 for detailed information on the credit and currency risks, and impairment losses related to trade receivables.

5.43 *Cash and cash equivalents*

(EUR x 1,000)	2011	2010
Cash and cash equivalents	170,384	81,363
Bank overdraft	(167,810)	(300,301)
Cash and cash equivalents in the consolidated statement of cash flows	2,574	(218,938)

At 31 December 2011 and 31 December 2010 all cash and cash equivalents are freely available to the Group.

5.44 *Total equity*

5.44.1 Share capital

(In thousands of shares)

	Ordinary shares	
	2011	**2010**
On issue and fully paid at 1 January	**80,270**	78,773
Stock dividend 2010 respectively 2009	**1,123**	1,497
Repurchased for option programme at year-end	**(2,163)**	(883)
On issue and fully paid at 31 December – entitled to dividend	**79,230**	79,387

On 31 December 2011 the authorised share capital amounts to EUR 16 million (2010: EUR 16 million) divided into 96 million ordinary shares, each of EUR 0.05 nominal value (2010: 96 million) and 224 million various types of preference shares, each of EUR 0.05 nominal value (2010: 224 million). On 31 December 2011 the issued share capital amounted to EUR 4,069,649.05. As of this date, 84.8% of the ordinary shares (81,392,981 shares) were issued. No preference shares have been issued. In 2011 a total number of 1,123,297 certificates of shares were issued by the Fugro Trust Office (2010: 1,497,206). The holders of ordinary shares are entitled to dividends as approved by the Annual General Meeting of Shareholders from time to time. Furthermore they are entitled to one vote per share in Fugro's shareholders meeting. The holders of certificates of shares are entitled to the same dividend but they are not entitled to voting rights. Under certain conditions the holder of certificates can exchange his certificates into ordinary shares and vice versa. For more details reference is made to page 82.

The Board of Management proposes a dividend for 2011 of EUR 1.50 (2010: EUR 1.50) per (certificate of) share, to be paid at the option of the holder in cash or in (certificates of) shares. This dividend proposal is currently part of unappropriated result.

5.44.2 Share premium

The share premium can be considered as paid in capital.

5.44.3 Translation reserve

The Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

5.44.4 Hedging reserve

The Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

5.44.5 Reserve for own shares

Fugro purchases certificates of own shares to cover its option scheme. Fugro purchased 2,250,000 certificates of shares during the year under review at an average price of EUR 48.92 (2010: 800,000 certificates at an average price of EUR 44.70). 970,050 (certificates of) shares were sold at an average price of EUR 44.16 with respect to exercise of options (2010: 1,135,980 at an average price of EUR 49.11). As per 31 December 2011 Fugro holds 2,162,746 own certificates of shares (2010: 882,796) with respect to the option scheme. This was 2.7% of the issued capital (2010: 1.1%).

5.44.6 Unappropriated result

After the reporting date the following dividends were proposed by the Board of Management. There are no corporate income tax consequences related to this proposal.

(EUR x 1,000)	2011	2010
EUR 1.50 per qualifying (certificate of a) share (2010: EUR 1.50)	118,845	119,081
	118,845	119,081

5.45 Earnings per share

The basic earnings per share for 2011 amount to EUR 3.63 (2010: EUR 3.47); the diluted earnings per share amount to EUR 3.58 (2010: EUR 3.42).
The calculation of basic earnings per share at 31 December 2011 is based on the profit attributable to owners of the Company of EUR 287,595 thousand (2010: EUR 272,219 thousand) and a weighted average number of shares outstanding during the year ended 31 December 2011 of 79,195 thousand (2010: 78,357 thousand), calculated as follows:

5.45.1 Basic earnings per share

Profit attributable to owners of the Company

(EUR x 1,000)	2011	2010
Profit for the period	295,270	280,153
Non-controlling interest	(7,675)	(7,934)
Profit attributable to owners of the Company	287,595	272,219

Weighted average number of ordinary shares

(In thousands of shares)	2011	2010
On issue and fully paid at 1 January	79,387	77,554
Effect of own shares held	(1,213)	(493)
Effect of shares issued due to exercised options	384	410
Effect of shares issued due to optional dividend	637	886
Weighted average number of ordinary shares at 31 December	79,195	78,357

5.45.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2011 was based on profit attributable to owners of the Company of EUR 287,595 thousand (2010: EUR 272,219 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 80,260 thousand (2010: 79,554 thousand), calculated as follows:

Net profit attributable to owners of the Company (diluted)

(EUR x 1,000)	2011	2010
Profit attributable to owners of the Company	287,595	272,219
Profit attributable to owners of the Company (diluted)	287,595	272,219

Weighted average number of ordinary shares (diluted)

(In thousands of shares)	2011	2010
Weighted average number of ordinary shares at 31 December	79,195	78,357
Effect of share options on issue	1,065	1,197
Weighted average number of ordinary shares (diluted) at 31 December	80,260	79,554

5.46 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to currency risk, interest rate risk, and liquidity risk, refer to note 5.52, 5.53 and 5.54.

Loans and borrowings

(EUR x 1,000)	2011	2010
Bank loans	450,687	491,820
Private Placement loans 2011 in USD	575,430	–
Private Placement loans 2011 in EUR	34,860	–
Private Placement loans 2011 in GBP	80,693	–
Private Placement loans 2002 in USD	92,091	89,634
Private Placement loans 2002 in EUR	20,000	20,000
Mortgage loans	5,082	5,808
Other loans and long-term borrowings	36,106	7,258
Subtotal	1,294,949	614,520
Less: current portion of loans and borrowings	79,776	23,658
	1,215,173	590,862

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2011		2010	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank loans	EUR	EURIBOR +110 bps	2013-2016	454,000	450,687	500,000	491,820
Private Placement loans:							
320 million USD bonds 2011	USD	4.05%	2018	246,400	245,526	–	–
330 million USD bonds 2011	USD	4.78%	2021	254,100	253,184	–	–
100 million USD bonds 2011	USD	4.88%	2023	77,000	76,720	–	–
27.5 million GBP bonds 2011	GBP	4.06%	2018	33,000	32,876	–	–
40 million GBP bonds 2011	GBP	4.82%	2021	48,000	47,817	–	–
35 million EUR bonds 2011	EUR	4.81%	2021	35,000	34,860	–	–
44 million USD bonds 2002	USD	6.85%	2012	33,880	33,777	33,000	32,878
39 million USD bonds 2002	USD	6.95%	2014	30,030	29,927	29,250	29,128
37 million USD bonds 2002	USD	7.10%	2017	28,490	28,387	27,750	27,628
20 million Eurobonds 2002	EUR	6.45%	2012	20,000	20,000	20,000	20,000
Mortgage and other loans and long-term borrowings	Variable	3.10%	2012-2013	41,188	41,188	13,066	13,066
				1,301,088	1,294,949	623,066	614,520

The mortgage loans are secured over land and buildings with a carrying amount of EUR 5 million (2010: EUR 6 million).

5.46.1 Bank loans

In November 2011 Fugro signed agreements with eight banks for committed multicurrency revolving facilities with a maturity of five years. The total amount of these bilateral agreements with the banks is EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse AG provided EUR 50 million each.

In 2008 agreement was reached with Rabobank for a revolving facility of EUR 100 million, maturing in 2013. The Rabobank facility is repaid in quarterly instalments of EUR 5 million.

In November 2011, Fugro repaid the bank loans relating to revolving credit facilities, with a maturing date in April 2012, with the Royal Bank of Scotland N.V. (EUR 100 million), Rabobank (EUR 100 million), ABN AMRO Bank N.V. (EUR 100 million), ING Groep N.V. (EUR 75 million) and BNP Paribas S.A. (EUR 50 million), totalling EUR 425 million.

The interest of the bank loans under the new multicurrency revolving facilities is LIBOR, or in relation to any EUR loan EURIBOR, plus a margin based on Debt/ EBITDA margin at each completed half year. The average interest rate of the facilities is currently EURIBOR plus 110 base points. At 31 December 2011 a total amount of EUR 424 million of the new facilities was in use (55%), the loans were all drawn in euro.

5.46.2 Private Placement loans

In August 2011 long-term loans were concluded with twenty-five American and two British institutional investors for a total amount equivalent to USD 909 million, with maturities of 7, 10 and 12 years and fixed interest rates.

In May 2002 long-term loans were concluded with twenty American and two British institutional investors. As per 8 May 2007 the Group terminated a Cross Currency Swap (foreign exchange contract related to the US Dollar exposure of the loans). The cumulative exchange differences as per termination date have been added to equity (Hedging reserve) and are being charged to profit or loss during the remaining term of the loan. This resulted during 2011 in a cost of EUR 1,388 thousand (2010: EUR 1,388 thousand).

At reporting date all the Private Placement loans are valued at the closing rate. The currency exchange difference on the loans between the initial exchange rate and the exchange rate at the reporting date is accounted for in the Translation reserve. For the year under review the currency exchange differences on loans in US dollars amount to EUR 58,950 thousand negative (2010: EUR 7,200 thousand negative).

5.46.3 Covenant requirements

Both the newly committed multicurrency revolving facilities as well as the Private Placement loans contain covenant requirements which can be summarised as follows:

- Equity > EUR 200 million (only applicable to Private Placement loans 2002)
- Consolidated EBITDA plus Operating Lease Expense/Consolidated Interest Expense plus Operating Lease Expense > 2.5
- Consolidated Net Financial Indebtedness/Consolidated EBITDA < 3.0
- Solvency: Consolidated Net Worth/Balance sheet total > 1.0:3.0
- Consolidated Financial Indebtedness of the Subsidiaries < 15%, for the Private Placement loans and < 20% for the bank loans, of the consolidated balance sheet total
- Fugro declared dividend < 60% of the profits of the Group for such financial year (only applicable to Private Placement loans 2011). As can be concluded from the table below, at the twelve month rolling forward measurement dates in 2011 and 2010, the Company complied with the above conditions.

	(EUR x 1,000)	**2011**	**2010**
	EBITDA	**580,988**	561,083
(5.28)	Operating lease expense	**141,781**	99,566
(5.32)	Net interest expense	**32,963**	12,107
	Margin > 2.5	**4.1**	5.9
(2)	Net financial indebtedness (loans and borrowings less net cash)	**1,292,375**	833,458
	Bank guarantees	**37,278**	23,744
	Total	**1,329,653**	857,202
	EBITDA coverage < 3.0	**2.29**	1.53
(2)	Net worth	**1,655,785**	1,508,318
(2)	Balance sheet total	**3,861,595**	3,089,991
	Solvency > 33.33%	**42.9%**	48.8%
	Margin Indebtedness subsidiaries < 15%	**2.4%**	4.4%
	Dividend < 60% of the profit	**41.3%**	43.7%

5.46.4 Mortgage and other loans and long-term borrowings

The average interest rate on mortgage loans and other loans and long-term borrowings over one year amounts to 3.1% (2010: 4.3%).

5.46.5 Change of control provisions

A change of control of Fugro could result in early repayment of the bank loans (5.46.1) and the Private Placement loans (5.46.2).

5.47 *Employee benefits*

(EUR x 1,000)	2011	2010
Present value of funded obligations	329,428	272,497
Fair value of plan assets	(243,220)	(207,978)
Recognised net liability for defined benefit obligations	86,208	64,519
Liability for long-service leave	12,112	11,581
Total employee benefit liabilities	98,320	76,100

The Group makes contributions to a number of pension plans, both defined benefit plans as well as defined contribution plans, that provide pension benefits for employees upon retirement in a number of countries. The most important plans relate to plans in the Netherlands, United Kingdom, Norway and the United States; details of which are as follows:

- In the Netherlands the Group provides for a pension plan based on average salary. This plan qualifies as a defined benefit scheme. The pension commitments from this scheme are fully insured on the basis of a guarantee contract. The scheme includes a (conditional) indexation of pension benefits as far as the return on the separated investments exceeds the actuarial required interest.
- The employees of De Regt Marine Cables B.V. participate in the Metalektro sector collective arrangement. There are no risks for Fugro following this arrangement.
- In the United Kingdom the Group operates two defined benefit pension schemes considering either a guaranteed minimum pension or a maximum lump sum entitlement. The pension schemes have been closed in previous years for new participants, but include the on-going obligations to their members (both former and present employees). The pension scheme assets are held in separate Trustee-administered funds to meet long-term pension liabilities to former and present employees. The Trustees are required to act in the best interest of the scheme’s participants and the appointment of trustees is determined by the scheme’s trust documentation.
- In Norway a defined benefit pension plan exists that, combined with the available State pension plan, leads to a pension at the age of 67 years based on a defined maximum. The pension rights have been secured in external pension insurance.
- In the United States of America the Group operates a 401K plan for its employees. The Group contributes towards the deposits of its employees in accordance with agreed rules and taking into account the regulations of the IRS, the US tax authority. This plan qualifies as a defined contribution plan.

Liability for defined benefit obligations

Plan assets consist of the following:

(EUR x 1,000)	2011	2010
Equity securities	78,491	69,063
Government bonds	136,234	99,759
Corporate bonds	18,271	16,269
Real estate	3,582	14,578
Cash	6,642	8,309
	243,220	207,978

Movements in the present value of the funded defined benefit obligations

(EUR x 1,000)	2011	2010
Defined benefit obligations at 1 January	272,497	244,362
Acquisitions	1,918	–
Benefits paid by the plan	(4,499)	(4,268)
Contributions paid by plan participants	2,069	2,198
Current service costs and interest (see below)	21,906	19,717
Actuarial gains and losses recognised in other comprehensive income (see below)	30,495	5,792
Effect of movement in exchange rates	5,042	4,696
Defined benefit obligations at 31 December	329,428	272,497

Movement in the fair value of plan assets

(EUR x 1,000)	2011	2010
Fair value of plan assets at 1 January	207,978	179,643
Acquisitions	1,229	–
Contributions paid by the employer	10,306	9,717
Contributions paid by plan participants	2,069	2,198
Benefits paid by the plan	(4,499)	(4,268)
Expected return on plan assets	11,715	10,739
Actuarial gains and losses recognised in other comprehensive income (see below)	10,840	7,066
Effect of movement in exchange rates	3,582	2,883
Fair value of plan assets at 31 December	243,220	207,978

Expenses recognised in profit or loss

(EUR x 1,000)	2011	2010
Current service costs	7,540	6,201
Interest on obligation	14,366	13,516
	21,906	19,717
Expected return on plan assets	(11,715)	(10,739)
	10,191	8,978

The expenses are recognised in the following line items in the statement of comprehensive income:

(EUR x 1,000)	2011	2010
Personnel expenses	10,191	8,978

Actual return on plan assets

(EUR x 1,000)	2011	2010
Actual return on plan assets	22,555	17,805

Actuarial gains and losses recognised directly in other comprehensive income

(EUR x 1,000)	2011	2010
Cumulative amount at 1 January	(32,909)	(33,914)
Recognised during the year	(19,655)	1,274
Effect of movement in exchange rates	(556)	(269)
Cumulative amount at 31 December	(53,120)	(32,909)

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

	2011	2010
Discount rate at 31 December	2.6 – 4.75%	4.0 – 5.4%
Expected return on plan assets	4.1 – 6.3%	5.0 – 6.9%
Future salary increases	2.0 – 2.25%	2.0 – 4.0%
Medical cost trend rate	n/a	n/a
Future pension increases	2.0 – 3.25%	2.0 – 3.75%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the actuarial gains and losses.

Assumptions regarding future mortality are based on published statistics and mortality tables:

Netherlands:	Generation table 2010-2060 For men and women, an age correction of (– 1: – 1) is applied.
United Kingdom:	PxA (00) rated + 2, by year of birth with long coherent improvements.
Norway:	K2005

The calculation of the defined benefit obligation is sensitive to the mortality assumptions. As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives is considered reasonably possible in the next financial year. The effect of this change would be an increase in the employee benefit liability by EUR 9.7 million.

The overall expected long-term rate of return on assets is 5.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

(EUR x 1,000)	2011	2010	2009	2008	2007
Present value of the defined obligation	**329,428**	272,497	244,362	190,269	209,738
Fair value of plan assets	**243,220**	207,978	179,643	143,757	185,917
Deficit in the plan	**(86,208)**	(64,519)	(64,719)	(46,512)	(23,821)
Experience adjustments arising on plan liabilities	**10,910**	1,418	1,269	(1,982)	(14,204)
Experience adjustments arising on plan assets	**10,840**	7,066	14,603	(35,150)	(4,358)

The estimated planned contributions 2012 amount to EUR 10.5 million (estimate 2011: EUR 10.0 million).

5.48 *Provisions*

(EUR x 1,000)		2011			2010	
	Restruc-turing	Proce-dures	Total	Restruc-turing	Proce-dures	Total
Balance at 1 January	–	**5,204**	**5,204**	36	6,204	6,240
Provisions made during the year	–	**765**	**765**	–	–	–
Provisions used during the year	–	–	–	(36)	–	(36)
Provisions reversed during the year	–	**(1,837)**	**(1,837)**	–	(1,045)	(1,045)
Unwinding of discount	–	**83**	**83**	–	45	45
Balance at 31 December	–	**4,215**	**4,215**	–	5,204	5,204
Non-current	–	**4,215**	**4,215**	–	5,204	5,204

Procedures

The Group is involved in several legal proceedings in various jurisdictions (including the USA) as a result of its normal business activities, either as plaintiff or as defendant. The Board of Management ensures that these cases are vigorously defended. Fugro has set up adequate provisions for those claims where management believes it is probable that a liability has been incurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary. Considering the expected duration of the (legal) proceedings, management does not expect the legal actions, for which a provision has been set-up, to be completed within the next year. The expected outflows of economic benefits have been discounted at a rate of 4.5%, and are based on management's best estimate. Final settlements can differ from this estimate, and could require revisions to the estimated provisions. In 2011, Fugro settled a number of claims without incurring costs. Consequently part of the provision for procedures has been reversed.

5.49 *Trade and other payables*

(EUR x 1,000)	2011	2010
Trade payables	155,485	147,709
Advance instalments to work in progress	43,726	49,285
Fair value derivatives	438	–
Non-trade payables	313,043	277,214
Balance at 31 December	512,692	474,208

Non-trade payables include accrued expenses of invoices to be received, employee related accruals, interest payable and considerations payable regarding acquisitions.

5.50 *Financial risk management*

5.50.1 Overview

The Company's risk management policy includes the long-term sustainable management of its business activities and where possible, the mitigation of the associated business risks. Based on the nature and relative significance of the risks related to the Group's wide diversity of markets, clients and regions and its broad portfolio of activities the risks have been quantified to the extent possible.

The Group has exposure to the following risks from its use of financial instruments:
– credit risk
– liquidity risk
– market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Both regular and ad hoc reviews of risk management controls and procedures are performed, the results of which are reported directly to the Board of Management and Executive Committee. A summary of important observations is reported to the Audit Committee.

5.50.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the composition of the Group's client base, including the default risk of the industry and country in which clients operate, as these factors may have an influence on credit risk. As the Group operates to a large extent in the oil and gas industry a significant portion of trade and other receivables relates to clients from this industry.

Some of the Group's orders are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out multiple projects for the same client. The projects carried out for any single client do not, however, account for more than 4% on an annual basis of the total revenue. Having a large number of clients and short project time spans mitigates Fugro's credit risk as the individual amounts receivable with the same client are limited.

New customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review may include external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or have to provide a bank guarantee.

The majority of the Group's clients has done business with the Group for many years and significant losses have only occurred incidentally in prior years. However, as a result of the expected negative effects of the current worldwide economic crisis the credit risk has increased significantly. Clients that are known to have negative credit characteristics are individually monitored by the group controllers. Findings are reported on a bi-weekly basis to the Board of Management. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group publishes an internal list of clients that need extra attention before a contract is closed.

The Board of Management reviews frequently the outstanding trade receivables. Local management is requested to take additional precaution in working with affected clients.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group held cash and cash equivalents of EUR 170.4 million at 31 December 2011 (2010: EUR 81.4 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have 'investment grade' credit ratings.

Guarantees
In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce which includes all financial interests of Fugro as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2011 and at 31 December 2010 no significant guarantees were outstanding.

5.50.3 Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow on a regular basis. Consolidated cash flow information including a six months projection is reported on a monthly basis to the Executive Committee, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected operational expenditures for the next half-year, including the servicing of financial obligations from lease commitments not included in the statement of financial position and investment programs in vessels. Cash flows exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

- A total amount of bilateral revolving facility agreements with eight banks totalling EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse provided EUR 50 million each. At 31 December 2011 an amount of EUR 424 million was drawn (55%).
- Revolving line of credit with Rabobank of EUR 100 million, maturing in May 2013. The Rabobank facility is fully drawn at 31 December 2011. The facility is being repaid in equal quarterly instalments. The balance at 31 December 2011 is EUR 30 million.
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 580 million of which EUR 122 million has been drawn at 31 December 2011 (2010: around EUR 525 million with EUR 270 million drawn).
- US Private Placement loans totalling EUR 806 million. The facility needs to be repaid, in fixed instalments denominated in the several currencies, as follows: In 2012 EUR 53 million, in 2014 EUR 30 million, in 2017 EUR 29 million, in 2018 EUR 280 million, in 2021 EUR 337 million and in 2023 EUR 77 million.

5.50.4 Market risk
Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. The Group's business is exposed to currency risk whenever it has revenues in a currency that is different from the currency in which it incurs the costs of generating those revenues. In the case that the revenues can be offset against the costs incurred in the same currency, the balance may be affected if the value of the currency in which the revenues and costs are generated varies relative to the Euro. This risk exposure primarily affects those operations of the Group that generate a portion of their revenue in foreign currencies and incur their costs primarily in Euros.

Cash inflows and outflows of the operating segments are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to currency risk.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. Given the current investment program in vessels and the fact that the majority of the investments are denominated in US dollar, the Group is currently not using derivative financial instruments as positive cash flow in US dollar from operations is offset to a large extent by these investments.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.
The Group's investment in its subsidiaries with US dollar as functional currency is partly hedged by means of the US dollar Private Placement loans, which mitigates the currency risk arising from the subsidiary's net assets. The Group's investment in its subsidiaries in the United Kingdom is partly hedged by means of the GB pound Private Placement loans. The Group's investments in other subsidiaries are not hedged.

The hedge on the investment is fully effective. Consequently all exchange differences relating to this hedge have been accounted for in other comprehensive income. The Group is sensitive to translation differences resulting from translation of its operations in non-Euro currencies to Euros.

Interest rate risk
The Group's liabilities bear both fixed and variable interests. The Group's objective is to limit the effect of interest rate changes on the results by matching long term investment with long term (fixed interest) financing as much as possible. The Group continuously considers interest rate swaps to limit significant (short term) interest exposures.

5.50.5 Capital Management
The Board of Management's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group. The Board of Management monitors the geographic spread of shareholders, the return on capital as well as the level of dividends to ordinary share holders. The Board strives:
- for a dividend pay-out ratio of 35 to 55% of the net result.
- to maintain a healthy financial position with a targeted solvency of > 33.33%.
- to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's objective is to achieve a healthy return on shareholders' equity. The return in 2011 was 18.2% (2010: 20.2%). In comparison the weighted average interest expense on interest-bearing borrowings was 4.1% (2010: 4.0%).

From time to time Fugro purchases its own certificates of shares. These certificates are used to cover the options granted by Fugro. Purchase and sale decisions are made on a specific transaction basis by the Board of Management. Fugro does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year.
The Group is subject to the externally imposed capital requirements related to covenant requirements as set out in note 5.46.3. As per 31 December 2011 and 31 December 2010 the Group complied with all imposed external capital requirements

5.51 *Credit risk*

Exposure to credit risk

(EUR x 1,000)	Carrying amount	
	2011	**2010**
Other investments in equity instruments	**1,095**	1,095
Available-for-sale financial assets	**1,021**	2,812
Long-term loans	**5,246**	31,623
Financial assets at fair value through profit or loss	**47,658**	25,636
Other long-term receivables	**4,227**	1,367
Unbilled revenue on completed projects	**221,550**	224,038
Trade receivables	**494,058**	444,097
Non-trade receivables	**168,942**	135,106
Cash and cash equivalents	**170,384**	81,363
	1,114,181	947,137

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above. The Group holds no collateral as security on the long-term loans.

The maximum exposure for trade receivables and unbilled revenue on completed contracts at the reporting date by geographic region was:

(EUR x 1,000)	Carrying amount	
	2011	**2010**
Netherlands	**45,201**	43,047
Europe other	**275,977**	267,517
Africa	**43,810**	21,905
Middle East	**56,904**	74,414
Asia	**115,198**	69,641
Australia	**60,585**	68,424
Americas	**117,933**	120,504
	715,608	665,452

The maximum exposure to credit risk for trade receivables and unbilled revenue on completed contracts at the reporting date by type of customer was:

(EUR x 1,000)	Carrying amount	
	2011	**2010**
Oil and gas	**537,780**	503,941
Infrastructure	**131,083**	118,915
Mining	**23,627**	18,886
Other	**23,118**	23,710
	715,608	665,452

Impairment losses

The ageing of trade receivables and unbilled revenue on completed contracts at the reporting date was:

- As of 31 December 2011, trade receivables and unbilled revenue on completed projects of EUR 715,608 thousand (2010: EUR 665,452 thousand) were fully performing.
- As of 31 December 2011, trade receivables of EUR 202,288 thousand (2010: EUR 152,562 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The average credit term for these trade receivables is 30 days.
- As of 31 December 2011, trade receivables and unbilled revenue on completed projects of EUR 30,151 thousand (2010: EUR 47,314 thousand) were impaired and provided for.

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of trade receivables and unbilled revenue on completed projects is as follows:

(EUR x 1,000)	**2011**		**2010**	
	Gross	**Impairment**	**Gross**	**Impairment**
From 0 to 30 days	**513,320**	**–**	512,890	–
From 31 to 60 days	**89,850**	**–**	80,620	–
From 61 to 90 days	**44,583**	**6,074**	34,303	9,490
Over 90 days	**88,458**	**22,396**	76,294	35,198
Retentions and special items	**9,548**	**1,681**	8,659	2,626
	745,759	**30,151**	712,766	47,314

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue on completed contracts during the year was as follows:

(EUR x 1,000)	**2011**	**2010**
Balance at 1 January	**47,314**	46,921
Impairment loss recognised	**909**	5,513
Impairment loss reversed	**(15,783)**	(3,657)
Trade receivables written off	**(2,640)**	(2,525)
Acquired through business combinations	**132**	–
Effect of movement in exchange rates	**219**	1,062
Balance at 31 December	**30,151**	47,314

The allowance accounts in respect of trade receivables and unbilled revenue on completed contracts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off directly against the allowance.

In 2011 a strong emphasis was put on monitoring of receivables. This high focus resulted in collection of significant number of old receivables and a reversal of the allowance for impairment by EUR 15.8 million.

No impairments related to other financial assets than trade receivables and unbilled revenue on completed contracts are recognised. In general, the Group considers credit risk on other receivables and cash and cash equivalents to be limited. Cash and cash equivalents are held with large well known banks with adequate credit ratings only. Refer to 5.50.2.

5.52 ***Liquidity risk***

The following are the contractual maturities of financial liabilities, including interest payments:

(EUR x 1,000)							2011
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	450,687	468,214	14,507	14,407	18,613	420,687	–
Private Placement loans:							
320 million USD bonds	245,526	315,381	4,990	4,990	9,979	29,938	265,484
330 million USD bonds	253,184	374,644	6,073	6,073	12,146	36,438	313,914
100 million USD bonds	76,720	121,812	1,879	1,879	3,758	11,273	103,023
27.5 million GBP bonds	32,876	42,255	670	670	1,340	4,019	35,556
40 million GBP bonds	47,817	70,954	1,157	1,157	2,314	6,941	59,385
35 million EUR bonds	34,860	51,697	842	842	1,684	5,051	43,278
44 million USD bonds	33,777	33,777	33,777	–	–	–	–
39 million USD bonds	29,927	34,087	1,040	1,040	2,080	29,927	–
37 million USD bonds	28,387	38,467	1,008	1,008	2,016	2,016	32,419
20 million Eurobonds	20,000	20,323	20,323	–	–	–	–
Mortgage and other loans and long-term borrowings	41,188	42,279	1,555	5,720	35,004	–	–
Trade and other payables	512,692	512,692	512,692	–	–	–	–
Bank overdraft	167,810	167,810	167,810	–	–	–	–
	1,975,451	2,294,392	768,323	37,786	88,934	546,290	853,059

The interest included in the above table is based on the current amounts borrowed with current interest rates against the current exchange rate (if applicable). No assumptions are included for possible future changes in borrowings or interest payments.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(EUR x 1,000)	2010*						
	Carrying amount	Contrac-tual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	491,820	510,100	15,000	14,900	470,000	10,200	–
Private Placement loans:							
44 million USD bonds	32,878	36,390	1,130	1,130	34,130	–	–
39 million USD bonds	29,128	37,378	1,016	1,016	2,032	33,314	–
37 million USD bonds	27,628	41,540	985	985	1,970	5,910	31,690
20 million Eurobonds	20,000	21,935	645	645	20,645	–	–
Mortgage and other loans and long-term borrowings	13,066	13,634	284	3,942	9,408	–	–
Trade and other payables	474,208	474,208	474,208	–	–	–	–
Bank overdraft	300,301	300,301	300,301	–	–	–	–
	1,389,029	1,435,486	793,569	22,618	538,185	49,424	31,690

* *Restated for comparison purposes.*

5.53 *Currency risk*

The following significant exchange rates applied during the year:

(In EUR)	Average rate	Reporting date mid-spot rate
USD	**0.71**	**0.77**
GBP	**1.15**	**1.20**
NOK	**0.129**	**0.129**

Sensitivity analysis

A 10 percent strengthening of the Euro against the above currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as for 2010.

Effect in EUR thousands	Equity	Profit or (loss)
31 December 2011		
USD	**(34,077)**	**(1,974)**
GBP	**(11,395)**	**(3,514)**
NOK	**(15,729)**	**(5,191)**
31 December 2010		
USD	(42,368)	(5,066)
GBP	(16,399)	(1,467)
NOK	(14,799)	(5,385)

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

5.54 *Interest rate risk*

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(EUR x 1,000)	Carrying amount	
	2011	**2010**
Fixed rate instruments		
Financial assets	**5,246**	31,623
Financial liabilities	**(844,262)**	(122,700)
Variable rate instruments		
Financial assets	**170,384**	81,363
Financial liabilities	**(618,497)**	(792,121)
	(1,287,129)	(801,835)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2010.

(EUR x 1,000)	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2011				
Variable rate instruments	**(4,481)**	**4,481**	–	–
Cash flow sensitivity (net)	**(4,481)**	**4,481**	–	–
31 December 2010				
Variable rate instruments	(7,108)	7,108	–	–
Cash flow sensitivity (net)	(7,108)	7,108	–	–

At 31 December 2011 it is estimated that a general increase of 100 basis points in interest rates would decrease the Group's profit before income tax by approximately EUR 4.5 million (2010: negative impact of EUR 7.1 million).

5.55 Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(EUR x 1,000)	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	**47,658**	**47,658**	25,636	25,636
Loans and receivables				
Trade receivables, unbilled revenue on completed projects	**884,550**	**884,550**	803,241	803,241
Cash and cash equivalents	**170,384**	**170,384**	81,363	81,363
Long-term loans	**5,246**	**5,246**	31,623	31,623
Other long-term receivables	**4,227**	**4,227**	1,367	1,367
Available-for-sale financial assets				
Other investments in equity instruments*	**1,095**	**1,095**	1,095	1,095
Available-for-sale financial assets	**1,021**	**1,021**	2,812	2,812
Financial liabilities measured at amortised cost				
Bank loans	**(450,687)**	**(450,687)**	(491,820)	(491,820)
Mortgage and other loans and long-term borrowings	**(41,188)**	**(41,188)**	(13,066)	(13,066)
Private Placement loans in USD	**(667,521)**	**(718,452)**	(89,634)	(89,514)
Private Placement loans in GBP	**(80,693)**	**(86,811)**	–	–
Private Placement loans in EUR	**(54,860)**	**(58,954)**	(20,000)	(19,874)
Bank overdraft	**(167,810)**	**(167,810)**	(300,301)	(300,301)
Trade and other payables	**(512,692)**	**(512,692)**	(474,208)	(474,208)
Total	**(861,270)**	**(922,413)**	(441,892)	(441,646)
Unrecognised gains/(losses)		**(61,143)**		246

* *The other investments in equity instruments do not have a quoted market price in an active market. The fair value cannot be reliably measured by the Group.*

Interest rates used for determining fair value

The Group uses the government yield curve as per the reporting date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

Derivatives	**2011**	**2010**
Loans and borrowings	2.0 – 7.1%	2.0 – 7.1%
Leases	n/a	n/a
Receivables	n/a	n/a

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2011	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
(5.39)	Available-for-sale financial assets	1,021	–	–	1,021
(5.39)	Financial assets at fair value through profit or loss	47,658	–	–	47,658
(5.49)	Fair value derivatives	(438)	–	–	(438)
	Total	48,241	–	–	48,241

	31 December 2010	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
(5.39)	Available-for-sale financial assets	2,812	–	–	2,812
(5.39)	Financial assets at fair value through profit or loss	–	25,636	–	25,636
	Total	2,812	25,636	–	28,448

In April 2011 the EMGS convertible loan was converted into 27.8 million shares in EMGS (14.81% of the outstanding shares of EMGS). As a result, Fugro shareholding in EMGS transfers from Level 2 to Level 1 in 2011 (2010: no transfers in either direction).

5.56 *Commitments not included in the statement of financial position*

5.56.1 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(EUR x 1,000)	2011	2010
Less than one year	175,264	126,248
Between one and five years	257,634	233,097
More than five years	36,254	49,135
	469,152	408,480

The Group leases a number of offices and warehouse/laboratory facilities and vessels under operating leases. The leases typically run for an initial period of between three and ten years, with in most cases an option to renew the lease after that date. Lease payments are adjusted annually to reflect market rentals. None of the leases include contingent rentals.

During the year an amount of EUR 255 million was recognised as an expense in profit or loss in respect of operating leases and other rentals (2010: EUR 195 million).

The Group does, in principle, not act as a lessor.

5.56.2 Capital commitments

At 31 December 2011 the Group has contractual obligations to purchase property, plant and equipment for EUR 277.7 million (2010: EUR 235.9 million).

5.56.3 Contingencies

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on information presently available and management's best estimate the financial position of the Group is not likely to be significantly influenced by any of these matters. Should the actual outcome differ from the assumptions and estimates, the financial position of the Group would be impacted. Fugro N.V. and its Dutch operating companies form a fiscal unit for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unit.

5.57 *Subsequent events*

On 1 January 2012, Mr. A. Steenbakker took over the chairmanship of the Board of Management from Mr. K.S. Wester, who will retire in June 2012. Mr. Wester was the President and CEO of Fugro as of October 2005. This transition of the chairmanship was earlier announced in May 2011. See for further information on the composition of the Board of Management page 22.

On 8 March 2012 Fugro has entered into an option agreement with the independent foundation Stichting Beschermingspreferente aandelen Fugro ('Foundation protective preference shares Fugro'), pursuant to which the Foundation was granted the right to acquire cumulative preference protective shares in Fugro's share capital, each share with a nominal value of EUR 0.05, up to an amount to be determined by the Foundation up to a maximum equal to 100% minus 1 share of the aggregate nominal value of ordinary shares and preference financing shares in Fugro that are held by third parties at the time the right to acquire shares is exercised by the Foundation. By entering into the option agreement, the Foundation is in a position to achieve its object – i.e. safeguarding Fugro and its businesses – autonomously, independently and effectively should the occasion occur. See for further information page 83.

5.58 *Related parties*

5.58.1 Identity of related parties

The Group has a related party relationship with its subsidiaries, its equity-accounted investees and other investments, its Directors, Executive Committee, and its Supervisory Board.

5.58.2 Transactions with the Board of Management

Members of the Board of Management of Fugro hold 0.5% of the outstanding voting shares and certificates of shares in Fugro. Members of the Board of Management also participate in Fugro's share option scheme (refer note 5.30.1).

The remuneration of the Board of Management for 2011 and 2010 is as follows:

(in EUR)	K.S. Wester		A. Jonkman		P. van Riel	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Fixed salary	**580,590**	563,680	**321,360**	312,000	**321,360**	312,000
Bonus with respect to the previous year	**469,733**	469,733	**260,000**	260,000	**260,000**	260,000
Pension costs (including disability insurance)	**350,000**	350,000	**265,800**	265,303	**265,800**	265,303
	1,400,323	1,383,413	**847,160**	837,303	**847,160**	837,303
Value of options granted	**1,155,200**	1,491,132	**765,320**	993,462	**765,320**	993,462
Total	**2,555,523**	2,874,545	**1,612,480**	1,830,765	**1,612,480**	1,830,765

(in EUR)	A. Steenbakker		J. Rüegg		W.S. Rainey*	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Fixed salary	**321,360**	312,000	**321,360**	312,000	**191,597**	–
Bonus with respect to the previous year	**260,000**	260,000	**260,000**	203,792	**–**	–
Pension costs (including disability insurance)	**265,800**	265,303	**18,000**	18,001	**169,900**	–
	847,160	837,303	**599,360**	533,793	**361,497**	–
Value of options granted	**765,320**	993,462	**765,320**	993,462	**765,320**	–
Total	**1,612,480**	1,830,765	**1,364,680**	1,527,255	**1,126,817**	–

* *W.S. Rainey was appointed to the Board of Management as per 10 May 2011. The remuneration is disclosed as of this date.*

The fringe benefits for the Board of Management are commensurate with the position held.

There are no guarantees or obligations towards or on behalf of the Board of Management.

The determination of the annual bonus is based upon the remuneration policy as adopted by the Annual General Meeting of Shareholders on 14 May 2008. This remuneration policy is available on Fugro's website: www.fugro.com.

The Supervisory Board determines the remuneration of the individual members of the Board of Management, on a proposal by the Remuneration and Nomination Committee, within the scope of the remuneration policy.

Annual bonus

Each member of the Board of Management will be eligible for an annual bonus, with a maximum of twelve months (100%) of annual fixed salary. On-target performance will result in a bonus of eight months of annual fixed salary. The bonus is related to quantified financial targets and accounts for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus. At the beginning of each year the Supervisory Board sets the financial and the non-financial targets for the relevant year. The Supervisory Board ensures that targets are challenging, realistic and consistent with Fugro's strategy. The performance measures and the weighing given to the individual measures are set by the Supervisory Board. Achievement of the targets will be measured shortly after the end of the relevant year.

The weighting given to the individual financial elements is as follows: earnings per share (EPS) 60%, net profit margin 20% and return on capital employed (ROCE) 20%. These financial elements are based upon Fugro's annual budget. The maximum bonus related to the financial targets will be granted if the targets are exceeded by 30%, and if the performance is only 70% of target, the bonus will be 50% of on-target performance.
If performance is less than 70% of target, the part of the bonus that is related to financial targets will be zero.

The non-financial targets are derived from Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and can be influenced by them. These targets could include, among other things, health safety and environment (HSE), corporate social responsibility (CSR), personal development, etc.

Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2011 were achieved. The Supervisory Board concluded that the personal (non-financial) targets were all met. The financial performance compared to the financial targets comes at approximately 5 months. As a result the Supervisory Board has decided to award to each of the members of the Board of Management an annual bonus of nine month's annual fixed salary for the year 2011.

The actual targets are not disclosed because they qualify as competition-sensitive and hence commercially confidential and potentially price sensitive information.

The following table gives details of the options granted to members of the Board of Management:

Board of Management		Number of options					In EUR		Number of months	
	Year	Number at 01-01-11	Granted in 2011	Exercised in 2011	Forfeited in 2011	Number at 31-12-11	Exercise price	Share price at exercise day	Expiring date	Bonus[1]
K.S. Wester	2005	113,000		113,000		–	27.13	41.96	31-12-2011	7
	2006	125,000				125,000	36.20		31-12-2012	8
	2007	125,000				125,000	52.80		31-12-2013	8
	2008	107,500				107,500	20.485		31-12-2014	11
	2009	90,000				90,000	40.26		31-12-2015	10
	2010	79,400				79,400	61.50		31-12-2016	10
	2011		80,000			80,000	44.895		31-12-2017	9
Total		**639,900**	**80,000**	**113,000**	**–**	**606,900**				
A. Jonkman	2005	85,000		85,000		–	27.13	42.27	31-12-2011	7
	2006	85,000				85,000	36.20		31-12-2012	8
	2007	85,000				85,000	52.80		31-12-2013	8
	2008	72,500				72,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011		53,000			53,000	44.895		31-12-2017	9
Total		**440,400**	**53,000**	**85,000**	**–**	**408,400**				
P. van Riel	2005	50,400		50,400		–	27.13	42.41	31-12-2011	–
	2006	75,000				75,000	36.20		31-12-2012	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011		53,000			53,000	44.895		31-12-2017	9
Total		**380,800**	**53,000**	**50,400**	**–**	**383,400**				
A. Steenbakker	2005	33,400		33,400		–	27.13	40.06	31-12-2011	–
	2006	75,000				75,000	36.20		31-12-2012	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011		53,000			53,000	44.895		31-12-2017	9
Total		**363,800**	**53,000**	**33,400**	**–**	**383,400**				
J. Rüegg	2005-2008	150,200		25,200		125,000	34.94[2]	39.91	31-12-2014	–
	2009	52,500				52,500	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011		53,000			53,000	44.895		31-12-2017	9
Total		**255,600**	**53,000**	**25,200**	**–**	**283,400**				

Board of Management						Number of options		In EUR	Number of months	
	Year	Number at 01-01-11	Granted in 2011	Exercised in 2011	Forfeited in 2011	Number at 31-12-11	Exercise price	Share price at exercise day	Expiring date	Bonus[1)]
W.S. Rainey	2005-2010	164,200		27,500		136,700	42.14[2)]	52.67	31-12-2016	–
	2011		53,000			53,000	44.895		31-12-2017	9
Total		164,200	53,000	27,500	–	189,700				
Total		2,244,700	345,000	334,500	–	2,255,200				

1) *Bonus in the book year; paid in the next year.*

2) *Weighted average.*

5.58.3 Executive Committee

The Group considers the Executive Committee, including the Board of Management, as 'key management'. In addition to their salaries, the Group also provides non-cash benefits to the Executive Committee and contributes to their post-retirement plan. The members of the Executive Committee also participate in Fugro's share option scheme. The Executive Committee's compensation comprises:

	2011	2010
Fixed salary	3,041,402	2,886,950
Bonus with respect to the previous year	2,399,570	2,349,584
Pension costs (including disability insurance)	1,804,298	1,650,473
Value of options granted	6,830,120	8,265,675
	14,075,390	15,152,682

5.58.4 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	2011	2010
F.H. Schreve, Chairman*	36,115	66,000
F.J.G.M. Cremers, Vice-Chairman	65,000	48,000
J.A. Colligan	58,000	46,000
M. Helmes	58,000	46,000
G-J. Kramer	60,000	48,000
H.C. Scheffer**	43,359	29,932
Th. Smith	83,000	61,000
	403,474	344,932

* *Mr. Schreve retired as Supervisory Director and Chairman in May 2011. Following the passing away of Mr. Scheffer, he has been (re)appointed to the Board of Supervisory Directors as Chairman by the extraordinary general meeting of shareholders on 14 December 2011.*

** *Mr. Scheffer was appointed to the Board of Supervisory Directors on 6 May 2010. Mr. Scheffer passed away in September 2011.*

There are no options granted and no company assets available to the members of the Supervisory Board. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.
Below is a summary of the number of options to acquire ordinary shares in Fugro that are held by Mr. G-J. Kramer. These share options were granted to Mr. Kramer when he was a member (CEO) of the Board of Management of Fugro.

		Number of options				In EUR		
	Year	Number at 01-01-11	Exercised in 2011	Forfeited in 2011	Number at 31-12-11	Exercise price	Share price at exercise day	Expiring date
G-J. Kramer	2005	129,600	129,600	–	–	27.13	62.94	31-12-2011
Total		129,600	129,600	–	–			

Per 31 December 2011 Mr. Kramer owned (directly and indirectly) 4,494,978 (certificates of) ordinary shares in Fugro.

5.58.5 Other related party transactions

5.58.5.1 *Joint ventures*

The Group has not entered into any joint ventures.

5.59 *Subsidiaries*

5.59.1 Significant subsidiaries

For an overview of (significant) subsidiaries we refer to chapter 6.

5.60 *Estimates and management judgements*

Management discussed with the Audit Committee the development in and choice of critical accounting principles and estimates and the application of such principles and estimates.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Deferred tax: The assumptions used in recognition and measurement of deferred taxes are disclosed in note 5.40.
- Impairments: Impairment analyses of goodwill are performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows. The accounting policies regarding impairments are included in note 5.15. Note 5.37 contains information about the key assumptions used to determine the recoverable amount of the various cash generating units. Note 5.41 contains information about the impairment of seismic and geological data. Specific information on credit risk is disclosed in notes 5.50.2 and 5.51.

These notes contain information about the assumptions used relating to impairment of trade receivables, unbilled revenue on completed projects and other receivables.

- Assets and liabilities from employee benefits: Actuarial assumptions are established to anticipate future events and are used in calculating pension and other post retirement benefit expenses and liabilities. These factors include assumptions with respect to interest rates, expected investment returns on plan assets, rates of future compensation increases, turnover rates and life expectancy. Note 5.47 contains information about the (actuarial) assumptions related to employee benefits. Actuarial gains and losses related to defined benefit plans are accounted for in other comprehensive income.
- Other provisions, tax and other contingencies: Information on the assumptions used in estimating the effect of legal proceedings is included in note 5.23 and 5.48.

6 Subsidiaries and investments of Fugro N.V. accounted for using the equity method

(including statutory seat and percentage of interest)

Unless stated otherwise, the direct or indirect interest of Fugro in the subsidiaries listed below is 100%. Insignificant, but consolidated, subsidiaries in terms of third party recompense for goods and services supplied and balance sheet totals have not been included.

The subsidiaries listed below have been fully incorporated into the consolidated financial statements of Fugro, unless indicated otherwise. Companies in which Fugro participates but that are not included in Fugro's consolidated financial statements are indicated by a #.

The information as required by sections 2:379 and 2:414 of the Dutch Civil Code has been filed at the trade registry of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro Survey Pty Ltd.		Balcatta, Australia
Fugro Subsea Services Australia Pty Ltd.		Canning Vale, Australia
Fugro LADS Corporation Pty Ltd.		Kidman Park, Australia
Fugro Airborne Surveys Pty Ltd.		Perth, Australia
Fugro Geoteam Pty Ltd.		Perth, Australia
Fugro Holdings Australia Pty Ltd.		Perth, Australia
Fugro-Jason Australia Pty Ltd.		Perth, Australia
Fugro Multi Client Services Pty Ltd.		Perth, Australia
Fugro Seismic Imaging Pty Ltd.		Perth, Australia
Fugro Spatial Solutions Pty Ltd.		Perth, Australia
Fugro TSM Pty Ltd.		Perth, Australia
Fugro Satellite Positioning Pty Ltd.		Perth, Australia
Fugro PMS Pty Ltd.		Sydney, Australia
Fugro Austria GmbH		Bruck an der Mur, Austria
Azeri-Fugro #	40%	Baku, Azerbaijan
Fugro Survey GmbH (Caspian branch office)		Baku, Azerbaijan
Fugro Belgique/België S.A./N.V		Brussels, Belgium
Fugro In Situ Geotecnia Ltda.		Portao, Brazil
Fugro Brasil Ltda.		Rio das Ostras, Brazil
Fugro Geosolutions Brasil Serviços Ltda.		Rio de Janeiro, Brazil
Geomag S/A Prospeccoes Aerogeofisicas	20%	Rio de Janeiro, Brazil
LASA Engenhariae Prospeccoes S.A.	20%	Rio de Janeiro, Brazil
Fugro Sdn Bhd. (Brunei)		Bandar Seri Begawan, Brunei Darussalam
Fugro Survey (Brunei) Sdn Bhd.		Kuala Belait, Brunei Darussalam
Fugro GeoServices Ltd.		Calgary, Canada
Fugro Data Solutions Canada, Inc.		Calgary, Canada
Fugro Airborne Surveys, Corp.		Missisauga, Canada
Fugro Roadware, Inc.		Missisauga, Canada
Fugro (Canada), Inc.		New Brunswick, Canada
Fugro Airborne Surveys, Corp.		Ottawa, Canada
Fugro GeoSurveys, Inc.		St. John's, Canada
Fugro Interra S.A.		Santiago, Chile
Fugro Geoscience (Beijing) Ltd.		Beijing, China
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
Fugro Geotechnique Co. Ltd.	60%	Shanghai, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%	Shekou, Shenzhen, China
Fugro Comprehensive Geotechnical Investigation (Zhejiang) Co. Ltd.		Zhejiang, China
Fugro Airborne Surveys N.V.		Willemstad, Curaçao
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro GeoSurveys N.V.		Willemstad, Curaçao
Fugro Robertson Americas N.V.		Willemstad, Curaçao
Fugro Satellite Services N.V.		Willemstad, Curaçao
Fugro Survey Caribbean N.V.		Willemstad, Curaçao
Fugro Aerial Mapping A/S		Taastrup, Denmark
Fugro S.A.E.		Cairo, Egypt
Fugro Geoid S.A.S.		Jacou, France
Fugro France S.A.S.		Nanterre, France
Fugro Geotechnique S.A.		Nanterre, France
Fugro Topnav S.A.S.		Paris (Massy), France
Fugro Consult GmbH		Berlin, Germany
Fugro-OSAE GmbH		Bremen, Germany
Fugro Weinhold Engineering GmbH		Erkelenz-Holzweiler, Germany
Fugro-MAPS GmbH		Munich, Germany
Fugro Certification Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services Ltd.		Fo Tan, Hong Kong
Geotechnical Instruments (Hong Kong) Ltd.		Fo Tan, Hong Kong
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro Shanghai (Hong Kong) Ltd.	60%	Wanchai, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geospatial Services (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Marine Survey International Ltd.		Wanchai, Hong Kong
Fugro SEA Ltd.		Wanchai, Hong Kong
Fugro Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey International Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro Survey Management Ltd.		Wanchai, Hong Kong

Company	%	Office, Country
MateriaLab Consultants Ltd.		Tuen Mun, Hong Kong
Fugro Consult Kft.		Budapest, Hungary
Fugro NexTerra Geophysics Pvt Ltd.		Kolkata, India
Fugro Geoscience India Pvt. Ltd.		Navi Mumbai, India
Fugro Geotech (Pvt) Ltd.		Navi Mumbai, India
Fugro Survey (India) Pvt Ltd.	90%	Navi Mumbai, India
P.T. Fugro Indonesia		Jakarta Selatan, Indonesia
Fugro Oceansismica S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro Kazakhstan LLC		Atyrau, Kazakhstan Republic
Fugro KazProject LLP		Atyrau, Kazakhstan Republic
Fugro-MAPS S.a.r.l.		Beirut, Lebanon
Fugro Rovtech Limited Libya (Libyan Branch Office)		Tripoli, Libya
UAB 'Fugro Baltic'		Vilnius, Lithuania
Fugro Eco Consult S.a.r.l.		Munsbach, Luxembourg
Fugro Technical Services (Macau) Ltd.		Macau, Macau
Fugro Geodetic (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro Geosciences (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro-Jason (M) Sdn. Bhd.	40%	Kuala Lumpur, Malaysia
Fugro Malta Ltd.		Safi, Malta
Fugro Airborne Surveys Ltd.		Quatre-Bornes, Mauritius
Fugro Seastar Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro Survey Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro-Chance de Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro Survey Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Geomundo S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
De Regt Marine Cables B.V.		Krimpen aan de Lek, The Netherlands
Fugro C.I.S. B.V.		Leidschendam, The Netherlands
Fugro Data Solutions B.V.		Leidschendam, The Netherlands
Fugro Ecoplan B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Engineers B.V.		Leidschendam, The Netherlands
Fugro GeoServices B.V.		Leidschendam, The Netherlands
Fugro Intersite B.V.		Leidschendam, The Netherlands
Fugro-Jason Netherlands B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Nederland B.V.		Leidschendam, The Netherlands
Fugro Robertson B.V.		Leidschendam, The Netherlands
Fugro South America B.V.		Leidschendam, The Netherlands
Fugro Survey B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
Fugro Aerial Mapping B.V.		Leidschendam, The Netherlands
Inpark Detacheringen B.V.		Leidschendam, The Netherlands
Fugro Satellite Positioning B.V.		Leidschendam, The Netherlands
Fugro BTW Ltd.		New Plymouth, New Zealand
Fugro Survey (Nigeria) Ltd.		Port Harcourt, Nigeria
Fugro Nigeria Ltd.		Port Harcourt, Nigeria
Fugro Survey A/S		Bergen, Norway

Company	%	Office, Country
ProFocus Systems A/S		Fyllingsdalen, Norway
Fugro RUE A/S		Haugesund, Norway
Fugro Geotechnics A/S		Oslo, Norway
Fugro Multi Client Services A/S		Oslo, Norway
Fugro Norway A/S		Oslo, Norway
Fugro Seastar A/S		Oslo, Norway
Fugro Seismic Imaging A/S		Oslo, Norway
Fugro-Geoteam A/S		Oslo, Norway
Fugro Interaction A/S		Stavanger, Norway
Fugro OBN Technologies A/S		Trondheim, Norway
Fugro Oceanor A/S		Trondheim, Norway
Fugro Geolab Nor A/S		Trondheim, Norway
Fugro Middle East & Partners LLC		Muscat, Oman
Fugro Geodetic Ltd.		Karachi, Pakistan
Fugro Panama SA		Panama City, Panama
Fugro TerraLaser S.A.		Lima, Peru
Fugro Peninsular Geotechnical Services		Doha, Qatar
Fugro Engineering LLP		Moscow, Russia
Fugro Geosciences GmbH branch		Moscow, Russia
Electro Magnetic Marine Exploration Technologies (EMMET) ZAO		Moscow, Russia
Geo Inzh Services LLP		Moscow, Russia
Fugro-Geostatika Co Ltd.		St. Petersburg, Russia
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Decca Survey Saudi Arabia Ltd.	48%	Dammam, Saudi Arabia
Fugro Saudi Arabia Ltd.		Riyadh, Saudi Arabia
Fugro Loadtest Asia Pte Ltd.		Singapore, Singapore
Fugro Satellite Positioning Pte Ltd.		Singapore, Singapore
Fugro Singapore Pte Ltd.		Singapore, Singapore
Fugro Survey Pte Ltd.		Singapore, Singapore
Fugro TSM Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro-GEOS Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Satellite Positioning (Pty) Ltd.		Cape Town, South Africa
Fugro Maps South Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Airborne Surveys (Pty) Ltd.		Gauteng, South Africa
Fugro Data Services AG		Zug, Switzerland
Fugro Finance AG		Zug, Switzerland
Fugro Geodetic AG		Zug, Switzerland
Fugro Geosciences GmbH		Zug, Switzerland
Fugro International Holding A.G.		Zug, Switzerland
Fugro South America GmbH		Zug, Switzerland
Fugro Survey GmbH		Zug, Switzerland
Fugro Survey Caribbean Inc.		Chaguaramas, Trinidad and Tobago
Fugro Sial Ltd.		Ankara, Turkey

Company	%	Office, Country
Fugro Geoscience Middle East		Abu Dhabi, United Arab Emirates
Fugro Survey (Middle East) Ltd.		Abu Dhabi, United Arab Emirates
Fugro Middle East B.V.		Dubai, United Arab Emirates
Fugro-MAPS (UAE)		Sharjah, United Arab Emirates
Fugro Survey Ltd.		Aberdeen, United Kingdom
Fugro-ImpROV Ltd.		Aberdeen, United Kingdom
Fugro Salt Subsea Ltd.		Aberdeen, United Kingdom
Fugro Aperio Ltd.		Cambridge, United Kingdom
Fugro BKS Ltd.		Coleraine, United Kingdom
Fugro Data Solutions Ltd.		Conwy, United Kingdom
Fugro NPA Ltd.		Edenbridge, United Kingdom
Fugro ERT (Scotland) Ltd.		Edinburgh, United Kingdom
Fugro Seacore Ltd.		Falmouth, United Kingdom
Fugro Alluvial Offshore Ltd.		Great Yarmouth, United Kingdom
Fugro-Robertson Ltd.		Llandudno, United Kingdom
Fugro Loadtest Ltd.		Middlesex, United Kingdom
Fugro General Robotics Ltd.		Milton Keynes, United Kingdom
Fugro Seismic Imaging Ltd.		Swanley, United Kingdom
Fugro Multi Client Services (UK) Ltd.		Wallingford, United Kingdom
Fugro GeoConsulting Ltd.		Wallingford, United Kingdom
Fugro Airborne Surveys Ltd.		Wallingford, United Kingdom
Fugro Engineering Services Ltd.		Wallingford, United Kingdom
Fugro-GEOS Ltd.		Wallingford, United Kingdom
Fugro Holdings (UK) Ltd.		Wallingford, United Kingdom
Fugro-Jason (UK) Ltd.		Wallingford, United Kingdom

Company	%	Office, Country
Fugro EarthData, Inc.		Frederick, United States
Fugro (USA), Inc.		Houston, United States
Fugro Data Solutions, Inc.		Houston, United States
Fugro Geoteam, Inc.		Houston, United States
Fugro GeoServices, Inc.		Houston, United States
Fugro Multi Client Services, Inc.		Houston, United States
Fugro GeoConsulting, Inc.		Houston, United States
Fugro Consultants, Inc.		Houston, United States
Fugro, Inc.		Houston, United States
Fugro-GEOS, Inc.		Houston, United States
Fugro-ImpROV, Inc.		Houston, United States
Fugro-Jason, Inc.		Houston, United States
Fugro-McClelland Marine Geosciences, Inc.		Houston, United States
Fugro Gravity & Magnetic Services, Inc.		Houston, United States
Fugro Seismic Imaging, Inc.		Houston, United States
Fugro Drilling & Well Services, Inc.		Houston, United States
Fugro Satellite Positioning Inc.		Houston, United States
John Chance Land Surveys, Inc.		Lafayette, United States
Fugro Chance, Inc.		Lafayette, United States
Fugro Horizons, Inc.		Rapid City, United States
Fugro Roadware, Inc.		Richmond, United States
Fugro Pelagos, Inc.		San Diego, United States
Fugro Geotechnics Vietnam LLC		Ho Chi Minh City, Vietnam

7 Company balance sheet

As at 31 December, before profit appropriation

	(EUR x 1,000)	2011	2010
	Assets		
(9.1)	Intangible assets	70,538	70,538
(9.2)	Tangible fixed assets	33	84
(9.3)	Financial fixed assets	2,560,633	1,845,522
	Deferred tax assets	–	434
	Total non-current assets	2,631,204	1,916,578
(9.4)	Trade and other receivables	21,023	27,901
	Current tax assets	6,081	–
	Cash and cash equivalents	24,566	–
	Total current assets	51,670	27,901
	Total assets	2,682,874	1,944,479
	Equity		
	Share capital	4,071	4,014
	Share premium	431,384	431,441
	Translation reserve	(5,083)	(7,082)
	Hedging reserve	(2,477)	(3,511)
	Other reserves	940,295	811,237
	Unappropriated result	287,595	272,219
(9.5)	**Total equity**	1,655,785	1,508,318
	Provisions		
(9.6)	Provisions	3,246	5,000
	Deferred tax liabilities	1,310	–
	Liabilities		
(9.7)	Loans and borrowings	797,357	216,579
	Total non-current liabilities	801,913	221,579
	Bank overdraft	150,131	190,671
	Loans and borrowings	53,777	–
(9.8)	Trade and other payables	18,815	18,700
	Other taxes and social security charges	2,453	1,574
	Current tax liabilities	–	3,637
	Total current liabilities	225,176	214,582
	Total liabilities	1,027,089	436,161
	Total equity and liabilities	2,682,874	1,944,479

8 Company income statement

For the year ended 31 December

(EUR x 1,000)	2011	2010
Share in results from participating interests, after taxation	290,278	268,593
Other results after taxation	(2,683)	3,626
Net result	287,595	272,219

Other results concern the costs of Fugro N.V. less reimbursements from subsidiaries.

9 Notes to the company financial statements

General

The company financial statements form part of the 2011 consolidated financial statements of Fugro. As the financial data of Fugro N.V. are included in the consolidated financial statements, the statement of income of Fugro N.V. is condensed in conformity with section 402 of Book 2 of the Netherlands Civil Code.

Accounting policies

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Fugro makes use of the option provided in Section 2:362 Clause 8 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Fugro N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net equity value. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code. Reference is made to pages 98 to 117 for a description of these principles.
The share in the result of participating interests consists of the share of Fugro in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Fugro and its participating interests, and mutually between participating interests themselves, are not incorporated as far as they can be deemed to be unrealised.

9.1 *Intangible assets*

(EUR x 1,000)	2011	2010
Cost		
Balance at 1 January	70,538	70,538
Balance at 31 December	70,538	70,538
Carrying amount		
At 1 January	70,538	70,538
At 31 December	70,538	70,538

The capitalised goodwill is not systematically amortised. Goodwill is tested for impairment annually, or when there is an indication for impairment. Goodwill represents amounts arising on acquisition of subsidiaries. No impairment has been recognised.

9.2 *Tangible fixed assets*

(EUR x 1,000)	2011 Other	2010 Other
Cost		
Balance at 1 January	1,528	1,464
Other investments	18	65
Disposals	(1)	(1)
Balance at 31 December	1,545	1,528
Depreciation		
Balance at 1 January	1,444	1,347
Depreciation	68	97
Disposals	–	–
Balance at 31 December	1,512	1,444
Carrying amount		
At 1 January	84	117
At 31 December	33	84

9.3 *Financial fixed assets*

(EUR x 1,000)	2011	2010
Subsidiaries	1,959,436	1,687,049
Long-term loans	601,197	158,473
	2,560,633	1,845,522

9.3.1 Subsidiaries

(EUR x 1,000)	2011	2010
Balance at 1 January	1,687,049	1,344,226
Share in result of participating interests	290,278	268,593
Dividends	(3,200)	(31,637)
Currency exchange differences	4,500	113,698
Other	(19,191)	(7,831)
Balance 31 December	1,959,436	1,687,049

9.3.2 Long-term loans

(EUR x 1,000)	2011	2010
Balance at 1 January	158,473	64,296
Loans provided	837,266	247,723
Redemptions	(391,306)	(147,877)
Currency exchange differences	(3,236)	(5,669)
Balance 31 December	601,197	158,473

This concerns loans to subsidiaries at 4.5% (2010: 2.0%) interest.

9.4 Trade and other receivables

(EUR x 1,000)	2011	2010
Receivables from Group companies	19,246	26,926
Other taxes and social security charges	1,188	–
Other receivables	589	975
Balance 31 December	21,023	27,901

9.5 Equity

The equity movement schedule is included in chapter 3 of the consolidated financial statements. For the notes to the equity reference is made to note 5.44 of the consolidated financial statements. The Translation reserve and Hedging reserve qualify as a legal reserve ('wettelijke reserve') in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

9.6 Provisions

For the notes on provisions reference is made to note 5.48 of the consolidated financial statements.

9.7 Loans and borrowings

(EUR x 1,000)	2011	2010
Private Placement loans	750,975	109,634
Long-term loans	46,382	106,945
Balance at 31 December	797,357	216,579

For the notes on Private Placement loans reference is made to note 5.46.2 and 5.46.3 of the consolidated financial statements. The long-term loans are from subsidiaries. In principle, these loans will be repaid within two years. The average interest on loans and borrowings amounts to 4.5% per annum (2010: 3.5%).

9.8 ***Trade and other payables***

(EUR x 1,000)	2011	2010
Trade payables	857	2,198
Interest Private Placement loans	12,892	1,117
Non-trade payables and accrued expenses	5,066	15,385
Balance 31 December	18,815	18,700

9.9 ***Commitments not included in the balance sheet***

Tax unit

Fugro N.V. and the Dutch operating companies form a fiscal unit for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unit.

9.10 ***Guarantees***

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce, which includes all financial interests of the Group in subsidiaries as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2011 and at 31 December 2010 no significant guarantees were outstanding.

9.11 ***Contingencies***

For the notes to contingencies reference is made to note 5.56.3 of the consolidated financial statements.

9.12 ***Related parties***

For the notes to related parties, reference is made to note 5.58 of the consolidated financial statements. In note 5.58 the remuneration of the Board of Management, Executive Committee and Supervisory Board is disclosed.

9.13 ***Audit fees***

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG to the Company and its subsidiaries:

(EUR x 1,000)			2011			2010
	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG
Statutory audit of financial statements	691	1,452	2,143	691	1,355	2,046
Other assurance services	105	34	139	65	41	106
Tax advisory services	–	6	6	–	9	9
Other non-audit services	–	11	11	5	–	5
Total	796	1,503	2,299	761	1,405	2,166

In 2011 the audit fees under the category 'statutory audit of financial statements', include an amount of EUR 195 thousand for the audit of the 2010 statutory financial statements of subsidiaries.

Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis.

The most important task of the external auditor is the audit of the (consolidated) financial statements of Fugro. Furthermore, the auditor assists with due diligence processes and financial statements related audit work within the Group. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which hardly ever are involved in the audit of the financial statements of the relevant subsidiary. Other than these advisory services, Fugro makes only limited use of external advisors. In the case that such services are required, specialists are engaged that are not associated with the external auditor.

The fees paid for the above mentioned services, which are included in profit or loss of the consolidated financial statements in the line other expenses, are evaluated on a regular basis and in line with the market.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervison Act.

Leidschendam, 8 March 2012

Board of Management
K.S. Wester, President and CEO until 31 December 2011
A. Steenbakker, Chairman Board of Management as of 1 January 2012
P. van Riel, Vice-chairman/Director Geoscience division
A. Jonkman, Chief Financial Officer
W.S. Rainey, Director Geotechnical division
J. Rüegg, Director Survey division

Supervisory Board
F.H. Schreve, Chairman
F.J.G.M. Cremers, Vice-chairman
J.A. Colligan
M. Helmes
G-J. Kramer
Th. Smith

10 Other information

10.1 *Independent Auditor's report*

To: the Supervisory Board and Shareholders of Fugro N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Fugro N.V., Leidschendam, as set out on pages 90 to 179. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 8 March 2012

KPMG ACCOUNTANTS N.V.

R.P. Kreukniet RA

10.2 Subsequent events

Reference is made to note 5.57.

10.3 Foundation Boards

Stichting Administratiekantoor Fugro ('Fugro Trust Office')

The Board of the Fugro Trust Office, Leidschendam, The Netherlands, is composed as follows:

name	function	term
R. van der Vlist, Chairman	Board member	2012
L.P.E.M. van den Boom	Board member	2013
J.F. van Duyne	Board member	2015
J.A.W.M. van Rooijen	Board member	2014

All Board members are independent of Fugro.

Stichting Beschermingspreferente aandelen Fugro ('Foundation Protective Preference Shares')

The Board of Foundation Protective Preference Shares, Leidschendam, The Netherlands, is composed as follows:

name	function	term
M.W. den Boogert, Chairman	Board member B	2014
M.A.M. Boersma	Board member B	2014
J.V.M. Commandeur	Board member B	2012
J.C. de Mos	Board member B	2013
F.H. Schreve	Board member A	indefinite

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is the Chairman of the Supervisory Board of Fugro.

Stichting Continuïteit Fugro ('Foundation Continuity')

The Board of Foundation Continuity, Curaçao, is composed as follows:

name	function	term
G.E. Elias, Chairman	Board member B	2012
A.C.M. Goede	Board member B	2013
R. de Paus	Board member B	2015
M. van der Plank	Board member B	2014
F.H. Schreve	Board member A	indefinite *

* *In capacity as a member of the Supervisory Board of Fugro.*

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is the Chairman of the Supervisory Board of Fugro.

10.4 Statutory provisions regarding the appropriation of profit

The provisions regarding the appropriation of profit are contained in article 36 of the Articles of Association of Fugro and, as far as relevant, read as follows:

36.2 a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.

b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3 a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 – 8 years', calculated and determined in the manner as described hereinafter.

b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or preceding the day on which the dividend percentage is adjusted, increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 to 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 to 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the General Meeting of Shareholders either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.

10.5 *Proposal regarding the appropriation of profit*

In accordance with article 36 of the Articles of Association, it shall be proposed to the Annual General Meeting of Shareholders on 22 May 2012 that the net result of EUR 287.6 million be appropriated as follows: EUR 118.8 million (EUR 1.50 per share) as dividend to holders of (certificates of) ordinary shares, to be paid either in cash or in (certificates of) ordinary shares, and the remaining EUR 168.8 million to be allocated to the reserves. The dividend proposal is stated on page 15 of the Report of the Supervisory Board and also on page 32.

Report of Stichting Administratiekantoor Fugro ('Trust Office')

In accordance with article 19 of the conditions of administration for registered shares in the share capital of Fugro N.V. ('Fugro') and best practice provision IV.2.6 of the Corporate Governance Code, the undersigned issues the following report to the holders of certificates of ordinary shares Fugro.

During the 2011 reporting year all the Trust Office's activities were related to the administration of ordinary shares against which certificates have been issued.

During 2011 the Board met twice. The meeting of 6 April 2011 was dedicated, among other things, to the preparation for the annual general meeting of Fugro on 10 May 2011. The meeting of 15 September 2011, after the publication of Fugro's half-yearly results, was dedicated, among other things, to the composition of the Board and to general business developments. It was discussed also if it would be necessary or useful to convene a meeting of holders of certificates. It was decided that at the moment this was not the case. Prior to both meetings the Board discussed with the Board of Management and the Supervisory Board of Fugro the activities and performance of Fugro on the basis of the Annual Report 2010 and the Half-yearly report 2011 respectively. Corporate Governance within Fugro and the Trust Office was also discussed in both meetings.

With great sorrow the Board took note that the chairman of the Supervisory Board of Fugro, Mr. H.C. Scheffer, untimely passed away on 20 September 2011.

At the end of September 2011 the Board was informed that the Supervisory Board had requested the former chairman, Mr. F.H. Schreve, to stand as candidate for the position of chairman of the Supervisory Board till May 2013 and that the Supervisory Board intended to propose the appointment of Mr. Schreve at an extraordinary shareholders' meeting that would be held on 14 December 2011. After careful consideration the Board decided that it in principle would vote in favour of the appointment of Mr. Schreve.

All the Trust Office's Board members are independent of Fugro. The Board may offer holders of certificates the opportunity to recommend candidates for appointment to the Board. The voting policy of the Trust Office has been laid down in a document that can be found on the website: www.fugro.com/corporate/admkantoor.asp. The Trust Office is authorised to accept voting instructions from holders of certificates and to cast these votes during a general meeting of Fugro.

The Board attended the annual general meeting of Fugro held on 10 May 2011 as well as the extraordinary general meeting of shareholders held on 14 December 2011. In the annual general meeting the Trust Office represented 42.5% of the votes cast and in the extraordinary general meeting the Trust Office represented 41.9% of the votes cast. The Trust Office voted in favour of all the proposals submitted to both meetings. In accordance with the terms of administration, holders of certificates were offered the opportunity to vote, in accordance with their own opinion, as authorised representatives of the Trust Office. This opportunity was taken by 180 holders of certificates, holding 38,068,411 certificates at the annual general meeting and by 83 holders of certificates holding 39,883,942 certificates at the extraordinary general meeting.

In accordance with the roster, on 30 June 2011 Mr. J.F. van Duyne stepped down as a member of the Trust Office's Board. The previous report of the Trust Office stated that the Board intended reappointing Mr. Van Duyne as a Board member for a period of four years. In accordance with article 4.3 of the articles of association, the Board offered holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 4 April 2011, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. As no request for a meeting of holders of certificates was submitted, in its meeting of 6 April 2011 the Board, in accordance with its announced intention, reappointed Mr. Van Duyne as a member of the Board for a period of four years.

In accordance with the roster, on 30 June 2012 Mr. R. van der Vlist will step down as a member of the Trust Office's Board. The Trust Office intends reappointing Mr. Van der Vlist as a Board member for a period of four years. In accordance with article 4.3 of the articles of association, the Board offers holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 6 April 2012, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. The request should be submitted in writing and should state the name and address of the recommended candidate.

At present the Board of the Trust Office comprises:
1. R. van der Vlist, Chairman
2. L.P.E.M. van den Boom
3. J.F. van Duyne
4. J.A.W.M. van Rooijen

Mr. Van der Vlist was Company Secretary of N.V. Koninklijke Nederlandsche Petroleum Maatschappij.
Mr. Van den Boom was a member of the Board of Management of NIB Capital Bank N.V. and he is a Senior Partner of PARK Corporate Finance.
Mr. Van Duyne was Chairman of the Board of Management of Koninklijke Hoogovens N.V. and afterwards joint Chief Executive Officer of Corus Group PLC.
Mr. Van Rooijen was, amongst others, Chairman of KPMG Corporate finance N.V. and member (CFO) of the Board of Management of KPMG Holding N.V.

In 2011 the total remuneration of the members of the Board amounted to EUR 31,000 and the total costs of the Trust Office amounted to EUR 124,923.

On 31 December 2011, 75.544.435 ordinary shares with a nominal value of EUR 0.05 were in administration against which 75.544.435 certificates of ordinary shares had been issued. During the financial year 195,936 certificates were exchanged into ordinary shares and 1,762,990 ordinary shares were exchanged into certificates. A total number of 987,283 certificates of ordinary shares were issued as a result of the stock dividend.

The activities related to the administration of the shares are carried out by the administrator of the Trust Office: Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V. in Amsterdam, The Netherlands.

The Trust Office's address is: Veurse Achterweg 10, 2264 SG Leidschendam, The Netherlands.

Leidschendam, 22 February 2012

The Board

Historic review

	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Income and expenses (x EUR 1,000)							
Revenue	**2,577,765**	2,280,391	2,052,988	2,154,474	1,802,730	1,434,319	1,160,615
Third party costs	**994,037**	765,587	624,413	722,321	604,855	503,096	405,701
Net revenue own services (revenue less third party costs)	**1,583,728**	1,514,804	1,428,575	1,432,153	1,197,875	931,223	754,914
Results from operating activities (EBIT) 2)	**349,330**	351,479	367,422	385,732	324,813	211,567	144,070
EBITDA	**580,988**	561,083	551,130	535,178	439,590	295,948	218,833
Cash flow	**526,928**	489,757	456,773	438,902	337,106	226,130	176,093
Net result 2)	**287,595**	272,219	263,410	283,412	216,213	141,011	99,412
of which non-recurring items	–	–	–	–	–	–	–
Balance sheet (x EUR 1,000)							
Property, plant and equipment	**1,482,981**	1,291,314	1,043,227	859,088	599,298	412,232	262,759
Investments	**446,716**	446,755	330,244	337,469	299,699	203,944	90,414
of which in acquisitions	**125,802**	2,931	9,882	14,423	8,666	21,041	10,057
Depreciation of property, plant and equipment	**220,984**	201,493	173,593	140,429	107,684	78,169	69,445
Net current assets 1)	**624,017**	253,186	140,301	56,060	171,347	150,733	222,485
Total assets	**3,861,595**	3,089,991	2,366,317	2,123,306	1,700,130	1,405,698	1,138,660
Provisions	**4,215**	5,204	6,240	13,155	16,278	13,888	398
Loans and borrowings	**1,215,173**	590,862	441,339	395,384	449,957	341,997	300,753
Equity attributable to owners of the company 1)	**1,655,785**	1,508,318	1,187,731	928,329	699,989	562,417	465,460
Key ratios (in %) 2)							
Results from operating activities (EBIT)/revenue	**13.6**	15.4	17.9	17.9	18.0	14.8	12.9
Profit/revenue	**11.2**	11.9	12.8	13.2	12.0	9.8	8.6
Profit/net revenue own services	**18.2**	18.0	18.4	19.8	18.0	15.1	13.2
Profit/capital and reserves 1)	**22.3**	22.3	24.9	34.8	34.3	27.4	28.8
Total equity/total assets 1)	**43.4**	49.3	50.7	44.1	41.6	40.2	41.3
Interest cover	**10.6**	29.0	47.8	13.9	13.1	10.9	7.2
Data per share (x EUR 1.–) 2) 4)							
Equity attributable to owners of the Company 1)	**20.34**	18.79	15.08	12.12	9.94	8.08	6.76
Results from operating activities (EBIT) 3)	**4.41**	4.49	4.82	5.29	4.67	3.08	2.18
Cash flow 3)	**6.65**	6.25	5.99	6.01	4.84	3.29	2.67
Net result 3)	**3.63**	3.47	3.46	3.88	3.11	2.05	1.51
Dividend paid in year under review	**1.50**	1.50	1.50	1.25	0.83	0.60	0.48
Share price (x EUR 1.–) 4)							
Year-end share price	**44.895**	61.50	40.26	20.485	52.80	36.20	27.13
Highest share price	**63.53**	62.06	41.85	59.95	62.00	36.64	27.40
Lowest share price	**34.47**	37.095	19.085	19.32	34.91	27.13	15.14
Number of employees							
At year-end	**13,876**	13,463	13,482	13,627	11,472	9,837	8,534
Shares in issue (x 1,000) 4)							
Of nominal EUR 0.05 at year-end	**81,393**	80,270	78,772	76,608	70,421	69,582	68,825

1) *As of 2002 no accrued dividend has been incorporated.*

2) *For 2002 and earlier years, before amortisation of goodwill.*

IFRS 2004	IFRS 2003	Dutch GAAP 2002	Dutch GAAP 2001	Dutch GAAP 2000	Dutch GAAP 1999	Dutch GAAP 1998	Dutch GAAP 1997	Dutch GAAP 1996
1,008,008	822,372	945,899	909,817	712,934	546,760	578,207	482,096	375,276
364,644	273,372	328,401	331,685	250,132	176,067	197,258	172,346	123,337
643,364	549,000	617,498	578,132	462,765	370,648	380,948	309,750	251,939
104,236	63,272	111,873	98,470	73,697	61,805	61,669	46,195	25,911
177,453	124,056	158,814	142,039	113,269	98,334	97,926	75,781	49,371
125,802	80,480	119,161	105,301	85,596	77,233	74,057	60,670	39,479
49,317	18,872	72,220	61,732	46,024	40,704	37,800	31,084	16,018
–	–	–	–	–	–	–	3,630	–
232,956	268,801	192,293	163,298	120,526	114,035	108,181	93,479	68,521
71,028	123,983	100,036	89,352	49,008	37,301	61,487	58,220	27,000
2,296	70,888	24,852	11,196	3,686	9,257	6,081	5,763	1,724
66,139	54,004	46,941	43,569	39,572	36,529	36,257	29,586	23,460
(95,348)	114,852	129,071	(50,514)	92,269	15,066	7,170	6,308	11,571
983,350	1,056,003	793,245	814,772	474,741	380,495	338,021	289,512	216,272
1,075	584	12,706	8,056	6,746	10,573	8,894	7,805	4,447
184,268	431,895	273,520	121,450	120,713	23,234	24,368	17,153	18,741
223,913	211,196	271,698	244,660	101,453	107,909	90,575	77,370	61,260
10.3	9.2	11.8	10.8	10.3	11.3	10.7	9.6	6.9
4.9	2.3	7.6	6.8	6.5	7.4	6.5	6.4	4.3
7.7	8.3	11.7	10.7	9.9	11.0	9.9	10.0	6.4
22.7	17.6	27.4	35.7	45.4	41.0	45.0	44.8	28.5
23.2	20.2	34.6	30.4	22.1	29.3	27.9	27.7	28.9
3.7	2.2	6.1	7.8	8.1	13.1	12.1	10.4	–
3.60	3.48	4.57	4.17	2.10	2.29	1.91	1.65	1.36
1.76	1.09	1.95	1.86	1.48	1.27	1.30	0.98	0.58
2.12	1.39	2.08	1.98	1.72	1.59	1.56	1.29	0.88
0.83	0.33	1.26	1.16	0.92	0.84	0.80	0.66	0.36
0.48	0.46	0.46	0.40	0.34	0.31	0.28	0.25	0.17
15.35	10.20	10.78	12.53	17.19	9.23	4.99	7.01	3.48
16.41	12.86	16.50	18.91	17.81	9.98	10.99	8.28	3.71
10.05	6.13	9.88	10.75	9.31	4.10	4.06	3.44	1.93
7,615	8,472	6,923	6,953	5,756	5,114	5,136	4,429	4,222
62,192	60,664	59,449	58,679	51,048	50,449	48,682	47,673	46,053

3) *Unlike preceding years the figures as from the year 1999 have been calculated based upon the weighted average number of outstanding shares.*

4) *As a result of the share split (4:1) in 2005, the historical figures have been restated.*

Glossary

Technical terms

2-D Seismic: *Acoustic measuring technology which uses single vessel-towed hydrophone streamers. This technique generates a 2-D cross-Article of the deep seabed and is used primarily when initially reconnoitring for the presence of oil or gas reservoirs.*

3-D Seismic: *Acoustic measuring technology which uses multiple vessel-towed long hydrophone stre amers. This technique generates a 3-D model of the deep seabed and is used to locate and analyse oil and gas reservoirs.*

AUV (Autonomous Underwater Vehicle): *An unmanned submersible launched from a 'mother-vessel' but not connected to it via a cable. Propulsion and control are autonomous and use pre-defined mission protocols.*

Construction Support: *Offshore services related to the installation and construction of structures such as pipelines, drilling platforms and other oil and gas related infrastructure, usually involving the use of ROVs.*

DGPS (Differential Global Positioning System): *A GPS based positioning system using territorial reference points to enhance accuracy.*

EM: *Electromagnetic.*

Gas hydrates: *mixture of semi-solid methane gas and water molecules that are created by water pressure and cold temperatures found deep in the ocean.*

Geophysics: *The mapping of subterranean soil characteristics using non-invasive techniques such as sound.*

Geoscience: *A range of scientific disciplines (geology, geophysics, petroleum engineering, bio stratification, geochemistry, etc.) related to the study of rocks, fossils and fluids.*

Geotechnics: *The determination of subterranean soil characteristics using invasive techniques such as probing, drilling and sampling.*

Glonass: *Global Navigation Satellite System.*

GPS: *Global Positioning System.*

Gravity: *Precision gravity measurements to detect geological and other anomalies.*

LiDAR: *a measuring system based on laser technology that can make extremely accurate recordings from an aircraft.*

LNG: *Liquified Natural Gas*

Multi client data: *Data collected at own risk and expense and sold to several clients.*

RoqSCAN: *RoqSCAN is a fully portable, automated, quantitative rock properties/ mineralogical analyser which has been developed exclusively by Fugro and Carl Zeiss for use at the oil and gas well site.*

ROV (Remotely Operated Vehicle): *Unmanned submersible launched from a vessel and equipped with measuring and manipulation equipment. A cable to the mother-vessel provides power, video and data communication.*

Seismic: *Acoustic measurement of seabed characteristics and stratification with the objective of detecting oil and gas. These measurements are conducted using specialised vessels equipped with powerful acoustic energy sources and long receiving streamers (hydrophones) to measure (sub) seabed acoustic echoes.*

Starfix: *DGPS positioning system, specifically for use offshore. This system is intended for the professional user and, in addition to a high degree of accuracy, is equipped with a wide range of data analysis and quality control possibilities.*

WTI: *West Texas Intermediate is a crude oil benchmar`k.*

Financial terms

Cash flow: *The profit for the period attributable to equity holders of the company plus depreciation, amortisation of intangible fixed assets and minority interest.*

Dividend yield: *Dividend as a percentage of the (average) share price.*

EBIT: *Result from operating activities.*

EBITDA: *Result from operating activities before depreciation and amortisation.*

Gearing: *Loans and borrowings plus bank overdraft minus cash and cash equivalents, divided by shareholders equity.*

Interest cover: *Result from operating activities (EBIT) compared with the net interest charges.*

Invested capital: *The capital made available to the Company, i.e. Group equity plus the available loans and the balance of current account deposits/withdrawals.*

Net profit margin: *profit as a percentage of Revenue.*

Pay-out ratio of the net result: *The pay-out ratio of the net result is defined as proposed dividend, multiplied by the number of shares entitled to dividend, divided by one thousand, divided by the net result.*

Private Placement: *Long-term financing (10 7 – 15 years), entered into in May 2002 and in August 2011 via private placements with American and British institutional investors.*

Return on invested capital: *EBIT divided by the average of the current and previous year of total assets less current liabilities.*

Solvency: *Shareholders' equity as a percentage of the balance sheet total.*

Colophon

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C&F Report Amsterdam B.V.

Photography and images:
Fugro N.V.

A Dutch translation of this annual report is available. In matters of any misinterpretation the official English annual report will prevail.

This annual report is also available on www.fugro.com.