HALF-YEAR REPORT 2014

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Fugro creates value by acquiring and interpreting Earth and engineering data and providing associated consulting services to support clients with their design and construction of infrastructure and buildings. Fugro also supports clients with the installation, repair and maintenance of their subsea infrastructure.

Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore employing approximately 13,500 employees in over sixty countries. In 2013 Fugro's revenue amounted to € 2.4 billion; Fugro is listed on Euronext Amsterdam and is included in the AEX-index.

Cautionary statement regarding forward-looking statements

This announcement 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 announcement are based on information currently available to Fugro's management. Fugro assumes no obligation to in each case make a public announcement if there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this announcement.

Fugro: Weak first half year 2014

Performance improvement initiatives in progress

Highlights

- First half-year revenue of EUR 1,186.9 million compared to EUR 1,167.9 million in first half of 2013. Year-on-year revenue growth at constant currencies of 6.2% or 7.9% excluding multi-client.
- Non-cash impairments and one-off write-offs of EUR 346.6 million due to weak results and the more challenging oil and gas market outlook. This was mostly related to the Geoscience division.
- EBIT margin, excluding non-cash impairments and one-off write-offs, was 2.1% which is significantly below last year. This was mainly due to poor performance across all divisions in the first quarter and continued losses in the Geoscience division in the first half year.
- Significant improvement of adjusted margin in the second quarter compared to the first quarter to the low-teens in the Geotechnical division and mid-teens in the Survey division.
- Excluding two exceptional incidents, the underlying margin in the Subsea division continues to develop positively.
- Performance improvement measures are in place and ongoing initiatives expedited.
- In the strategy implementation priority is being given to profitability and return on capital employed, whilst protecting market share.
- Cash flow generated from operating activities amounted to EUR 93.4 million.
- Financial position healthy with net debt/ EBITDA of 2.32.
- Backlog for the remainder of the year at EUR 1,210 million continues to be strong and is up 14.3% at constant currencies.

Paul van Riel, CEO*:* *'The particularly poor first quarter was followed by a much stronger quarter for the Geotechnical and Survey divisions. In the Subsea division, we are seeing a continued positive development of the margin when discounting for two exceptional incidents. In the second quarter the main disappointment were the high losses in the Geoscience division due to a weakened market and mobilisation delays in Seabed Geosolutions. A positive in the period was that Fugro further strengthened its position in emerging economies by completing the acquisition of two companies in Africa.*

We are facing a weakened oil and gas market, related to delays in large capital projects, and hence we have stepped up cost reduction and performance improvement initiatives at underperforming parts of our business. In our strategy implementation we are focusing on creating shareholder value by giving priority to margin and return on capital employed.

The actions currently being taken should further improve margin levels in the coming quarters and will position Fugro well to resume our growth initiatives when reserve replacement starts to come back on the agenda of the oil and gas companies.'

KEY FIGURES

The information in this report is unaudited

Reported (x EUR million)	**HY 2014**	**HY 2013**
Revenue[1]	1,186.9	1,167.9
reported growth	1.6%	
currency comparable growth[2]	6.2%	
EBIT excluding impairment and write-offs	24.9	133.1
EBIT margin excluding impairments and write-offs	2.1%	11.4%
Net result[3]	(267.7)	109.4
Net result (including discontinued operations) [3]	(270.6)	314.3
Cash flow from operating activities	93.4	62.9
Capex	134.2	139.0
Capital employed	2,491.7	2,828.7
Return on capital employed	(5.9%)	8.4%
Net debt/ EBITDA (last 12 months)	2.32	1.29
Backlog remainder of the year	1,210	1,083

Excluding multi-client	**HY 2014**	**HY 2013**
Revenue (x EUR million)	1,151.8	1,113.8
reported growth	3.4%	
currency comparable growth[2]	7.9%	
EBIT margin excluding impairments and write-offs	2.6%	10.4%
EBIT margin	(17.2%)	10.4%
Return on capital employed	(3.4%)	8.4%

1 multi-client sales HY 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued
2 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
3 profit for the period attributable to owners of the company
Refer to page 19 for a further explanation on the presentation of results

DEVELOPMENTS

The oil and gas market, from which Fugro generates around 75% of its revenue, has moved from a phase with emphasis on reserve replacement into a phase with emphasis on capital discipline. Oil companies, in particular the major international oil companies, are scrutinising their longer term projects and the growth of E&P spending by these companies has slowed. This is impacting certain business areas of Fugro, where it is resulting in project delays and even a few cancellations, more uncertainty on timing of project awards and start-up and price pressure. Fugro is countering these developments with stepped up emphasis on performance improvement. In addition, significant weakening of the seismic market is resulting in a drop in sales and significant reduction of profitability of the multi-client business.

The other important market for Fugro is infrastructure. The outlook for this market is unchanged: no or low growth in Europe and North America and good opportunities in the emerging economies. In the infrastructure market, Fugro continues with its growth plans.

PERFORMANCE IMPROVEMENT MEASURES

To deal with the margin pressure resulting from the changes in the oil and gas market, Fugro has stepped up its performance improvement initiatives. Underperforming parts of divisions are identified and will be fixed, disposed of, or closed down. The following initiatives are in progress:

- To improve performance of Seabed Geosolutions:
  - the modular Trilobit node crew has been demobilised
  - the electromagnetic activities have been closed down
  - the offices in Norway have been restructured.
- The aerial mapping business, which is part of the Survey division, is loss making (EUR 9 million in the first half of 2014) and is being restructured. In May, a reorganisation was initiated, reducing the number of offices and the number of personnel by around 25%.
- Performance on some long term Subsea contracts is unsatisfactory. When these contracts come up for renewal or extension, Fugro requires improved terms and conditions. If these are not achieved, and alternative deployment of assets and staff is not feasible, Fugro will restructure the operating units involved.
- Fugro is exploring options for the use of the Synergy vessel in the well intervention market.
- Fugro will reduce the number of separate legal entities and will move from end-to-end decentralised functional support in operating companies to country level shared service centres to reduce organisational cost and complexity and to improve collaboration, control and efficiency.
- Working capital, especially days of sales outstanding, requires significant improvement. The company has engaged a specialist consultant to support the improvement program. Clear areas of improvement have been identified and will be rolled out in the coming quarters.

STRATEGY

Fugro is reviewing elements of its strategy and will report on this at the upcoming Capital Markets Day in October. Key elements under consideration are:

- In light of the challenging market, the alternatives for Seabed Geosolutions are being reviewed. A key option is to transform its operations to a modular deployment model that results in a more flexible cost structure. This will reduce the effects of utilisation swings. Dependent on the development of the market, this transformation could be expedited, which would trigger restructuring charges and impairments.
- The Subsea business is gradually improving in line with the strategy update. Fugro will continue to focus the subsea activities on those market segments where synergies with other parts of Fugro exist.
- Capital expenditure is being reviewed to bring it in line with changing market conditions. Several new vessels will be postponed. This will result in a significant reduction of expansion capex from the earlier anticipated level of around EUR 225 million per year.
- When Fugro introduced its strategy update last year, it set strategic targets on growth, margin and return on capital employed. In view of the weakened oil and gas market, the priority has been shifted to margin improvement and returns enhancement whilst protecting market share. The strategic targets are being reviewed to take this into account.
- The impact of the cost saving and working capital improvement programs, that are part of the performance improvement measures, will also be incorporated into the strategic targets for margin and return on capital employed.

ACQUISITIONS

Roames

The Australian company Roames specialises in high-resolution mapping services and solutions for the electric power distribution sector. With this acquisition, Fugro acquired advanced technology that can be used to build improved, cost efficient 3D mapping solutions also for additional business areas, and internationally. This acquisition supports the repositioning of Fugro's Geospatial business line (part of the Survey division) to becoming a solutions provider as opposed to a data acquisition provider.

RailData

RailData (the Netherlands) specialises in the measurement of absolute and relative position of railway tracks and has developed a unique device that measures data in three dimensions. The acquisition fits with the strategy of the Survey division to build market share in corridor mapping. RailData generated revenues of EUR 1.2 million in 2013.

Earth Resources

Earth Resources is a drilling contractor providing specialised exploration drilling for mining operations and water wells and geotechnical drilling. The company is based in South Africa and is also active in other countries in Africa. In 2013, the company generated revenue of about EUR 5 million.

Geofor

Geofor is an onshore/ near shore geotechnical company which delivers drilling services and has highly specialised engineers and geologists in the fields of geotechnical consulting, hydrology, and land survey. With this acquisition, Fugro strengthened its presence in the Central Africa region and the French speaking African countries. The company has over 25 years of experience in infrastructure and water supply projects. In 2013, the company generated revenue of about EUR 25 million.

ORGANISATION

As part of its strategy to improve controls and performance, Fugro is strengthening its organisation by increasing regional cooperation and building an improved support organisation. Highlights are:

- A key step in the strategy is to implement a regional organisation to support collaboration, improve consistency and quality of services, provide better control and win more large projects. This will be completed before year end.
- To strengthen the financial function, the following has been achieved:
  - To further professionalise the internal audit function, a Head of Internal Audit has been appointed.
  - The corporate controlling team has been strengthened and the regional controlling team has been aligned with the new regional set-up.
  - A corporate treasurer will start in the fourth quarter.
  - The implementation of a new financial consolidation system is on track and will be launched at the end of this year.
  - The design of an internal control self-assessment framework is nearly complete and will be rolled out in the course of the fourth quarter.
  - The agent compliance program has been strengthened, and now includes an independent check of agents by a third party and includes a bi-annual agent self-assessment.
- The implementation of a single, centrally managed HR information system is well underway and is progressing according to plan; 54% of the Fugro employees are now on board.
- The company has revised its Code of Conduct; the new version will be launched in the third quarter.

OUTLOOK

Barring unforeseen circumstances, based on a strong backlog, the combined revenue of the Geotechnical, Survey and Subsea divisions is expected to continue to grow in the second half of this year relative to the comparable period last year. The combined EBIT margin of these three divisions is expected to improve from 7.0% (excluding the impairments and write-offs) in the first half-year of 2014 to the low teens in the second half of the year. The margin is expected to come in below the second half of 2013, when the margin was 14.1%, due to mix effects (less deep and ultra-deep water and higher share of lower margin wind farm work), ongoing margin pressure in certain parts of the Survey market and increased uncertainty on project timing and somewhat lower utilisation.

The market for Geoscience, both for Seabed Geosolutions and multi-client sales, is uncertain. Barring unforeseen circumstances, the revenue contribution from the Geoscience division is expected to grow in the second half of this year, and the margin should improve compared to the second half of 2013 and the first half of 2014. This outlook is based on reasonable utilisation of our resources in Seabed Geosolutions. If this is not achieved, the transformation to a full modular deployment model may be expedited which could lead to restructuring charges and impairments.

HIGHLIGHTS INCOME STATEMENT

Revenue

Revenue per division (x EUR million)	HY 2014	HY 2013	Reported growth	Currency comparable growth [1]
Geotechnical	365.6	335.1	9.1%	13.1%
Survey	424.2	442.2	(4.1%)	0.8%[3]
Subsea Services	264.6	289.4	(8.6%)	(4.9%)
Geoscience	132.5	101.2	30.4%	38.2%
of which Seabed Geosolutions	97.3	40.0	-	-
of which multi-client [2]	35.1	54.1	(35.1%)	(30.1%)
Total	**1,186.9**	**1,167.9**	**1.6%**	**6.2%**
Total excluding multi-client	**1,151.8**	**1,113.8**	**3.4%**	**7.9%**

1 reported revenue adjusted for exchange rate effect (including revenue from acquisitions and/or disposals)
2 multi-client sales HY 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued
3 4.8% when excluding EUR 16.6 million revenue contribution in HY13 from Chinese joint venture

Total revenues excluding multi-client increased by 7.9% at constant currency, mainly driven by the Geoscience and Geotechnical divisions. The increase in the Geotechnical division was driven by both onshore and offshore revenue growth. Revenue growth at Survey was impacted by the deconsolidation of the Chinese joint venture. Excluding this effect, revenue growth would have been 4.8% at constant currencies. Subsea Services revenue was impacted by an engine fire on the largest vessel in the fleet and a diver's strike in Brazil, which led to project interruptions. In Geoscience, revenue of Seabed Geosolutions increased due to increased utilisation of the ocean bottom cable (OBC) crews, partially offset by lower utilisation of the ocean bottom node (OBN) crews. Multi-client sales were significantly lower than last year.

Revenue growth HY 2014 compared to HY 2013	organic	exchange rate	acquisitions	disposals/ deconsoli-dations	total
Total	6.1%	(4.6%)	1.5%	(1.4%)	1.6%
Total excluding multi-client	7.9%	(4.6%)	1.6%	(1.5%)	3.4%

EBIT

EBIT per division (x EUR million)	HY 2014				HY 2013	
	reported		excluding impairments and write-offs		reported	
	EUR	margin	EUR	margin	EUR	margin
Geotechnical	12.7	3.5%	27.0	7.4%	39.7	11.8%
Survey	6.0	1.4%	50.0	11.8%	80.0	18.1%
Subsea Services	(48.4)	(18.3%)	(3.7)	(1.4%)	0.8	0.3%
Geoscience	(292.0)	-	(48.4)	(36.5%)	12.6	12.5%
of which Seabed Geosolutions	(172.5)	-	(47.0)	(48.3%)	*(20.1)*	*(50.3%)*
of which multi-client	*(123.2)*	-	(4.6)	(13.2%)	*17.0*	*31.4%*
Total	**(321.7)**	**(27.1%)**	**24.9**	**2.1%**	**133.1**	**11.4%**

EBIT was strongly impacted by non-cash impairments and one-off write-offs of EUR 346.6 million. Excluding these items, EBIT amounted to EUR 24.9 million compared to EUR 133.1 million last year. Excluding multi-client, it decreased from EUR 116.1 million to EUR 29.5 million.

In addition to the effects mentioned above, other significant items have impacted the divisional results as outlined in the Divisional Highlights. The first half year of 2013 included a positive effect of significant items of EUR 13.0 million (the sale of the technology licence of EUR 18.5 million in Geoscience partly offset by advisory costs of EUR 5.5 million).

Non cash-impairments and one-off write-offs (x EUR million)					
	Geotechnical	Survey	Subsea Services	Geoscience	Total
Goodwill Seabed				117.0	117.0
Intangibles multi-client data library				114.6	114.6
Property, plant and equipment	9.0	2.7	17.9	1.0	30.6
Goodwill Geospatial Services		38.3			38.3
Other intangibles	0.3	1.6		5.8	7.7
Total impairments	**9.3**	**42.6**	**17.9**	**238.4**	**308.2**
Onerous contract provision			26.0		26.0
Write-off receivables	5.0	1.4	0.8	5.2	12.4
Total	**14.3**	**44.0**	**44.7**	**243.6**	**346.6**

The total non-cash impairments and one-off write-offs amount to EUR 346.6 million. The reasons for the impairments and write-offs are as follows:

- Goodwill Seabed: disappointing sales and negative results, due to a deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances.
- Intangible assets multi-client data libraries: lagging sales due to delays in licensing rounds and a deteriorating oil and gas exploration market.

- Property plant and equipment:
  - trenching equipment: absence of firm contracts beyond 2014 and anticipated overcapacity in this market and resulting pricing pressure (Subsea Services).
  - other assets: due to expected decline in market circumstances and subsequent underutilisation (other divisions).
- Goodwill Geospatial Services: second loss making year for aerial mapping in combination with a deteriorated market outlook.
- Onerous contracts: a provision was accounted for a long term lease on a Subsea support vessel in addition to two loss making service contracts in Brazil.
- Receivables: Additional provisions were taken on bad debts, in particular related to a customer involved in insolvency proceedings and certain customers that were not compliant with long term overdue payment arrangements

(x EUR million)	**HY 2014**	**HY 2013**
EBIT	(321.7)	133.1
Net finance income/ (costs)	(19.3)	2.0
Share of profit in equity accounted investees	(5.1)	4.6
Income tax (expense)/ gain	51.8	(29.5)
Non-controlling interests	26.6	(0.8)
Net result	(267.7)	109.4

Net finance costs

The increase in net finance costs is driven by an increase in exchange rate variances of EUR - 10.4 million and a decrease of EUR 6.8 million mainly related to the revaluation of the warrant as part of the vendor loan to CGG.

Share of profit/ (loss) of equity accounted investees

The share of profit in equity accounted investees decreased by EUR 9.7 million, resulting in a loss of EUR 5.1 million. This result was related to the loss of an equity accounted investee reported by Seabed Geosolutions, partially offset by a profit in equity accounted investees held by the joint venture in China. For the first half of last year the results of this joint venture were not reported under equity accounted investees, as the results were still fully consolidated.

Income tax (expense) / gain

The income tax gain is EUR 51.8 million, which is attributable to the reported EBIT loss in the first half-year. The effective tax rate for the first half year 2014 amounts to 15.0% (on a loss) compared to 21.1% (on a profit) last year. Most of the non-cash impairments and one-off write-offs are tax deductible except for the goodwill impairments in The Netherlands and the United Kingdom.

Non-controlling interest

In the first half-year a loss (EUR 26.6 million) was reported on non-controlling interest compared to a gain (EUR 0.8 million) last year. The main driver of this result is the loss reported in Seabed Geosolutions in which Fugro has a 60% controlling interest. In addition, last year the figures included the joint venture with China Oilfield Services Limited which is now reported under equity accounted investees.

Net result

Net result was EUR 267.7 million negative, and net result including discontinued operations was EUR 270.6 million negative. The difference can be explained by an addition to the provision for tax indemnities and warranties related to the sale of the majority of the Geoscience division to CGG.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

(x EUR million)	HY 2014	HY 2013
Working capital	**445.5**	**676.1**
Inventories	*33.7*	*25.0*
trade and other receivables	*962.8*	*1,126.4*
trade and other payables	*(551.0)*	*(475.3)*
Days of sales outstanding	**116**	**116**

The 34.1% decrease in working capital was mainly related to a decrease in trade and other receivables and an increase in trade and other payables, as follows:

- Trade and other receivables decreased by EUR 163.6 million of which EUR 102.6 million is explained by early repayments received from CGG on the vendor loan. In addition, as at 30 June 2013 receivables amounting to EUR 18.5 million were included in the trade and other receivables regarding the sale of certain technology licenses, which were subsequently received.
- Trade and other payables increased by EUR 75.7 million mainly driven by the acquisition of Geofor, the share buyback program, and increased project activity.
- Inventory consists mainly of vessel fuel, and consumables and spares which increased by EUR 8.7 million compared to last year.

Capital expenditure (x EUR million)	HY 2014	HY 2013
Maintenance capex	49.8	48.7
Capex major assets	45.7	39.6
Capex major assets under construction	38.7	50.7
Total capex	**134.2**	**139.0**

Capital expenditure was similar to last year. It mainly consisted of capital expenditures for new built vessels, equipment and the new built geotechnical services office in the Netherlands (Nootdorp). The actual and expected start dates of operations of the new built vessels are outlined below. One vessel has started operation in the second quarter and the remaining vessels are expected to start operations towards the end of this year.

Committed fleet renewal/ expansion	Type of vessel	Expected/ actual start operations
Fugro Proteus	Survey	Q2 2014
Fugro Scout	Geotechnical	Q4 2014
Fugro Aquarius	Subsea	Q1 2015
Fugro Americas	Survey	Q4 2014
Fugro Pioneer	Survey	Q4 2014
Fugro Frontier	Survey	Q1 2015

Cash flow	HY 2014	HY 2013
Net cash from operating activities	93.4	62.9
Net cash flow from investing activities	(182.1)	578.1
Net cash from financing activities	49.6	(600.3)
Net cash movement	**(39.1)**	**40.7**

- Cash flow from operating activities increased by EUR 30.5 million compared to prior year, mainly related to changes in working capital. Last year's change in working capital was impacted by the first tranche of vendor loan (EUR 112.5 million) that was accounted for under other receivables. Cash flow from investing activities in the first half year mainly related to capex, as explained above, and acquisitions. Last year's number included the proceeds from the sale of the majority of the Geoscience division to CGG.
- This year, cash outflow from financing activities related to payment of dividends and repurchase of own shares, offset by increased borrowings. Last year proceeds from the majority of the divestment of the Geoscience division were used for repayment of borrowings and dividend payments.

Foreign currency

	HY 2014 End of June	HY 2014 Average	HY 2013 End of June	HY 2013 Average
US dollar	0.730	0.730	0.770	0.770
British pound	1.250	1.220	1.170	1.170
Australian dollar	0.690	0.670	0.710	0.770
Norwegian kroner	0.119	0.121	0.127	0.132

The currency translation difference related to foreign operations had a positive effect of EUR 35.7 million on equity per 30 June 2014 (30 June 2013: EUR 80.3 negative). The majority of the translation difference relates to the US dollar, Australian dollar, and Norwegian kroner.

BACKLOG

Backlog per division for remainder of the year (x EUR million)				
	HY 2014	HY 2013	Reported growth	Currency comparable growth [1]
Geotechnical	373	324	15.1%	17.5%
Survey	406	400	1.5%	3.9%
Subsea Services	297	238	24.8%	25.8%
Geoscience (Seabed Geosolutions) [2]	134	121	10.7%	17.0%
Total	**1,210**	**1,083**	**11.7%**	**14.3%**

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 given the project sizes, a probability factor is applied to the backlog of projects that are likely to be awarded. The 2013 numbers have been adjusted accordingly

The backlog for the remainder of the year remains strong with 14.3% currency comparable growth compared to last year. Of this backlog, 73% comprises definite orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 27% comprises projects that are highly likely to be awarded.

Backlog per division for next 12 months (x EUR million)				
	HY 2014	**HY 2013**	**Reported growth**	**Currency comparable growth[1]**
Geotechnical	499	449	11.1%	13.8%
Survey	640	591	8.3%	10.7%
Subsea Services	435	465	- 6.5%	- 5.5%
Geoscience (Seabed Geosolutions)[2]	248	193	28.5%	35.3%
Total	**1,822**	**1,698**	**7.3%**	**9.9%**

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 given the project sizes, a probability factor is applied to the backlog of projects that are likely to be awarded. The 2013 numbers have been adjusted accordingly

The backlog for the next 12 months is 9.9% up on a currency comparable basis. The drop in backlog of the Subsea Services division is caused by the fact that in the Asia Pacific region the very large project on the Great Western Flank will end in the second half of 2014.

Of this backlog, 66% comprises definite orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 34% projects that are highly likely to be awarded.

HIGHLIGHTS DIVISIONS

Geotechnical division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	365.6	335.1
reported growth	9.1%	
currency comparable growth[1]	13.1%	
EBIT excluding impairments & write-offs[2]	27.0	39.7
EBIT margin excluding impairments & write-offs[2]	7.4%	11.8%
Depreciation of tangible fixed assets	(21.1)	(21.0)
Capital employed	753.5	645.7
Backlog remainder of the year	373	324

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 9-10

General highlights

- The onshore activities reported a strong performance in the traditional infrastructure and energy markets. The growth was driven by the emerging Caspian and African markets.
- The offshore activities experienced a very challenging first quarter. Storms in the North Sea caused significant delays at several fixed price wind farm projects. These projects, mainly in shallow water, generated a significant number of non-compensated vessel days. In addition, the Fugro Synergy experienced operational issues over a 3 week period on a contract for Pemex in Mexico where deep water well de-risking was being performed for the first time.
- In Africa, Earth Resources and Geofor were acquired to grow Fugro's local presence and gain critical mass in the growing sub-Saharan region. In addition, offices were opened in Tanzania, Uganda and Ghana. This fits in our strategy to grow in the emerging economies.
- The division is continuing to build and consolidate its global consulting practice to better position its services for larger, complex multi-discipline projects.
- The vessel replacement program continued in the period as two older vessels were removed from service and were replaced by one long and one short term charter. The new built Fugro Scout was launched and is expected to start operations in the fourth quarter.

Financial performance

- Onshore revenue grew by 6.8% to EUR 219 million from EUR 205 million. The increase in offshore revenue by 13.1%, from EUR 130 million to EUR 147 million, was mainly due to good utilisation of the Fugro Synergy.
- The onshore margin improved compared to last year, driven by the emerging Caspian and African markets.
- The performance of the offshore activities was very weak in the first quarter due to operational issues on a project in Mexico and excessive uncompensated weather standby on wind farm work. In addition, the shallow water wind farm work has lower margins than deep water work while forming a larger part of the mix.
- The second quarter performance was significantly better than the first quarter, especially in offshore. Excluding impairments and write-offs, the divisional margin was in the low teens, in line with last year.
- Capital employed was EUR 107.8 million higher due to the acquisitions in Africa and capital expenditure related to the new vessels Fugro Voyager and Fugro Scout.

Survey division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	424.2	442.2
reported growth	(4.1%)	
currency comparable growth[1]	0.8%	
EBIT excluding impairments & write-offs [2]	50.0	80.0
EBIT margin excluding impairments & write-offs [2]	11.8%	18.1%
Depreciation of tangible fixed assets	(29.2)	(28.5)
Capital employed	584.0	608.4
Backlog remainder of the year	406	400

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 9 - 10

Business highlights

- The division was faced with a lack of geophysical and geospatial projects especially in North America. This was related to the severe weather conditions during the first quarter, but also to lower client demand, increased competition and project delays.
- Positioning, metocean and construction support showed a continuing good performance.
- The loss making aerial mapping business is being restructured, where a new business model will strengthen competitiveness through higher efficiency and cost savings. In May, a reorganisation was initiated, reducing the number of offices and personnel by around 25%. Aerial mapping is expected to return to profitability in the second half of 2015.
- The Australian Transport Safety Bureau has awarded Fugro contracts for the underwater search for the missing Malaysia Airlines flight 370. In June, the Fugro Equator started a bathymetric survey of the search area. Late September, the Fugro Discovery is expected to begin the deep tow detailed search phase with the Fugro Equator joining shortly thereafter.
- The new purpose-built survey vessel, the Fugro Proteus, was delivered, on time and on budget, late June and will start on a project in the Red Sea soon. The other vessels scheduled for 2014, the Fugro Pioneer, Fugro Americas and Fugro Frontier, are on track to be delivered still this year.
- Two acquisitions were completed to strengthen the geospatial business line.
- To strengthen its position in Africa, the division opened an expanded office in Angola with warehouse and laboratory facilities, and new offices in East Africa and Ghana.

Financial performance

- Currency comparable revenue growth amounted to 0.8%. This relatively low growth was mainly caused by low vessel utilisation and low production in aerial mapping, terrestrial surveys and geophysics in North America. In addition, the joint venture with China Oilfield Services Limited was deconsolidated per 23 August 2013 (generating EUR 16.6 million revenue in the comparable period last year); when adjusting for this, currency comparable revenue growth would have been 4.8%.
- The subdued revenue growth, pricing pressure in some of the business lines and increased costs for training, new hires and third party staffing, resulted in the strong decline in margin. The loss in aerial mapping was EUR 9 million compared to a EUR 5 million loss a year ago.
- The margin (excluding impairments and write-offs) in the second quarter was in the mid teens, significantly higher than in the first quarter.
- Capital employed decreased by 4.0% mainly due to the impairment on geospatial services.

Subsea Services division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	264.6	289.4
reported growth	(8.6%)	
currency comparable growth[1]	(4.9%)	
EBIT excluding impairments & write-offs [2]	(3.7)	0.8
EBIT margin excluding impairments & write-offs [2]	(1.4%)	0.3%
Depreciation of tangible fixed assets	(24.6)	(25.8)
Capital employed	576.8	636.5
Backlog remainder of the year	297	238

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 9-10

General highlights

- In the second quarter the division was confronted with two significant incidents: an engine room fire on the largest vessel in the fleet resulted in 7 weeks non-compensated downtime in Asia Pacific and a strike of 3 diving crews in Brazil that had an impact of 4 weeks. Both incidents were resolved in early July.
- Steady progress was made with the profit improvement plan. Ongoing profit improvement activities emphasise contract and project management. Optimised redistribution of the existing fleet is being considered. Year-on-year EBIT development, excluding impairments, write-offs and the above-mentioned incidents, shows steady positive progress.
- The division had a relatively low vessel utilisation in the first quarter due to adverse weather conditions in Europe and slow project initiation in Asia Pacific.
- Performance was good in the Middle East & India and in the global tooling business line. The trenching business was occupied with work at two wind farm sites and performed profitably.
- There was relatively low utilisation of the ROV fleet and air dive systems in Asia Pacific due to a slow construction market, which resulted in project delays.
- The Shell Malaysia inspection, repair and maintenance program started in the second quarter with two vessels. Similarly, project management and engineering on two installation projects were awarded in May by Woodside in Australia, and commenced in April.
- The backlog for the division for the remainder of the year is up 25.8% compared to a year ago, in part related to the Shell Malaysia IRM contract and additional scope on the large Woodside Great Western Flank project in Australia. However, the backlog for the coming 12 months is 6.5% lower, caused by the fact that the Great Western Flank will end. On this project a number of project specific third party vessels are contracted through Fugro.

Financial performance

- Revenue declined at constant exchange rates by 4.9%, mainly because of the relatively low vessel utilisation caused by adverse weather conditions in the first quarter and the down time caused by the engine room fire and diver’s strike in the second quarter.
- The fire and diver’s strike had a combined negative effect on EBIT of EUR 12 million. When adjusting for the impairments, write-offs and these significant items, EBIT for the half year increased from EUR 0.8 million to EUR 8.3 million, with an improved contribution from trenching on wind farm projects.
- Capital employed decreased by 9.4% mainly due to the impairments and write-offs.

Geoscience division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue[1]	132.5	101.2
Reported growth	30.9%	
currency comparable growth[2]	38.2%	
Revenue[1]	132.5	101.2
of which Seabed Geosolutions [3]	97.3	40.0
of which multi-client	35.1	54.1
EBIT excluding impairments & write-offs[5]	(48.4)	12.6[4]
of which Seabed Geosolutions	(47.0)	(20.1)
of which multi-client	(4.6)	17.0
EBIT margin excluding impairments & write-offs[5]	(36.5%)	12.5%[4]
of which Seabed Geosolutions	(48.3%)	(50.3%)
of which multi-client	(13.2%)	31.4%
Depreciation of tangible fixed assets	(12.9)	(9.4)
of which Seabed Geosolutions	(12.9)	(8.9)
of which multi-client		
Capital employed	577.4	938.1
of which Seabed Geosolutions	243.7	377.0
of which multi-client	245.3	400.2
Backlog remainder of the year (Seabed only)	134	121

1 multi-client sales HY 2013 exclude the sales in January (EUR 13 million) which were reported as discontinued
2 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
3 Seabed Geosolutions: 100% consolidated; started operations on 16 February 2013
4 includes EUR 18.5 million for sale of technology licence
5 see explanation impairments and write-offs on pages 9-10

General highlights

- During the period under review the market circumstances for seismic activities have deteriorated following capex reductions at the oil majors.
- For Seabed Geosolutions, increasing utilisation and improving scheduling are key to profitability. Since the start of the company per 16 February 2013, converting market interest into contracts and executing them sequentially has proven to be challenging and taking much longer than expected.
- During the half year, mobilisation started on 2 large ocean bottom cable projects (OBC, data acquisition using seabed cables), one of which was delayed by the client. In May production began on the contract for Petronas in Malaysia, which will take about half a year to complete. The other crew started producing in July on a large project that will run well into 2015.
- The two ocean bottom node (OBN) crews were faced with unplanned idle time during the period under review. Currently one crew is active. The modular Trilobit crew has been demobilised until market conditions improve.
- Client interest for the seismic data library is hampered by the general decline of the exploration market and by delays in exploration licencing rounds.

Financial performance

- Revenue of Seabed Geosolutions more than doubled from EUR 40.0 million to EUR 97.3 million. This is mostly related to higher activity in the SWOBC business (shallow water and ocean bottom cables) in which two projects have been generating revenue compared to no activity last year. The company started as per 16 February 2013.
- Multi-client sales were significantly lower than last year, despite a strong first quarter with strong Norwegian sales relating to last year’s 22nd licencing round.
- Losses in Seabed Geosolutions, excluding impairments and write-offs, increased further compared to the last year. This was caused by underutilisation of the OBN and OBC crews and various operational issues, in part, weather-related. These operational issues were related to the learning curve with the new Trilobit technology and with handling multiple mobilisations simultaneously.
- The EBIT loss from multi-client activities was caused by lower revenue, combined with linear and forced amortisation on top of sales amortisation.
- The EBIT of the division in the comparable period last year included a EUR 18.5 million gain on the sale of technology licences.
- The decline in capital employed mainly relates to the impairments taken during the period under review.

Appendix to Board Report (pages 3-19): presentation of results

Majority of the Geoscience activities sold per 31 January 2013

- Per 31 January 2013 Fugro sold its marine streamer seismic business to CGG
- Multi-client seismic library was retained by Fugro, but the related revenue (EUR 13 million in January 2013) was reported as discontinued up to and including 31 January 2013. As from 1 February 2013, multi-client revenue is included in continued operations.
- EBIT, net result and cash flow generated by multi-client business are part of continued operations during the entire period.
- Without explicit remarks, all figures in this press release relate to continued business and exclude January 2013 multi-client revenue.

Allocation of corporate expenses and finance income over the divisions

As per the 2013 annual results, formerly unallocated other corporate expenses and finance income have been allocated to the reported segment profit (or loss) pro-rate based on revenue. The historical numbers have been adjusted for comparison purposes.

Change in multi-client accounting policy

- To facilitate comparison with other companies with multi-client business, the book value of the library is presented as intangible asset rather than as inventory as disclosed in the annual report 2013
- This presentation change in the balance sheet has no impact on the results.

Definition (return on) capital employed

Capital employed in respect of the ROCE calculation is defined as average total equity plus net interest bearing debt. The vendor loan related to the divestment of the majority of the Geoscience business and the Seabed warrant are excluded. Return on capital employed (ROCE) is defined as NOPAT as a percentage of a three points average total equity plus net interest bearing debt. The three points consists of the last three reporting periods

Key figures excluding multi-client

These are provided for illustrative purpose as the multi-client activities are non-strategic going forward. The 2016 mid-term targets for the company are excluding multi-client.

Definition EBITDA and net debt/ EBITDA

- For the purpose of the bank covenants, net debt includes the bank guarantees.
- As a result of the change in accounting treatment of the multi-client library end 2013, the EBITDA calculation is amended to bring it in line with industry practice. This means that starting as per 30 June 2014, EBITDA comprises the result from operating activities before depreciation, amortisation (including amortisations of the multi-client data library) and impairments related to goodwill, intangibles and PP&E. The straight-line and sales-based amortisation of the multi-client data library as well as any one-off impairment of the library is now added back into EBITDA.

Change definition working capital

Working Capital is defined as the sum of inventories, trade and other receivables and trade and other payables. Previously, this was defined as current assets minus current liabilities. This adjustment was made to bring Working Capital independent from the financing structure of the company, which is in line with common business practice.

Risk management

Fugro's risk management policy is aimed at long-term sustainable management of its business. It is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures.
Good corporate governance and high ethical standards are a critical factor for achieving business objectives and managing risk. Fugro has made several significant steps to further strengthen its governance by implementing a regional structure and by strengthening the financial function and internal controls. Fugro has also updated its Code of Conduct which comprises the fundamental principles within Fugro for doing business. The intention of the Code of Conduct is to ensure compliance with laws and regulations, as well as with Fugro norms and values.

Taking risks is an inherent part of doing business. A structured risk management process allows management to take risks in a controlled manner. Management is responsible for identifying and assessing strategic, operational, compliance and financial risks. The annual report 2013 provides a description of these risks. The main risks concern:

Strategic

- Strong decrease of the oil price compared to the present level of around USD 110 per barrel (Brent) leading to project delays and lower investment by the oil and gas industry
- Economic and financial instability as a result of the financial crisis
- Political instability in countries and/or regions important to Fugro

Operational

- Increased contract size results in less predictable award and project scheduling which hampers optimal resource and asset utilisation
- Increased contract size and complexity results in higher financial and execution risk
- Project delays as a result of increased capital discipline results in award and start up delays impacting backlog, revenue generation and asset utilisation
- Weather related risk which can impact utilisation of our assets
- Pressure on prices by clients as a result of lower demand and/or overcapacity in certain market segments
- Offshore operations in a number of regions around the globe are vulnerable to acts of piracy
- Cuts in government spending
- Technical and safety project execution risks

Compliance

- Fugro's global presence exposes the company to regional and local regulatory changes that may impact the realization of business opportunities including the risk of (temporarily) not being compliant with local laws and regulations
- Fugro operates in certain parts of the world where there is risk of bribery. Fugro has taken additional anti-bribery measures which now include external screening of its agents and the requirement on agents to carry out bi-annual self-assessments.

Financial

- Currency risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Commodity price risk

- Covenant breach risk
- Tax

Fugro is exposed to fluctuations in exchange rates, especially between the USD, GBP, NOK, AUD and the EUR which can impact equity and profitability. In the annual report 2013 a table with sensitivities to the various exchange rates is included. The credit risk creates exposures for Fugro in relation to accounts receivable with customers and loan repayment by business partners. A default by counterparties can have a material adverse effect on operating results. Fugro is exposed to interest rate risk, particularly in relation to its long-term revolving credit facility. Negative developments impacting the global liquidity markets could affect the ability of Fugro to raise or refinance debt in the capital markets or could lead to significant increases in the cost of such borrowing in the future. Fugro is exposed to fluctuations in commodity prices. If e.g. Fugro is not able to compensate for, or pass on, its increased fuel costs to customers, such price increases could have an adverse impact on operating results. Fugro is exposed to the risk of breaching the covenants with its lenders, which could lead to higher interest payments or demands for (partial) repayment of debt. Fugro operates in countries where tax rules and interpretations can be subject to rapid change which exposes Fugro to the risk of unforeseen tax costs.

The risk overview above may not include all the risks that may ultimately affect Fugro. Some risks not yet known to Fugro, or currently believed not to be material, could ultimately have a major impact on Fugro' businesses, objectives, revenues, income, assets, liquidity or capital resources.

Board of Management declaration pursuant to section 5:25d, paragraph 2 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht)

The Board of Management hereby declares that, to the best of their knowledge:

- the consolidated interim financial statements in this half-yearly report 2014 have been prepared in accordance with IAS 34 (Interim Financial Reporting) and give a true and fair view of the assets, liabilities, financial position and the result of Fugro N.V. and its consolidated companies included in the consolidation as a whole; and
- the interim management report in this half-yearly report 2014 gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Leidschendam, 10 August 2014
P. van Riel, Chairman Board of Management/Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer
W.S. Rainey, Director Geotechnical division
S.J. Thomson, Director Subsea Services/Geoscience division

Contents Consolidated interim financial statements

Consolidated statement of comprehensive income

(EUR x million)	Six months ended 30 June	
unaudited	**2014**	**2013**
Revenue	1,186.9	1,167.9
Third party costs	(586.1)	(477.9)
Net revenue own services (revenue less third party costs)	600.8	690.0
Other income	8.3	33.7
Personnel expenses	(389.4)	(378.7)
Depreciation	(87.9)	(84.7)
Amortisation	(7.2)	(4.7)
Impairments	(308.2)	_
Other expenses	(138.1)	(122.5)
Results from operating activities (EBIT)	(321.7)	133.1
Finance income	6.4	9.5
Finance expenses	(25.7)	(7.5)
Net finance income/(costs)	(19.3)	2.0
Share of profit/(loss) of equity-accounted investees (net of income tax)	(5.1)	4.6
Profit before income tax	(346.1)	139.7
Income tax (expense)/gain	51.8	(29.5)
Profit/(loss) for the period from continuing operations, net of income tax	(294.3)	110.2
Profit/(loss) for the period from discontinued operations, net of income tax	(2.9)	204.9
Profit/(loss) for the period	(297.2)	315.1
Attributable to:		
Owners of the Company (net result)	(270.6)	314.3
Non-controlling interests	(26.6)	0.8
Profit/(loss) for the period	(297.2)	315.1

(EUR x million)	Six months ended 30 June	
unaudited	**2014**	**2013**
Basic earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
From continuing operations (EUR)	(3.31)	1.35
From discontinued operations (EUR)	(0.03)	2.52
From profit/(loss) for the period	(3.34)	3.87
Diluted earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
From continuing operations (EUR)	(3.30)	1.34
From discontinued operations (EUR)	(0.03)	2.50
From profit/(loss) for the period	(3.33)	3.84
Profit/(loss) for the period	(297.2)	315.1
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit plan actuarial gains/(losses)	(10.2)	0.5
Total items that will not be reclassified to profit or loss	(10.2)	0.5
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences of foreign operations	36.2	(80.2)
Foreign currency translation differences of equity-accounted investees	0.1	0.2
Net change in fair value of hedge of net investment in foreign operations	(3.0)	(4.2)
Net change in fair value of cash flow hedges transferred to profit or loss	0.3	0.3
Translation reserve recycled to profit	-	6.5
Net change in fair value of available-for-sale financial assets	(0.5)	(0.2)
Total items that may be reclassified subsequently to profit or loss	33.1	(77.6)
Total other comprehensive income (net of income tax)	22.9	(77.1)
Total comprehensive income for the period	(274.3)	238.0

(EUR x million)	Six months ended 30 June	
unaudited	**2014**	**2013**
Total comprehensive income for the period	(274.3)	238.0
Attributable to:		
Owners of the Company	(248.2)	237.1
Non-controlling interests	(26.1)	0.9
Total comprehensive income for the period	(274.3)	238.0
Total comprehensive income attributable to owners of the Company arises from:		
Continuing operations	(245.3)	26.2
Discontinued operations	(2.9)	210.9
	(248.2)	237.1

The other comprehensive income for the first six months of 2014 includes no defined benefit plan actuarial results and foreign currency translation differences of foreign operations relating to the discontinued operations. The defined benefit plan actuarial gain for the first six months of 2013 was EUR 0.5 million. The foreign currency translation differences amounted to EUR 1.0 million (negative) for the first six months 2013 for the discontinued operations.

The notes on pages 32 to 48 are an integral part of these consolidated interim financial statements.

Consolidated statement of financial position

(EUR x million) unaudited	30 June 2014	31 December 2013	30 June 2013*
Assets			
Property, plant and equipment	1,170.3	1,129.9	1,164.9
Intangible assets	914.6	1,137.2	1,189.7
Investments in equity-accounted investees	47.1	52.7	32.8
Other investments	108.1	150.6	30.1
Deferred tax assets	109.9	49.6	39.7
Total non-current assets	2,350.0	2,520.0	2,457.2
Inventories	33.7	27.6	25.0
Trade and other receivables	962.8	867.5	1,126.4
Current tax assets	45.9	51.3	41.5
Cash and cash equivalents	174.1	164.2	126.3
Assets classified as held for sale	-	-	83.6
Total current assets	1,216.5	1,110.6	1,402.8
Total assets	3,566.5	3,630.6	3,860.0

* The comparative figures have been adjusted to reflect the change in presentation of the multi-client data libraries as intangible assets previously presented as inventories as disclosed in the Annual Report 2013.

(EUR x million) unaudited	30 June 2014	31 December 2013	30 June 2013*
Equity			
Share capital	4.3	4.2	4.1
Share premium	431.1	431.2	431.3
Other reserves	(449.3)	(447.8)	(325.4)
Retained earnings	1,982.8	1,609.1	1,612.3
Unappropriated result	(270.6)	428.3	314.3
Total equity attributable to owners of the Company	1,698.3	2,025.0	2,036.6
Non-controlling interests	57.8	85.9	118.2
Total equity	1,756.1	2,110,9	2,154.8
Liabilities			
Loans and borrowings	850.9	689.0	720.9
Employee benefits	104.6	95.0	88.9
Provisions	49.6	0.3	0.2
Deferred tax liabilities	27.6	38.2	19.5
Total non-current liabilities	1,032.7	822.5	829.5
Bank overdraft	140.3	92.1	250.2
Loans and borrowings	0.2	31.6	30.0
Trade and other payables	551.0	483.7	475.3
Other taxes and social security charges	40.7	41.5	47.2
Current tax liabilities	45.5	48.3	59.3
Liabilities classified as held for sale	-	-	13.7
Total current liabilities	777.7	697.2	875.7
Total liabilities	1,810.4	1,519.7	1,705.2
Total equity and liabilities	3,566.5	3,630.6	3,860.0

* The comparative figures have been adjusted to reflect the change in presentation of the multi-client data libraries as intangible assets previously presented as inventories as disclosed in the Annual Report 2013.

The notes on pages 32 to 48 are an integral part of these consolidated interim financial statements.

Consolidated statement of changes in equity

(EUR x million)										
unaudited	**Share capital**	**Share premium**	**Translation reserve**	**Hedging reserve**	**Reserve for own shares**	**Retained earnings**	**Unappro-priated result**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	4.2	431.2	(158.1)	(1.1)	(288.6)	1,609.1	428.3	2,025.0	85.9	2,110.9
Total comprehensive income for the period: profit/(loss)							(270.6)	(270.6)	(26.6)	(297.2)
Other comprehensive income										
Foreign currency translation differences of foreign operations			35.7					35.7	0.5	36.2
Foreign currency translation differences of equity-accounted investees			0.1					0.1		0.1
Net change in fair value of hedge of net investment in foreign operations			(3.0)					(3.0)		(3.0)
Defined benefit plan actuarial gains/(losses)						(10.2)		(10.2)		(10.2)
Net change in fair value of cash flow hedges transferred to profit or loss				0.3				0.3		0.3
Net change in fair value of available-for-sale financial assets						(0.5)		(0.5)		(0.5)
Total other comprehensive income (net of income tax)			**32.8**	**0.3**		**(10.7)**		**22.4**	**0.5**	**22.9**
Total comprehensive income for the period			**32.8**	**0.3**		**(10.7)**	**(270,6)**	**(248,2)**	**(26,1)**	**(274.3)**
Transactions with owners of the company, recognised directly in equity										
Contributions by and distribution to owners of the Company										
Share-based payments						5.9		5.9		5.9
Share options exercised					5.5			5.5		5.5
Addition to reserves						378.5	(378.5)	–		–
Own shares purchased and stock dividend	0.1	(0.1)			(40.1)			(40.1)		(40.1)
Dividends to shareholders							(49.8)	(49.8)	(2.0)	(51.8)
Total contributions by and distribution to owners of the Company	0.1	(0.1)			(34.6)	384.4	(428.3)	(78.5)	(2.0)	(80.5)
Balance at 30 June 2014 (unaudited)	**4.3**	**431.1**	**(125.3)**	**(0.8)**	**(323.2)**	**1,982.8**	**(270.6)**	**1,698.3**	**57.8**	**1,756.1**

(EUR x million)										
unaudited	**Share capital**	**Share premium**	**Translation reserve**	**Hedging reserve**	**Reserve for own shares**	**Retained earnings**	**Unappro-priated result**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	4.1	431.3	5.7	(1.7)	(168.6)	1,396.1	289.8	1,956.7	21.6	1,978.3
Total comprehensive income for the period: profit/(loss)							314.3	314.3	0.8	315.1
Other comprehensive income										
Foreign currency translation differences of foreign operations			(80.3)					(80.3)	0.1	(80.2)
Foreign currency translation differences of equity-accounted investees			0.2					0.2		0.2
Net change in fair value of hedge of net investment in foreign operations			(4.2)					(4.2)		(4.2)
Defined benefit plan actuarial gains/(losses)						0.5		0.5		0.5
Net change in fair value of cash flow hedges transferred to profit or loss				0.3				0.3		0.3
Translation reserve recycled to comprehensive income			6.5					6.5		6.5
Net change in fair value of available-for-sale financial assets						(0.2)		(0.2)		(0.2)
Total other comprehensive income (net of income tax)			(77.8)	0.3		0.3		(77.2)	0.1	(77.1)
Total comprehensive income for the period			(77.8)	0.3		0.3	314.3	237.1	0.9	238.0
Transactions with owners of the company, recognised directly in equity										
Contributions by and distribution to owners of the Company										
Share-based payments						6.7		6.7		6.7
Share options exercised					4.0			4.0		4.0
Addition to reserves						209.2	(209.2)	–		–
Own shares purchased and stock dividend					(87.3)			(87.3)		(87.3)
Dividends to shareholders							(80.6)	(80.6)	(3.4)	(84.0)
Non-controlling interest arising on establishment of Seabed Geosolutions B.V.								–	99.1	99.1
Total contributions by and distribution to owners of the Company					(83.3)	215.9	(289.8)	(157.2)	95.7	(61.5)
Balance at 30 June 2013 (unaudited)	4.1	431.3	(72.1)	(1.4)	(251.9)	1,612.3	314.3	2,036.6	118.2	2,154.8

Consolidated statement of cash flows

(EUR x million)	Six months ended 30 June	
unaudited	**2014**	**2013***
Cash flows from operating activities		
Profit/(loss) for the period	(294.3)	110.2
Adjustments to reconcile profit/(loss) for the period to net cash generated by operating activities:		
Depreciation and amortisation (including multi-client data libraries)	122.2	133.5
Impairments	308.2	-
Share of profit of equity-accounted investees (net of income tax)	5.1	4.6
Gain on sale of property, plant and equipment	(1.6)	0.1
Equity settled share-based payments	5.9	6.7
Change in provisions and employee benefits	26.4	(1.7)
Income tax expense	(51.8)	29.5
Income tax paid	(13.4)	(36.0)
Finance income and costs	14.2	7.6
Interest paid	(19.3)	(22.5)
Operating cash flows before changes in working capital	101.6	232.0
Change in inventories	(3.9)	(1.0)
Change in trade and other receivables	(66.9)	(263.4)
Change in trade and other payables	62.6	95.3
Changes in working capital	(7.4)	(169.1)
Net cash generated from operating activities	93.4	62.9
Cash flows from investing activities		
Proceeds from sale of interests in business, net of cash disposed of	28.1	737.5
Acquisition of intangible assets	(7.5)	–
Internally developed intangible assets	(16.7)	(37.0)
Capital expenditures on property, plant and equipment	(134.2)	(139.0)
Proceeds from sale of property, plant and equipment	2.4	2.3
Acquisition of businesses, net of cash acquired	(65.2)	4.3
Proceeds from sale of other investments	-	1.3
Interest received	9.5	8.7
Dividends received	1.5	-
Net cash provided by (used in) investing activities	(182.1)	578.1

(EUR x million)	Six months ended 30 June	
unaudited	**2014**	**2013***
Cash flows before financing activities	(88.7)	641.0
Cash flows from financing activities		
Proceeds from the issue of loans and borrowings	167.1	–
Repurchase of own shares	(29.6)	(87.3)
Paid consideration for the exercise of share options	(5.5)	(4.0)
Proceeds from the sale of own shares	11.2	8.0
Repayment of borrowings	(41.8)	(433.0)
Dividends paid	(51.8)	(84.0)
Net cash provided by (used in) financing activities	49.6	(600.3)
Change in cash flows from continuing operations	(39.1)	40.7
Cash flows from discontinued operations		
Cash flows from operating activities	–	0.9
Change in cash flows from discontinued operations	–	0.9
Net increase/(decrease) in cash and cash equivalents	(39.1)	41.6
Cash and cash equivalents at 1 January	72.1	(161.0)
Effect of exchange rate fluctuations on cash held	0.8	(0.2)
Cash and cash equivalents at period-end	33.8	(119.6)
Presentation in the statement of financial position		
Cash and cash equivalents	174.1	126.3
Bank overdraft	(140.3)	(250.2)
Cash and cash equivalents (classified as held for sale)	–	4.3
	33.8	(119.6)

*adjusted for comparison purposes

The notes on pages 32 to 48 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

General
Fugro N.V., hereinafter to be referred to as ‘Fugro’ or ‘the Company’, has its corporate seat in Leidschendam, the Netherlands. The address of the Company’s principal office is Veurse Achterweg 10, 2264 SG Leidschendam, the Netherlands. The consolidated interim financial statements of Fugro as at and for the six months ended 30 June 2014 include Fugro and its subsidiaries (together referred to as the ‘Group’) and the Group’s interests in equity accounted investees.

Fugro creates value by acquiring and interpreting earth and engineering data and providing associated consulting services to support clients with their design and construction of infrastructure and buildings. Fugro also supports clients with the installation, repair and maintenance of their subsea infrastructure. Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore. Fugro is listed on Euronext Amsterdam and is included in the AEX-Index.

Basis of preparation
These consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, ´Interim Financial Reporting´. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Fugro N.V. as at and for the year ended 31 December 2013, which has been prepared in accordance with IFRS as endorsed by European Union. The Annual Report 2013 (including the consolidated financial statements as at and for the year ended 31 December 2013) of Fugro is available upon request at the Fugro office, Veurse Achterweg 10, Leidschendam and also available at www.fugro.com. The official language for the financial statements is the English language as approved by the Annual General Meeting of Shareholders on 10 May 2011.

On 10 August 2014, the Board of Management authorised the consolidated interim financial statements for issue. Publication is on 11 August 2014. The consolidated interim financial statements have been reviewed, not audited.

Significant accounting policies
The accounting policies applied by the Group in these consolidated interim financial statements are the same accounting policies and methods of computation as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013, except for the following:

IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’, IFRS 12 ‘Disclosure of Interests in Other Entities’ and revised standards IAS 27 ‘Separate Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ are adopted as from 1 January 2014 with retrospective effect. The standards reinforce the principles for determining when an investor controls another entity, can amend in certain cases the accounting for arrangements where an investor has joint control and can introduce changes to certain disclosures. The impact of these new and revised standards has been assessed and reviewed previously and the adoption has no significant effect on the financial statements of the Group.

New standards
There are no other new standards and interpretations published and endorsed in the first half year of 2014 which could be applicable for the Group.

Consolidated statement of cash flows

As from 2014, Fugro decided to group and combine, where appropriate, certain line items in the consolidated statement of cash flows, with the purpose to further increase the readability and accessibility of this statement. Some line items have also been renamed for clarity purposes. The basis of preparation of the consolidated statement of cash flows has not changed. Also, this has no effect on the net cash generated from and/or used in the distinguished operating, investing and financing activities. The comparative numbers have been adjusted for comparison reasons.
Furthermore, the comparative figures for the six months ended 30 June 2013 have been adjusted following the change in presentation of the multi-client data libraries as intangible assets previously reported as inventories as disclosed in the Annual Report 2013 of Fugro N.V.

Estimates

Preparation of the consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2013.

Operating segments

Information about reportable segments for the six months ended 30 June

(EUR x million)	**Geotechnical**		**Survey**		**Subsea Services**		**Geoscience**		**Total**	
	2014	**2013***	**2014**	**2013***	**2014**	**2013***	**2014**	**2013***	**2014**	**2013***
Segment revenue	389.9	359.4	460.4	475.8	277.3	321.1	132,5	187.9	1,260.1	1,344.2
Of the inter-segment revenue	24.3	24.3	36.2	33.6	12.7	32.1	-	2.4	73.2	92.4
Revenue	365.6	335.1	424.2	442.2	264.6	289.0	132.5	185.5	1,186.9	1,251.8
Impairments **	9.3	-	42.6	-	17.9	-	238.4	-	308.2	-
Reportable segment profit/(loss) before income tax	10.5	42.1	8.1	85.5	(52.5)	(4.3)	(312.2)	17.5	(346.1)	140.8
Reportable segment assets	1,016.7	889.2	994.2	1,028.3	747.5	776.4	808.1	1,166.1	3,566.5	3,860.0
Reportable segment liabilities	450.4	371.6	518.5	416.5	326.7	323.4	514.8	593.7	1,810.4	1,705.2

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Geoscience segment for the six months ended 30 June

(EUR x million)	Continued		Discontinued		Total	
	2014	2013*	2014	2013*	2014	2013*
Revenue	132.5	103.4	-	84.5	132.5	187.9
Of which inter-segment revenue	-	1.8	-	0.6	-	2.4
Revenue	132.5	101.6	-	83.9	132.5	185,5
Impairments **	238.4	-	-	-	238.4	-
Reportable segment profit/(loss) before income tax	(312.2)	16.4	-	1.1	(312.2)	17.5
Reportable segment assets	808.1	1,082.2	-	83.5	808.1	1,166.1
Reportable segment liabilities	514.8	580.0	-	13.7	514.8	593.7

* all other corporate expenses and finance income are allocated to the reportable segment profit (or loss) before income tax of the respective operating segments pro-rate based on net revenue. Assets that are used by more than one operating segment and liabilities that relate to more operating segments are pro-rate allocated based on net revenues to the respective reporting segments as well. The comparable figures for last year have been adjusted for comparison purposes. For the six months period ended 30 June 2013, total unallocated other corporate expenses and finance income amounted to EUR 28.3 million (negative) and EUR 17.9 million (positive) respectively have been allocated. Total unallocated assets and liabilities amounted to EUR 289.3 million and EUR 28.6 million (positive) respectively as at 30 June 2013 have been allocated.
** impairments form part of the reportable segment profit/(loss) before income tax. Reference is made to the separate disclosure note on impairments

Reconciliation of reportable segment profit or loss for the six months ended 30 June

(EUR x million)	2014	2013
Total profit/(loss) for reportable segments before income tax	(346.1)	140.8
(Profit)/loss from discontinued operations before income tax	_	(1.1)
Profit/(loss) for the period from continuing operations before income tax	(346.1)	139.7

Seasonality of operations

Fugro's revenue in the second half is in general higher than the revenue in the first half of the calendar year.

Business combinations

On 28 February 2014, Fugro acquired 100% of the shares of Roames Asset Services Pty Limited (Roames), based in Brisbane, Australia. Roames specialises in high-resolution mapping services and solutions for the electricity distribution sector. It uses airborne sensors to generate accurate 3D models of electric power transmission networks and surrounding vegetation. Roames employs 5 persons and forms part of the Survey division.

On 30 April 2014, Fugro acquired 100% of the shares of RailData B.V. (RailData). RailData is specialised in the measurement of absolute and relative position of railway tracks. RailData employs 12 specialists and forms part of the Survey division.

On 4 June 2014, Fugro acquired 100% of the shares of Earth Resources (Pty) Ltd. (Earth Resources), based in Johannesburg. Earth Resources is a drilling contractor providing highly specialised exploring drilling for mining operations, water wells and geotechnical drilling. The company has some 120 employees. Earth Resources forms part of the Geotechnical division.

On 27 June 2014, Fugro acquired 100% of the shares of Geofor International SA (Geofor) and its subsidiaries. Geofor is based in the Central African region. Geofor is an onshore/ nearshore geotechnical company which delivers drilling services and has highly specialised engineers and geologists in the fields of geotechnical consulting, hydrology, and land survey. The company has around 450 employees. Geofor forms part of the Geotechnical division.

The total fair value of the net assets acquired amounts to EUR 25.9 million and the total consideration amounts to EUR 61.6 million. The goodwill amounts to EUR 35.7 million.

The acquisitions have the following, provisionally determined, effect on the Group's assets and liabilities:

(EUR x million)	**2014**
Property, plant and equipment	13.9
Intangible assets	9.5
Other investments	0.4
Deferred tax assets	0.1
Inventories	2.2
Trade and other receivables	19.4
Current tax assets	0.1
Cash and cash equivalents	(5.1)
Deferred tax liabilities	(0.8)
Loans and borrowings	(2.2)
Trade and other payables	(11.6)
Total net identifiable assets and liabilities	25.9
Goodwill on acquisition	35.7
Consideration	61.6
Cash (acquired)/disposed of	5.1
Contingent consideration	1.5
Net cash outflow	65.2

The acquisitions have been combined in the table above as none of these individually is considered to be material.

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 contingent consideration arrangement requires the Company to pay the former owners a total estimated amount of EUR 1.5 million. The expected payment is determined by considering the possible scenarios of forecasted EBITDA, the amount to be paid under each scenario and the probability of each scenario. A change in the forecasted EBITDA and revenue is not expected to have a significant effect on the liability.
Following one of the transactions, an amount of EUR 5.0 million has been accrued for, separate from the business combination, in relation to post-combination employee services.

The acquisitions contributed EUR 4.3 million to the revenue of the group for the six months period ended 30 June 2014. If these acquisitions had been effected as from 1 January 2014, the revenue would have been EUR 15.9 million. The net result of the acquisitions amounts to EUR 0.1 million (negative). On a half year basis this would amount to EUR 2.3 million (negative).

Acquisition-related costs of EUR 1.0 million have been charged to other expenses in the consolidated statement of comprehensive income for the period-end.

The fair value of the assets and liabilities of prior year acquisitions has not changed materially following the finalisation of the purchase price allocation procedures.

Impairments

Fugro tests its assets for impairment on a yearly basis and whenever there is an indication that the assets might be impaired.

For the first six months of 2014, the following impairments have been identified:

(EUR x million)	**Six months ended 30 June**	
	2014	**2013**
Goodwill Seabed	117.0	-
Multi-client data libraries (MCDL)	114.6	-
Goodwill Geospatial Services	38.3	-
Property, plant and equipment (PP&E)	30.6	-
Other intangibles	7.7	-
Total	308.2	-

In June 2014, Fugro recorded an impairment loss in relation to its Seabed business operations for an amount of EUR 123.4 million as a result of multiple impairment indications including disappointing sales and negative results, due to a deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances. This has resulted in a downward adjustment on the projected future cash flows.

The impairment loss relates to the cash-generating unit Seabed Geosolutions included in the operating segment Geoscience. The total impairment loss relating to goodwill amounts to EUR 117.0 million. The impairment loss of EUR 6.4 million on (in)tangible assets associated with a terminated business line is included in the PP&E and Other intangibles detailed above. The total impairment loss amounts to EUR 123.4 million of which EUR 113.2 million is attributable to owners of the Company.

The recoverable amount of this CGU is EUR 299.0 million, which has been determined based on a value in use calculation. The pre-tax discount rate used is 12.3%.

Fugro recorded an impairment on the MCDL intangible assets for an amount of EUR 114.6 million, as a result of lagging financial performance of the MCDL business, delays in licensing rounds, a deteriorating oil and gas exploration market, and a resulting downward adjustment on the projected future cash flows. The impairment is recognized on 3D libraries only and in all MCDL geographical areas and can be split as follows:

- Australia: 53%
- Norway: 12%
- USA: 35%

The recoverable amount of the MCDL is EUR 250.0 million, which has been determined based on a value in use calculation up to a 5-year period in which the data is expected to be marketed. The pre-tax discount rate used is 8.5%.

Fugro recorded an impairment loss on the goodwill in relation to its Geospatial services business operation for an amount of EUR 38.3 million. The Geospatial services business performed less than expected due to poor market conditions. In May 2014, a restructuring programme has been announced that has subsequently commenced. The recoverable amount of this CGU is EUR 42.9 million, which has been determined based on a value in use calculation. The pre-tax discount rate used is 11.4%.

An impairment loss on property, plant and equipment has been recorded of EUR 30.6 million mainly on certain trenchers and drilling equipment as a result of poor market outlooks. The recoverable amounts are based on both fair value less costs of disposal and value in use calculation. The pre-tax discount rate used which was used for the value in use calculation is 13.6%. The fair value less cost of disposal was based on bids received as well as market/broker quotes prepared by an independent external valuator. Management considers the value to be within level 3 of the fair value hierarchy.

Provisions

Fugro has accounted for certain tax indemnities and warranties in respect of the sale of the majority of the Geoscience activities to CGG for liabilities arising from tax exposures amounting to EUR 22.5 million as at 30 June 2014 (31 December 2013: EUR 19.5 million). Previously, these indemnities were included in trade and other payables. An amount of EUR 2.9 million was added to the provision in the first six month of 2014, which costs form part of the result on disposal of the majority of the Geoscience operations. Furthermore, a provision of EUR 26.9 million has been accounted for in respect of an onerous vessel lease contract and an onerous customer service contract as at 30 June 2014. The related onerous contract costs have been included in third party costs.

Taxes

Current tax

Current income tax expense is based on the estimated taxable profit for the interim periods, adjusted for significant non-deductible items in the interim periods.

The Group's consolidated effective tax rate for the six months ended 30 June 2014 from continuing operations is 15.0% (for the six months ended 30 June 2013: 21.1%). The change in effective tax rate was mainly caused by the change in the geographical composition of taxable income and impairments taken in 2014. Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Deferred tax
The amount of deferred tax is based on the expected manner of realisation or settlement.
The primary components of the entity's recognised deferred tax assets are temporary differences related to property, plant and equipment, employee benefits and the tax value of recognised losses carried-forward.

The primary components of the entity's deferred tax liabilities are temporary differences related to intangible assets, property, plant and equipment and inventories. In the first six months of 2014, total deferred tax directly recognised in equity was EUR 2.3 million (first six months 2013: EUR 0.8 million), which related to the defined benefit actuarial losses.

Property, plant and equipment

Acquisitions and disposals
In the first six months of 2014, the Group acquired assets (under construction) with a cost value of EUR 134.2 million (first six months of 2013: EUR 139.0 million) excluding assets acquired through business combinations. Assets with a carrying amount of EUR 4.2 million were disposed of in the first six months of 2014 (first six months of 2013: EUR 2.3 million), resulting in a gain on disposal of EUR 1.6 million (first six months of 2013: gain of EUR 0.1 million), which is included in other income in the consolidated interim statement of comprehensive income.

Intangible assets

Multi-client data libraries
The carrying value of these seismic multi-client data libraries as at 30 June 2014 amounts to EUR 250.0 million (31 December 2013: EUR 366.4 million and 30 June 2013: EUR 416.1 million). Total internally developed multi-client data libraries amounts to EUR 16.7 million for the first six months of 2014. The geographic split of the carrying value of the multi-client data libraries is as follows as per 30 June 2014:

Norway	34% (31 December 2013: 30% and 30 June 2013: 28%)
Australia	49% (31 December 2013: 48% and 30 June 2013: 49%)
Rest of the world	17% (31 December 2013: 22% and 30 June 2013: 23%)

In the first six months of 2014 Fugro generated EUR 35.1 million (first six months 2013: EUR 67.0 million) sales from the seismic libraries. Total straight line amortisation and additional sales related amortisation amounted to EUR 27.1 million (first six months of 2013: EUR 44.1 million) and were charged to the consolidated statement of comprehensive income as third party costs. The impairment on the multi-client data libraries amounts to EUR 114.6 million for the first six months of 2014. Further reference is made to the previous note on Impairments.

Goodwill

Reconciliation of carrying amount (EUR x million)	2014	2013
Cost		
Balance at 1 January	725.4	520.2
Acquisitions through business combinations	35.7	218.3
Impairment loss	(155.3)	–
Effect of movements in foreign exchange rates	10.8	(14.8)
Balance at 30 June	616.6	723.7
Carrying amounts		
At 1 January	725.4	520.2
At 30 June	616.6	723.7

Equity

Share capital and share premium

The Group recorded the following amounts within shareholder's equity as a result of the issue of ordinary shares related to the stock dividend 2013.

For the six months ended 30 June (EUR x million)	Share capital		Share premium	
	2014	2013	2014	2013
Issuance of ordinary shares	0.1	–	(0.1)	–

Reserve for own shares

Fugro purchases and sells own shares in relation to the share option scheme. The cost of these shares held by the Group is recorded as a reserve within shareholder's equity. During the six months ended 30 June 2014, Fugro purchased 942,510 own shares totally amounting to EUR 40.1 million. During the first six month of 2014, Fugro purchased 742,510 own shares in connection with the market buyback program for the total amount of EUR 32.2 million. Fugro purchased 200,000 shares for the amount of EUR 7.9 million in relation to the share option scheme. In the same period 292,580 shares were sold, which results in an increase of the reserve for own shares of EUR 5.5 million.

Dividends

Following the approval of the proposed dividend 2013 of EUR 1.50 per share in cash or in (certificates of) shares with a nominal value of EUR 0.05 the following dividends were paid by the Group:

For the six months ended 30 June (EUR x million)	**2014**	**2013**
EUR 1.50 per qualifying ordinary share (2013: EUR 2.00*)	121.2	169.1

* consisting of a regular dividend of EUR 1.50 increased by a one-off extra dividend of EUR 0.50 in connection with the divestment of the majority of the Geoscience business

Approximately 59% of the shareholders have chosen to receive dividend in stock over 2013. Consequently Fugro issued 1,698,575 new shares.

Loans and borrowings

(EUR x million)	**30 June 2014**	**31 December 2013**	**30 June 2013**
Bank loans	155.0	–	–
Private Placement loans	693.1	716.9	749.0
Other loans	3.0	3.7	1.9
Subtotal	851.1	720.6	750.9
Less: current portion of long-term loans	0.2	31.6	30.0
	850.9	689.0	720.9

For the Private Placement loans, bank loans and credit facilities Fugro is subject to certain financial conditions which are summarised below. As at 30 June 2014, Fugro complies with these conditions. As at 30 June 2014, Fugro has drawn a total amount of EUR 155.0 million under the 2011 committed multicurrency revolving facilities.

Covenant requirements

The 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 disclosed in the 2013 Annual Report, Fugro changed the accounting policy for multi-client data libraries to intangible asset accounting to further align with the industry practice. Previously, Fugro accounted for multi-client data libraries as inventory and the libraries were measured at the lower of costs and net realisable value. As a consequence of the accounting policy change, the libraries under the intangible fixed assets are measured at cost less accumulated amortisation and accumulated impairment losses. The amortisation of the multi-client data libraries forms part of third party costs in the company's consolidated statement of comprehensive income.

As a result of the change in accounting treatment end 2013, Fugro decided going forward to amend the EBITDA calculation to bring it in line with industry practice. This means that starting 30 June 2014, the EBITDA will be calculated as follows: “Result from operating activities before depreciation, amortisation (including amortisations of the multi-client data library) and impairments related to goodwill, intangibles and PP&E”. The straight-line and sales-based amortisation of the multi-client data library as well as any one-off impairment of the library is now added back into EBITDA.

The amended EBITDA calculation is applied prospectively and affects the calculation of certain key ratios going forward. The key ratios included in the below table are included in the covenant requirements for committed multi-currency revolving facilities and the private placement loans.

As can be concluded from the table below, Fugro complies with all covenant requirements.

(EUR x million)	Six months ended 30 June	Twelve months ended 31 December	
	2014	2013	2013**
EBITDA	385.7*	460.7	548.7
Operating lease expense	149.0	151.9	151.9
Net interest expense	15.9	15.7	15.7
Margin > 2.5	3.2	3.7	4.2
Net financial indebtedness (loans and borrowings less net cash)	817.1	648.5	648.5
Bank guarantees	76.7	52.2	52.2
Total	893.8	700.7	700.7
EBITDA coverage < 3.0	2.32	1.52	1.28
Net worth	1,698.3	2,024.9	2,024.9
Balance sheet total	3,566.5	3,630.6	3,630.6
Solvency > 33.33%	47.6%	55.8%	55.8%
Margin indebtedness subsidiaries	4.0%	3.8%	3.8%
Dividend < 60% of the profit	n/a	28.3%	28.3%

* The straight line amortisation, additional sales related amortisation and impairments on the multi-client data libraries have been added back in the EBITDA
** EBITDA and ratios for the period ended 31 December 2013 when straight line amortisation and additional sales related amortisation on the multi-client data libraries are added back in the EBITDA

Share-based payments

As part of the share option scheme for employees Fugro annually grants options on ordinary shares to employees dependent on the contribution of the employee to the development of the long-term strategy. The terms and conditions of the share option scheme are disclosed in the consolidated financial statements as at and for the year ended 31 December 2013. The options are granted at the end of each financial year.

For the first six month of 2014, an expense of EUR 5.9 million (first six month of 2013: EUR 6.2 million from the continued operations) relating to share-based payments for the full year 2014 has been recognised in the statement of comprehensive income. The expenses related to the 2014 grant are based on the Fugro share price as at 30 June 2014.

Related parties
The Board of Management receives compensation in the form of short-term employee benefits, post-employment benefits and share-based payments (refer to previous note). The Board of Management received total compensation of EUR 2.9 million for the first six months of 2014 (first six months of 2013: EUR 4.0 million).

Capital commitments, contingencies and bank guarantees
By 31 December 2013, the Group had entered into contractual obligations to lease property, plant and equipment for EUR 46 million. During the first six months of 2014 EUR 39.3 million of these commitments resulted in additions to property, plant and equipment (including assets under construction). On 30 June 2014, the Group has contractual obligations with a total value of EUR 42.7 million to purchase property, plant and equipment (30 June 2013: EUR 108.3 million).

In the second half of 2013 Fugro terminated a shipbuilding contract and successfully recovered the prepayments. Subsequently, the shipyard has filed a request for arbitration with the London Court of International Arbitration with total claim of EUR 14.6 million. The Company believes that the contract was terminated in line with contractual stipulations. The Company vigorously defends this claim and expects that it is unlikely that this case will result in a material adverse impact.
As per 30 June 2014, Fugro's bank issued bank guarantees to clients for an amount of EUR 76.7 million (30 June 2013: EUR 65.1 million).

Discontinued operations

Comprehensive statement of comprehensive income and cash flow information of discontinued operations

(EUR x million)	**Six months ended 30 June**	
	2014	**2013**
From discontinued operations		
Revenue	–	83.8
Third party costs	–	(35.9)
Other income	–	2.0
Personnel expenses	–	(29.8)
Depreciation and amortisation	–	–
Other expenses	–	(15.6)
Results from operating activities	–	4.5

(EUR x million)	Six months ended 30 June	
	2014	2013
Finance income	–	–
Finance expense	–	(3.5)
Share of profit of equity accounted investees	–	–
Gain/(loss) recognised on disposal of majority of the Geoscience operations	(2.9)	204.0
Income tax	–	(0.1)
Profit/(loss) from discontinued operations	(2.9)	204.9

The cash flows associated with discontinued operations are as follows:

(EUR x million)	Six months ended 30 June	
	2014	2013
Cash flows from discontinued operations		
Net cash (used in)/from operating activities	–	0.9
Net cash flows for the period from discontinued operations	–	0.9

The above reported results from discontinued operations relate to the sale of the majority of the Geoscience business in 2013 for a total consideration of EUR 1.2 billion. As a consequence, the Geoscience activities are reported as ´discontinued operations´ in the consolidated statement of comprehensive income.

Financial risk management and financial instruments

The key aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

Fair value estimation

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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2014.

(EUR x million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss	–	–	6.0	6.0
Available-for-sale financial assets	0.8	–	–	0.8
Total assets	0.8	–	6.0	6.8
Liabilities				
Contingent consideration	–	–	1.5	1.5
Contingent liability for post-combination employee services	–	–	5.0	5.0
Total liabilities	–	–	6.5	6.5

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

(EUR x million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss	–	–	12.8	12.8
Available-for-sale financial assets	1.2	–	–	1.2
Total assets	1.2	–	12.8	14.0

There were no transfers between Levels 1, 2 and 3 during the period.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

(EUR x million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss	–	–	12.8	12.8
Available-for-sale financial assets	1.0	–	–	1.0
Total assets	1.0	–	12.8	13.8

Fair value measurements using significant unobservable inputs (Level 3)

(EUR x million)		**30 June 2014**	
	Financial assets at fair value	**Financial liabilities at fair value**	
Opening balance at 1 January	12.8		–
Loss recognised in profit or loss	6.8		–
Contingent consideration assumed in business combination	–		1.5
Contingent liability for post-combination employee services	–		5.0
Closing balance at 30 June	6.0		6.5
Total unrealised losses for the period included in profit or loss to assets held at the end of the reporting period, under ‘Finance costs’	6.8		–

(EUR x million)	**30 June and 31 December 2013**
	Financial assets at fair value
Opening balance at 1 January 2013	–
Initial measurement of derivative at fair value	12.3
Gain recognised in profit or loss	0.5
Closing balance at 30 June and 31 December 2013	12.8
Total gain for the period included in the result for assets held at the end of the reporting period, under ‘Finance costs’	0.5

The financial assets at fair value relate to a warrant as part of a vendor loan due from CGG issued by Fugro. The warrant represents the fair value of the underlying Seabed Geosolutions B.V. unquoted shares, accruing to Fugro in case of default of the counterparty (CGG). The warrant classifies as an embedded derivative and has been bifurcated from the loan. The warrant is accounted for at fair value through profit or loss, which movement is detailed in the table above.

A probability model has been used to estimate the fair value of the warrant. This model uses unobservable inputs and the warrant is therefore classified as a level 3 financial instrument.
The following assumptions are considered key in the estimation of the fair value of the warrant: the credit spread and the default probability of the counterparty and the fair value of the underlying Seabed Geosolutions B.V. unquoted shares.

If the change in the credit spread of the counterparty for the warrant shifted +/- 5%, the impact on the result would amount to EUR 0.4 million. If the change in the underlying Seabed Geosolutions B.V. unquoted shares shifted +/- 5%, the impact on profit or loss would be EUR 0.3 million.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event of change in circumstances that caused the transfer. There were no changes in valuation techniques during the period.

Fugro's valuation processes

The Group's finance department performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values. The key inputs to the valuations are directly reported to the Chief Financial Officer. Changes in Level 2 and 3 fair values are analysed at each reporting date.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows as at 30 June 2014:

(EUR x million)	30 June 2014	
	Carrying amount	Fair value
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	6.0	6.0
Loans and receivables		
Trade receivables and other receivables	962.8	962.8
Cash and cash equivalents	174.1	174.1
Long-term loans	84.0	84.0
Other long-term receivables	3.6	3.6
Available-for-sale financial assets		
Other investments in equity instruments*	1.1	1.1
Available-for-sale financial assets	0.8	0.8
Financial liabilities measured at amortised cost		
Bank loans	(155.0)	(155.0)
Mortgage and other loans and long-term borrowings	(2.8)	(2.8)
Private Placement loans in USD**	(573.9)	(642.4)
Private Placement loans in GBP**	(84.2)	(94.4)
Private Placement loans in EUR**	(35.0)	(29.8)
Bank overdraft	(140.3)	(140.3)
Trade and other payables	(551.0)	(551.0)
Total	(309.8)	(383.3)
Unrecognised gains/(losses)		(73.5)

* 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.
** The private placement loans carried at fair value are categorised within level 2 of the fair value hierarchy.

Review report

To: the Supervisory Board and Shareholders of Fugro N.V.

Introduction

We have reviewed the accompanying consolidated interim financial information of Fugro N.V., Leidschendam, as set out in pages 23 to 48, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of six months ended 30 June 2014, and the notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 10 August 2014

KPMG Accountants N.V.
R.P. Kreukniet RA