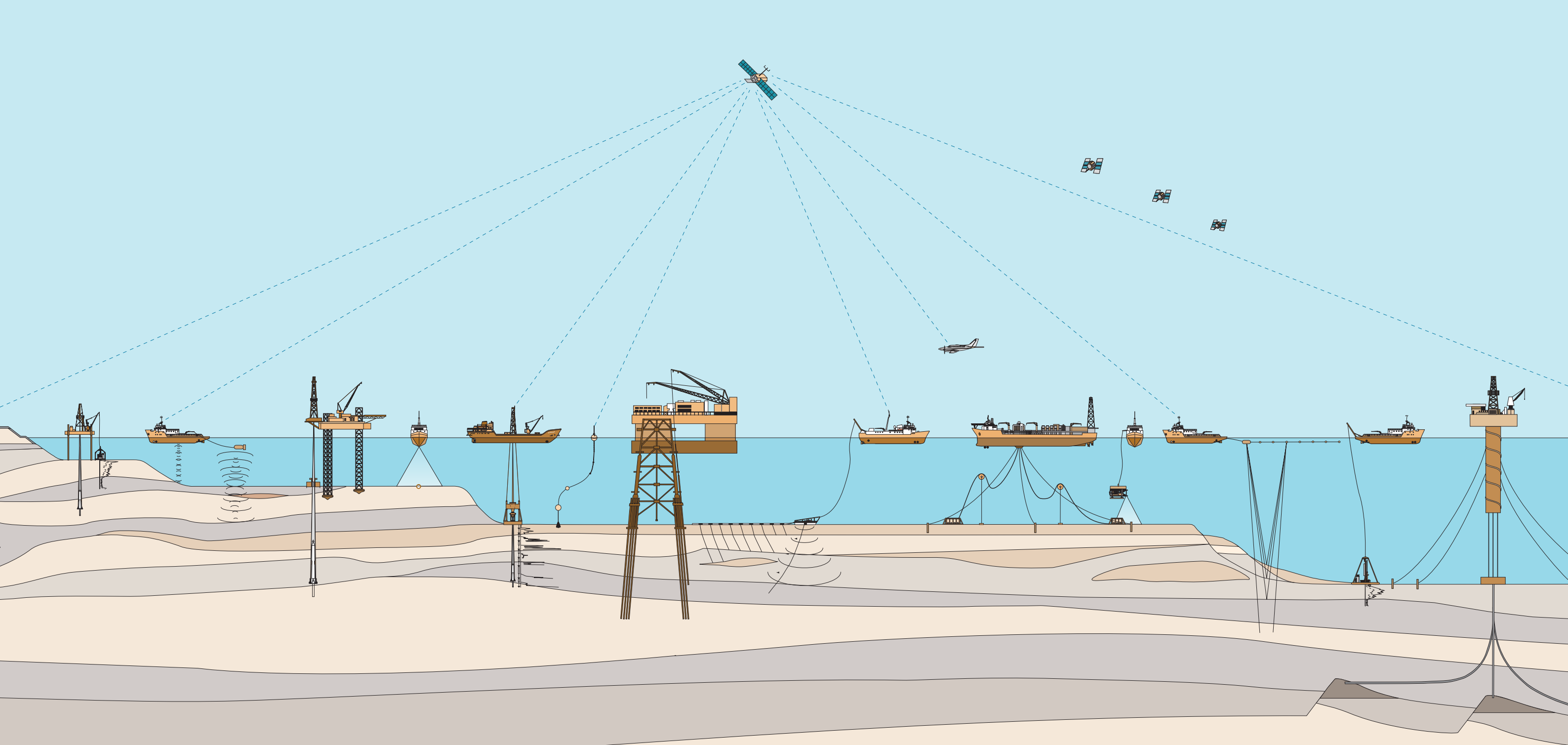
FUGRO N.V.

Annual Report 2010



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Contents

Annual Report 2010

Preface from the President and Chief Executive Officer

Dear shareholders and other stakeholders,

Signs of improving economic circumstances in the course of 2010 were reflected in the growth of our revenues in the second part of the year. After a decline of E&P investments of the oil and gas industry in 2009, double digit growth is indicated for last year as well as for 2011, bringing these investments back to pre-financial crisis levels. This turn-around bodes well for this market segment, which is important for Fugro.

Other sectors in which we are active, like mining and large infrastructure, also show positive signs in some regions, like in the Far East.

Cost saving measures that were taken to respond to rapidly changing market circumstances after the financial crisis started, have helped us to ride it out without major impact on revenues and results.
Revenue increased by 11.1% compared to 2009, to nearly EUR 2.3 billion and net profit went up by 3.3% to EUR 272.2 million.

At the same time we were able to continue our investment plans for future growth and to acquire a number of companies to support this. The recently announced acquisition of TSMarine emphasises this approach.

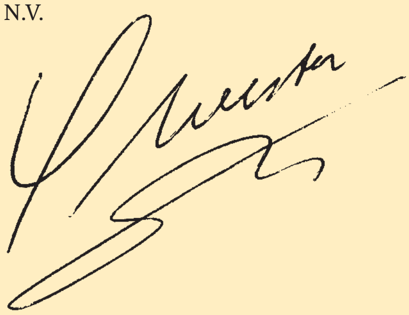
Training of hundreds of staff continues through the Fugro Academy, which now also entails various on-line training modules. The set-up of the Academy has proven to be very successful and is now attracting interest from external parties in the industry.
Also, our efforts to create a safe and healthy working environment for our employees is bearing fruit as safety performance continues to improve.

Notwithstanding indications of improving economic circumstances, one has to be aware of volatilities that may have an impact on our business, like last year's Macondo oil spill in the Gulf of Mexico and, more recently, political changes in the Middle East and North Africa, like in Tunisia, Egypt and Libya.

Fugro's strategy is to focus on enhancing our activities through organic growth and acquisitions where and when the opportunities arise, while at the same time maintaining flexibility to deal with possible surprises on the road to future growth. Deepwater development is an area in which Fugro has been successful in implementing this strategy over many years. Our involvement in this challenging market is outlined in a special section of this report.

With a workforce of some 13,500 highly professional staff and equipped with state-of-the-art technology we are in an excellent position to grow our business in the coming years to the benefit of all stakeholders.

Yours faithfully,
Fugro N.V.



K.S. Wester
President and Chief Executive Officer

Fugro at a glance

MAJOR DEVELOPMENTS IN 2010

- In 2010 Fugro's revenue increased by 11.1% to EUR 2,280.4 million (2009: EUR 2,053.0 million). Revenue increased organically by 6.0% and by 0.4% as a result of acquisitions. The foreign currency effect was positive 4.7%.
- Net result increased by 3.3% to EUR 272.2 million (2009: EUR 263.4 million).
- Net profit margin decreased to 11.9% (2009: 12.8%).
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 1.8% to EUR 561.1 million (2009: EUR 551.1 million).
- Results from operating activities (EBIT) decreased by 4.3% to EUR 351.5 million (2009: EUR 367.4 million).
- All three divisions showed growth in revenue and were profitable.
- Earnings per share increased by 0.3% to EUR 3.47 (2009: EUR 3.46). Cash flow per share was 4.3% higher at EUR 6.25 (2009: 5.99).
- It is proposed to maintain the dividend for 2010 at EUR 1.50 per (certificate of a) share (2009: EUR 1.50), to be to be paid at the option of the holder in cash or in (certificates of) shares. If no choice is made, the dividend will be paid in (certificates of) shares.
- Investments for capacity renewal and expansion continued according to plan and amounted tot EUR 362.6 million in 2010.
- Annual revenue of the acquired companies in 2010 amounts to EUR 44 million.
- Backlog at the beginning of 2011 amounted to EUR 1,553.2 million. This is 13.9% higher than at the beginning of 2010 (EUR 1,364.0 million). The order backlog of work to be carried out equals about eight months revenue.
- Early March 2011, Fugro has acquired 100% of the shares in TSmarine Group Holdings Pty Ltd (TSM) and its subsidiaries. TSM, with its headquarters in Perth, Australia and subsidiaries in Singapore, Labuan (Malaysia) and Aberdeen (United Kingdom), is a specialist provider of subsea construction, IRM (inspection, repair and maintenance) and light well intervention. TSM's revenue amounts at present to over EUR 90 million per annum. The purchase price amounts to EUR 77 million.

The term 'shares' as used in this Annual Report should, with respect to ordinary shares issued by Fugro N.V., be construed to include certificates of shares (also referred to as 'share certificates' or 'depositary receipts' for shares) issued by Stichting Administratiekantoor Fugro (also referred to as 'Fugro Trust Office' or 'Trust Office'), unless the context otherwise requires or unless it is clear from the context that this is not the case. For further information please refer to page 81.

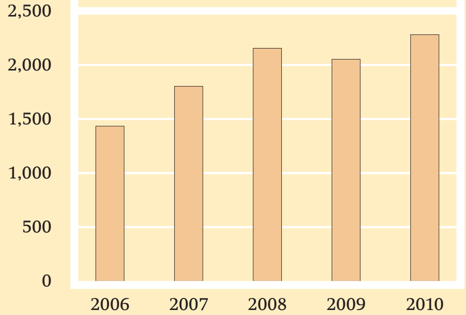
In this Annual Report, Fugro N.V. is also referred to as 'the Company' or 'Fugro'. Fugro N.V. and its subsidiary companies are together referred to as 'the Group'.

KEY FIGURES

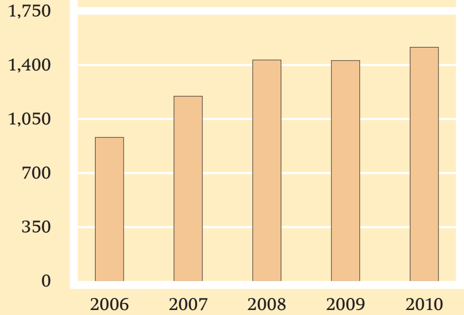
	2010	Change in %	2009	2008
Result (x EUR million)				
Revenue	2,280.4	11.1	2,053.0	2,154.5
Gross profit (net revenue own services)	1,514.8	6.0	1,428.6	1,432.2
Results from operating activities (EBIT)	351.5	(4.3)	367.4	385.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	561.1	1.8	551.1	535.2
Cash flow	489.8	7.2	456.8	438.9
Net result	272.2	3.3	263.4	283.4
Net margin (%)	11.9		12.8	13.2
Interest cover (factor)	29.0		47.8	14.1
Capital (x EUR million)				
Balance sheet total	3,090.0	30.6	2,366.3	2,123.3
Total equity	1,523.2	27.0	1,199.5	935.8
Solvency (%)	48.8		50.2	43.7
Return on shareholders' equity (%)	20.2		24.9	35.9
Return on invested capital (%)	19.0		23.5	29.7
Assets (x EUR million)				
Tangible fixed assets	1,291.3	23.8	1,043.2	859.1
Investments (including acquisitions and assets under construction)	401.9	11.8	359.6	394.4
Of which: assets of acquisitions	2.9	(70.7)	9.9	14.4
investments	443.8		320.4	323.0
assets under construction	(44.8)		29.3	57.0
Depreciation of tangible fixed assets	201.5		173.6	140.4
Data per share (x EUR 1.–) 1)				
Capital and reserves	18.79	24.6	15.08	12.12
Result from operating activities (EBIT)	4.49	(6.8)	4.82	5.29
Cash flow	6.25	4.3	5.99	6.01
Net result	3.47	0.3	3.46	3.88
Dividend for the year under review	1.50		1.50	1.50
Share price: year-end	61.50		40.26	20.485
Share price: highest	62.06		41.85	59.95
Share price: lowest	37.095		19.085	19.32
Average price/earnings ratio	14.3		8.8	10.2
Average dividend yield (%) 2)	3.0		4.9	3.8
Issue of nominal shares (in thousands)				
At year-end	80,270		78,772	76,608
Entitled to dividend at year-end	79,387		77,554	75,138
Entitled to dividend average for the year	78,357		76,210	73,048
Number of employees				
At year-end	13,463	(0.1)	13,482	13,627

2007	2006
1,802.7	1,434.3
1,197.9	931.2
324.8	211.6
439.6	295.9
337.1	226.1
216.2	141.0
12.0	9.8
13.1	10.9
1,700.1	1,405.7
707.0	565.8
41.2	40.0
35.4	28.6
30.0	23.7
599.3	412.2
341.1	245.9
8.7	21.0
291.0	182.9
41.4	42.0
107.7	78.2
9.94	8.08
4.67	3.08
4.84	3.29
3.11	2.05
1.25	0.83
52.80	36.20
62.00	36.64
34.91	27.13
15.6	15.5
2.6	2.6
70,421	69,582
69,879	68,839
69,614	68,761
11,472	9,837

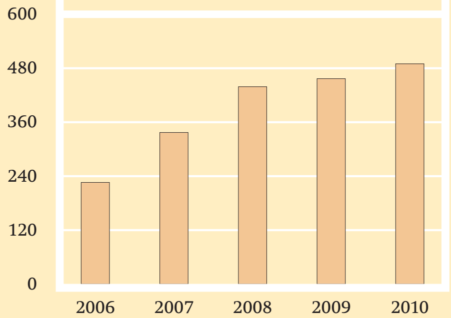
Revenue
(x EUR 1 mln.)



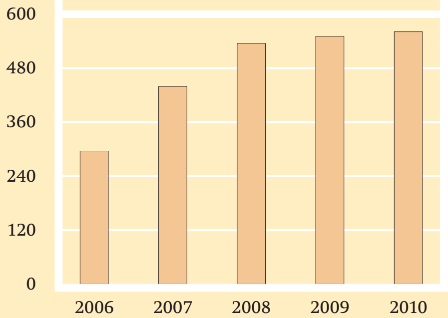
Gross profit (net revenue own services) (x EUR 1 mln.)



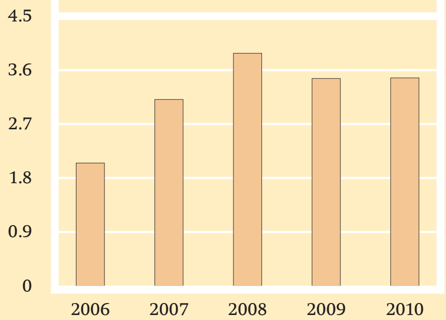
Cash flow
(x EUR 1 mln.)



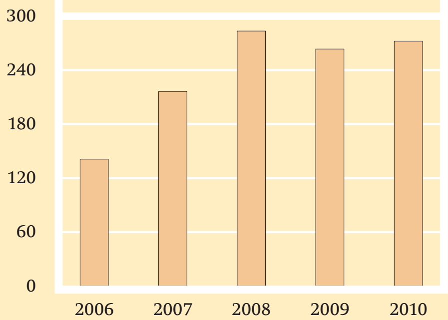
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (x EUR 1 mln.)



Net result per share
(x EUR 1.–)



Net result
(x EUR 1 mln.)



1) *More data regarding the basic earnings per share can be found in note 5.45 to the annual accounts (page 140).*

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

MISSION AND PROFILE

Mission

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

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

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

Fugro achieves this mission through:

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

Profile

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

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

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

Fugro's clients operate in many locations and under different conditions. To be able to meet their needs in the best possible way, Fugro's organisational structure is decentralised and client-oriented, delivering a wide range


13,500 employees


55 vessels


75 CPT trucks


27 laboratories


29 jack-up platforms


60 aircraft


250 land-based drillrigs
15 offshore drillrigs


135 ROVs


8 AUVs


278 offices

of services in a variety of operating environments and conditions. Fugro delivers these services from a global network of offices and facilities.

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

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

Fugro grows organically and through acquisitions, and by the end of 2010 employed some 13,500 staff in more than 50 countries.

FUGRO'S ACTIVITIES

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

Geotechnical

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

Survey

The Survey division provides a range of services to support the activities of the oil and gas industry and a broad range of commercial and civil industries as well as governments and other organisations. Offshore services include geophysical investigation for geohazards, pipeline and cable route surveys, inspection and construction support services, hydrographic charting and meteorology and oceanographic studies. Subsea services revolve around the use of remotely operated vehicles (ROVs) to support subsea inspection, construction and drilling while geospatial services are focused on land survey and aerial/satellite mapping services for a wide range of clients. In addition, Fugro's global positioning systems (which augment GPS and Glonass signals to provide precise positioning in real-time world-wide) are employed not only to support the above services, but are also provided on a subscription basis to other industries such as agriculture.

Geoscience

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

FINANCIAL TARGETS AND STRATEGY

Financial targets

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

Important financial targets are:

- growth in earnings per share averaging 10% per annum
- strong cash flow with an average annual growth per share of 10%
- maintaining a healthy balance sheet and solvency (30 – 35%)
- interest cover (EBIT/Interest) of more than 5

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

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

Strategy

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

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

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

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

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

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

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

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

Over the period 2005 – 2008 revenues doubled and the net profit margin increased from 8.6% to 13.2%. As from late 2008 the market situation has been negatively influenced by the global economic downturn, resulting in a slight reduction in both revenue and net profit in 2009. In the course of second half of 2010 revenue growth was resumed, but price pressure still remained in some segments, resulting in a moderate profit increase compared to the previous year. For 2011 a further prudent improvement of market conditions is expected on the basis of increasing investments of the oil and gas industry and a further global economic recovery.

Cone Penetration Test with a mini-crawler, Weesp, The Netherlands.

Market positions

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

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

Acquisitions

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

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

Research and development

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

Cooperation and scale advantages

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

INFORMATION FOR SHAREHOLDERS

Financial agenda

10 March 2011	Publication of 2010 annual figures (before trading hours), press conference and analysts' meeting with webcast
29 March 2011	Notice for Annual General Meeting of Shareholders
12 April 2011	Record date for registration to attend the Annual General Meeting of Shareholders
10 May 2011	Trading update business developments first quarter 2011 (before trading hours)
10 May 2011	Annual General Meeting of Shareholders in The Hague at 14.00 hours, Crowne Plaza – Promenade Hotel, dual language webcast (Dutch and English)
12 May 2011	Quotation ex-dividend
16 May 2011	Record date dividend entitlement (after trading hours)
17 – 27 May 2011	Dividend option period (cash or (certificates of) shares)
1 June 2011	Determination and publication (after trading hours) of the amount of the dividend in (certificates of) shares based upon the volume weighted average price of the traded shares Fugro at Euronext Amsterdam on 30 and 31 May and 1 June 2011
6 June 2011	Payment of the dividend related to the financial year 2010
12 August 2011	Publication of half-yearly figures 2011 and announcement of the profit forecast for 2011 (before trading hours), press conference and analysts' meeting with webcast
17 November 2011	Trading update business developments third quarter 2011 (after trading hours)
9 March 2012	Publication of 2011 annual figures (before trading hours), press conference and analysts' meeting with webcast

Listing on the stock exchange

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

As at 28 february 2011 Fugro's market capitalisation amounted to EUR 4.9 billion – an increase of 44% compared with the end of February 2010 (EUR 3.4 billion).

As far as is known, approximately 70% of the (certificates of) shares are held by foreign investors, mainly from the United Kingdom and the United States. Information on the shares can be found on pages 4 and 5 (key figures) and on pages 79, 140 and 141.

Dividend policy

Fugro strives for a pay-out ratio of 35 to 55% of the net result. The shareholder (or certificate holder) may choose between a dividend entirely in cash or entirely in (certificates of) shares charged to the reserves. In 2010 about 52% of the holders of (certificates of) shares chose to receive the dividend for 2009 in (certificate of) shares (2009: 54%). In 2010, 1,497,206 new shares were issued for this purpose.

Dividend for 2010

It is proposed that the dividend for 2010 be maintained at EUR 1.50 per share (2009: EUR 1.50), to be paid at the option of the holder:

- in cash, or
- in (certificates of) shares.

Data per share (x EUR 1.–)	2010	2009	2008	2007	2006
Cash flow	**6.25**	5.99	6.01	4.84	3.29
Net result	**3.47**	3.46	3.88	3.11	2.05
Dividend paid out in the year under review	**1.50**	1.50	1.25	0.83	0.60
Proposed dividend over the year under review	**1.50**	1.50	1.50	1.25	0.83

In case no choice is made, the dividend will be paid in (certificates of) shares. The proposed dividend equates to a pay-out percentage of 43.7% of the net result.

Holders of (certificates of) shares have until Friday 27 May 2011 to make their dividend preference known. The determination of the number of (certificates of) shares that entitles the holder to one new (certificate of a) share will take place on Wednesday 1 June 2011 (after trading hours) based upon the volume weighted average price of the traded shares Fugro at Euronext Amsterdam on 30 and 31 May and 1 June 2011. To arrive at a whole number a deviation of a maximum of 5% of the calculated value may be applied. The dividend will be made payable on 6 June 2011. No trading will take place on Euronext Amsterdam in dividend rights.

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

	Certificates and shares (ex Trust Office)	Shares held by Trust Office*	% of the issued capital
AGM 2010	35.7	63.5	99.2
EGM 2009	36.3	62.8	99.1
AGM 2009	35.2	64.0	99.2
AGM 2008	34.3	64.9	99.2

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

Agenda of the general meeting and record date

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

Change in issued shares	2010	2009
Issued on 1/1	78,772,478	76,607,958
Stock dividend	1,497,206	2,164,520
Issued on 31/12	80,269,684	78,772,478
Balance purchased for option scheme (31/12)	882,796	1,218,776
Entitled to dividend as of 31/12	79,386,898	77,553,702
Average number of outstanding shares entitled to dividend	78,357,020	76,210,346

Remote electronic voting

Depending on experience with the use of electronic means of communication to follow the course of a general meeting and to cast votes during the meeting without being present in person or by proxy, Fugro will evaluate whether to facilitate this. Fugro offers the possibility to grant proxies, whether or not with voting instructions, by electronic means of communication. Fugro also offers certificate holders the possibility to issue voting instructions to an independent third party by using an internet e-voting system: https://evoting.rbs.com/evoting/go.

Share/certificate holdings of 5% or more

Under the Dutch Financial Market Supervision Act, shareholdings of 5% or more in any Dutch listed company must be disclosed to the Netherlands Authority for the Financial Markets (AFM). According to the register of the AFM the following holders of (certificates of) shares have disclosed an interest of more than 5% in Fugro's share capital on 1 March 2011:

ING Groep N.V.	9.64%
Ameriprise Financial Inc.	5.86%
Mr. G-J. Kramer 1)	5.58%
WAM Acquisitions GP, Inc.	5.26%

1) *Directly and indirectly.*

As stated on page 81, only certificates of shares are listed on Euronext Amsterdam. These certificates are issued by the Trust Office, which carries out the administration of the underlying shares (for which it has issued the certificates). On 1 March 2011 the Trust Office held 90.9% of the issued (underlying) shares.

Movement in number of shares purchased to cover the option scheme	2010	2009
Situation on 1/1	1,218,776	1,469,696
Purchased	800,000	550,000
Sold in connection with option exercise	(1,135,980)	(800,920)
Situation on 31/12	882,796	1,218,776
Granted, not exercised options as of 31/12	6,280,100	6,334,430

Participations and employee options

As far as is known, on 31 December 2010 around one percent of Fugro's share capital was held by members of the Board of Management and other employees within the Group. Of the total number of employee options granted during the past years, 5,172,750 options (excluding the option grants as per 31 December 2010) were still outstanding on 31 December 2010.
A total number of 1,107,350 new options, with an exercise price of EUR 61.50, were granted to a total of 663 employees on 31 December 2010. Of these options, 26.3% was granted to the five members of the Board of Management (see also page 162).

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

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

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

In 2010 Fugro purchased 800,000 certificates of shares at an average price of EUR 44.70 per certificate. On 31 December 2010 a total of 882,796 own certificates of shares was held. These certificates are not entitled to dividend and there are no voting rights attached to the underlying shares. The exercise of all outstanding options as of 31 December 2010, including the options granted on this date, could – after having used the purchased certificates of shares – lead to an increase of the issued share capital by a maximum of 6.7%. Since the beginning of 2011, 106,700 options were exercised.

Investor relations

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

Fugro has formulated a policy on bilateral contacts with shareholders and certificate holders. This policy is posted on the website.

Fugro jack-up with crew change boat near the EDF Power station, Dieppe-Penly in France.

Prevention of the misuse of inside information

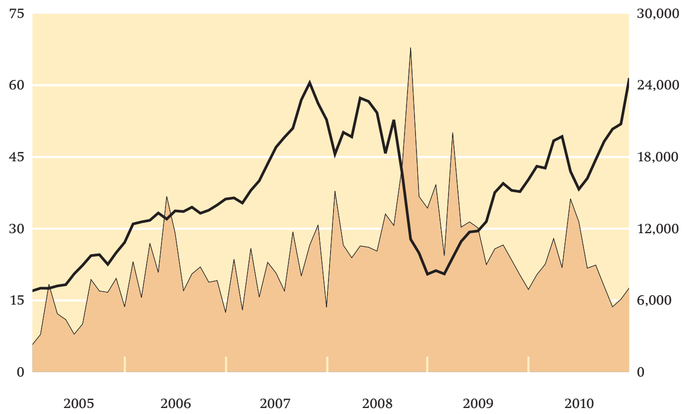
Fugro considers prevention of the misuse of inside information when trading in securities to be essential for its relationship with the outside world. Fugro has issued internal guidelines on the holding of and effecting transactions in Fugro securities (certificates, shares, options) which apply to the members of the Supervisory Board, the Board of Management, the other members of the Executive Committee and other designated persons (among which staff, management of operating companies and a number of external advisors). A record is kept of all so-called 'insiders'. Fugro has appointed a Compliance Officer. Dealings in securities by the members of the Supervisory Board, the Board of Management and the other members of the Executive Committee are notified to the Netherlands Authority for the Financial Markets (AFM). The public database of the AFM can be consulted on the website of the AFM: www.afm.nl.

Other information

Further information about Fugro which is relevant to the shareholders and certificate holders is available on the website. Fugro can be contacted by telephone (+31(0)70 – 311 14 22) or by e-mail (holding@fugro.com).

Certificate price and volume trend

(January 2005 – December 2010)



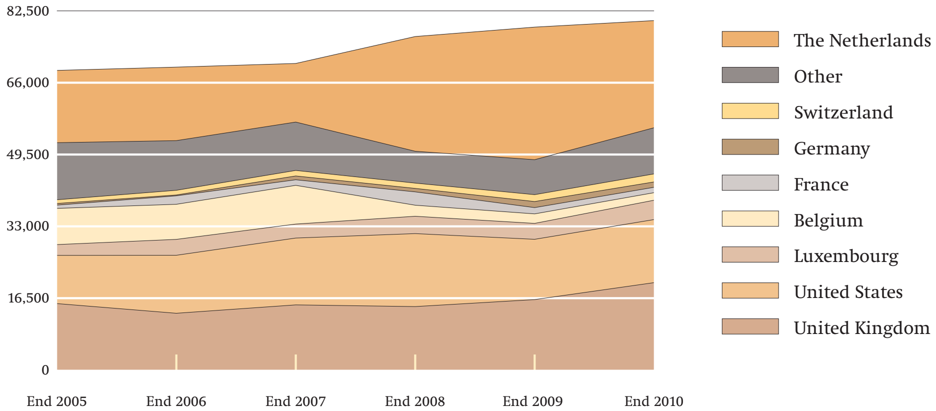
Closing price (scale left).

Share trade volume per month (x 1,000), (scale right).

Source: Euronext

Distribution of shareholders

(x 1,000 shares)



SUPERVISORY BOARD

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

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

name	**Mr. F.J.G.M. Cremers** (1952)
function	Vice-chairman
committee	chairman audit committee
nationality	Dutch
first appointed	2005
current term	until AGM 2013
expertise	financial administration, financing; internal risk management and control systems; compliance; oil and gas sector; shareholder and employee relations
other functions	Supervisory Board member N.V. Nederlandse Spoorwegen, SBM Offshore N.V., Vopak N.V., Unibail-Rodamco S.E., Luchthaven Schiphol N.V. and Parcom Capital B.V. Board member Foundation preference shares Philips and Foundation preference shares Heijmans. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets (AFM). Until June 2010 member of the Investigation Committee into the affairs of Fortis N.V. on behalf of the Enterprise Chamber of the Dutch High Court of Amsterdam, The Netherlands

name	**Mr. J.A. Colligan** (1942)
committee	member audit committee
nationality	British
first appointed	2003
current term	until AGM 2011
expertise	management strategy and risks inherent to the company's business; management selection, recommendation and development, oil and gas sector, innovation and technology development
other functions	Director Society of Petroleum Engineers Foundation

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

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

name	**Mr. H.C. Scheffer** (1948)
committee	member remuneration and nomination committee
nationality	Dutch
first appointed	2010
current term	until AGM 2014
expertise	company strategy the company's risk profile; management selection, recommendation and development; innovation and technology development (ICT); compliance; shareholder and employee relations
other functions	Chairman Supervisory Board Novograaf N.V., Supervisory Board member United Coffee N.V., Member Advisory Board Heerema Group and of Gilde

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

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

Report of the Supervisory Board

Although the rate of recovery of the global economy was generally slow, 2010 was a solid year for Fugro. It was not only dominated by the worldwide economic recession but also by the Macondo oil spill in the Gulf of Mexico. Also in 2010, the Board of Management took measures necessary to manage the effects of the recession and utilised opportunities which came along.
Fugro's solid structure made it possible to continue with the investments necessary to support continued growth for future years.

Annual accounts and dividend proposal

This Annual Report includes the 2010 Annual Accounts, which are accompanied by an unqualified independent auditor's report of the external auditor, KPMG Accountants N.V. (KPMG). These Annual Accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and section 9 of Book 2 of the Dutch Civil Code.

We have discussed the Annual Accounts with the Board of Management in the presence of KPMG. We are of the opinion that the Annual Accounts and the report by the Board of Management provide a true and fair view of the state of affairs within Fugro and form a good basis on which to hold the Board of Management accountable for the management policies pursued and the Supervisory Board accountable for its supervision of the management policies pursued.

We propose that the shareholders adopt the 2010 Annual Accounts and discharge the Board of Management for its management and the Supervisory Board for its supervision. We endorse the proposal of the Board of Management to maintain the dividend for 2010 at EUR 1.50 per share, to be paid at the option of the holder in cash or in (certificates of) shares. The amount of the dividend in (certificates of) shares will be determined and published on Wednesday 1 June 2011 after trading hours. If no choice is made, the dividend will be paid in (certificates of) shares. The proposed dividend equates to a pay-out percentage of 43.7% of the net result.

Composition and profile of the Supervisory Board

The Supervisory Board comprises of persons with Dutch, British, American and German nationality. Information about each member of the Supervisory Board is included on page 14 of this Annual Report. The Supervisory Board has prepared a profile of its size and composition, taking account of the nature of the company, its activities and the desired experience and background of the Supervisory Board members. This profile is available on Fugro's website: www.fugro.com. The composition and qualities of the Supervisory Board as a whole should be in line with Fugro's size, activities, nature, culture, geographical spread and its status as a listed company. When a proposal is made for the (re)appointment of a (new) supervisory director, the Supervisory Board primarily looks at the expertise, experience and independence of the candidate. The Supervisory Board aims for a diverse composition in terms of such factors as gender and nationality.

The division of duties within the Supervisory Board and the procedure of the Supervisory Board are laid down in terms of reference. The terms of reference of the Supervisory Board (including the terms of reference of the Audit Committee and the Remuneration and Nomination Committee) are available on Fugro's website.

All Supervisory Board members are independent under the terms of the Dutch Corporate Governance Code ('Code').

Supervisory Board members do not carry out any other functions that could jeopardise their independence. With the exception of Mr. Kramer who, as the former CEO of Fugro, owns employee options awarded to him at that time in that capacity, none of the other Supervisory Board members hold any (options on) shares or certificates of shares in Fugro. Furthermore Mr. Kramer holds a substantial interest in Fugro (see page 11 of this Annual Report and pages 163 and 164 of the Annual Accounts for more details).

Both the composition of the Supervisory Board and the expertise and experience of its individual members comply with all corporate governance rules and requirements.

Plenary activities

In the year under review five scheduled two-day meetings were convened by the Supervisory Board and the Board of

Management. Supervisory Board members attended nearly all these meetings. Only once, one Supervisory Board member was absent during one of the meetings. The Board of Management attended all these meetings and most of the meetings were also attended by the other members of the Executive Committee. Occasionally part of a meeting was held in the absence of the Board of Management. In November a meeting was combined with visits to operating companies in Rio de Janeiro and Macae in Brazil. In Rio de Janeiro the Supervisory Board also visited Petrobras, which is an important client of Fugro. Every year such (extensive) company visits take place. These annual visits also form part of the (annual) training, education and, if applicable, induction programme of supervisory directors.

The major issues discussed during the meetings included amongst others the operational and financial targets; the general strategy designed to achieve the targets as well as the strategies for the various business lines; market developments; the annual budget; the financial results; share price development; intended acquisitions and divestments; post acquisition analysis; corporate social responsibility (CSR); health, safety and environment (HSE); important investments; management development and the filling of various senior management positions; human resources management (HRM); information and communication technology (ICT); the main risks inherent to the company's activities as well as the Board of Management's opinion regarding the set-up and functioning of the internal risk management and control system; the updated Dutch Corporate Governance Code; Fugro's corporate governance structure and the amendment of the articles of association proposed to the Annual General Meeting (AGM).

The reports of the Audit Committee and of the Remuneration and Nomination Committee were also discussed. Much attention was paid to the worldwide economic recession and to the possible consequences for Fugro of the Macondo oil spill. The reappointment of KPMG as external auditor was also discussed and it was decided to propose KPMG for reappointment at the AGM on 6 May 2010. In addition to the scheduled meetings, a few interim meetings took place via conference call during which important issues were discussed.

The composition, among which diversity, as well as the functioning of the Board of Management, the Supervisory Board (and its separate Committees) and its individual members were discussed in absence of the Board of Management as well was the general business progress.

The evaluation of the functioning of the Board of Management and its individual members was prepared by a discussion of each individual member of the Board of Management with the Remuneration and Nomination Committee and also based on the reports of the various business lines. The results were discussed in the entire Supervisory Board. The evaluation of the functioning of the Supervisory Board, its separate Committees and its individual members was prepared by input from individual members of the Supervisory Board to the Chairman, which discussions were followed by a plenary discussion. It was concluded that the Supervisory Board is adequately staffed and is functioning satisfactorily to perform its responsibilities and tasks.

The findings of the external audit were discussed with KPMG. There were several regular contacts outside the scheduled meetings between individual Supervisory Directors and members of the Board of Management and the other members of the Executive Committee on matters relating to Fugro. In particular there were regular discussions between the Chairman of the Supervisory Board and the CEO.

Prior to meetings in April and September of the Board of the Fugro Trust Office (Trust Office), the Chairman of the Supervisory Board and the CEO discussed with the Board of the Trust Office the activities and performance of Fugro on the basis of the Annual Report 2009 and the Half-yearly report 2010 respectively.

Audit Committee

In 2010 the members of the Audit Committee were Messrs. F.J.G.M. Cremers (chairman) and J.A. Colligan and Mrs. M. Helmes. The composition of the Audit Committee is in accordance with the requirements of the Code. Collectively the members possess the required experience and financial expertise. Mr. Cremers and Mrs. Helmes were acting as financial expert within the meaning of the Code.
The terms of reference of the Audit Committee are included in the terms of reference of the Supervisory Board and are available on Fugro's website.

In 2010 the Audit Committee met three times.
The external auditor (KPMG) attended all three meetings. The annual accounts and half-yearly results were discussed during the relevant meetings. Topics such as taxation, claims and disputes, compliance and the financial crisis were discussed in depth. Risk areas, such as hedging, fluctuations in currency exchange rates, impairment and insurance were also discussed as was

the functioning of the internal risk management and control system and the 2011 audit plan of the internal audit function. Attention was also paid to the financing structure of Fugro. The Audit Committee was informed of important findings from the internal audit visits. KPMG was given the opportunity to discuss issues with members of the Audit Committee in the absence of Fugro's Board of Management and staff.

Remuneration and Nomination Committee

In 2010 the members of the Remuneration and Nomination Committee were Messrs. G-J. Kramer (chairman), F.H. Schreve, H.C. Scheffer (following his appointment as Supervisory Director on 6 May 2010) and Th. Smith. In 2010 the Committee met formally three times but also met informally on a number of occasions. The terms of reference of the Remuneration and Nomination Committee are included in the terms of reference of the Supervisory Board and are available on Fugro's website.

Remuneration

As far as remuneration is concerned, the topics discussed included the remuneration policy, the remuneration of the members of the Board of Management, the stock option scheme and the remuneration of the members of the Supervisory Board. The Supervisory Board has determined the remuneration of the members of the Board of Management on a proposal by the Remuneration and Nomination Committee, within the scope of the remuneration policy adopted by the AGM on 14 May 2008. The Supervisory Board also decided, on a proposal by the Remuneration and Nomination Committee, to propose to the AGM on 10 May 2011 to increase the remuneration of the members of the Supervisory Board. Further details on this proposal will be included in the agenda for the AGM. This agenda will be available on Fugro's website on 29 March at the latest.

The Remuneration Report for the year 2010 was prepared by the Remuneration and Nomination Committee in accordance with best practice provision II.2.12 of the Code, and has been approved by the Supervisory Board. This Report contains an account of the manner in which the remuneration policy has been implemented in 2010. Both the Remuneration Report and the present remuneration policy are available on Fugro's website.

Principal points of the Remuneration Report 2010 concerning the remuneration policy

The objective of the remuneration policy is to provide a remuneration system such that:

- performance that is pursuant to the results and strategy of Fugro is rewarded;
- top managers can be attracted and retained as members of the Board of Management of Fugro.

The key elements are:

- fixed (base) salary is determined at the median level of a peer group of comparable companies (local and international);
- variable income (annual bonus or short-term incentive) depends on targets determined in advance with a maximum of twelve months (100%) of annual fixed salary. On-target performance will result in a bonus of eight months of annual fixed salary.
  The bonus is related to quantified financial targets and accounts for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus;
- financial targets and the weighing given to the individual financial elements are as follows: earnings per share 60%, net profit margin 20% and ROCE (return on capital employed) 20%. These financial elements are based on Fugro's annual budget;
- non-financial targets are determined prior to the start of the relevant year. These targets are based on Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and that can be influenced by them. These targets could include, among other things, health safety and environment (HSE), corporate social responsibility (CSR), personal development, etc.;
- stock options (long-term incentive). The stock options for the Board of Management form part of a broad option scheme that is in existence already many years and that is applicable to more than 600 managers worldwide. Options are granted on the basis of the contribution to the long term development of the Company, among which the development of the long term strategy, on the basis of measurable targets such as the (growth) targets in the strategic plan and in the annual budget. This part of the income of members of the Board of Management (and other senior management) also depends on the Fugro share price and is therefore linked to the value of Fugro.
  Another objective of the stock options is to provide an incentive for members of the Board of Management (and other senior management) to continue their employment relationship with Fugro;

- Pension provisions and fringe benefits. The pension provisions of the members of the Board of Management are based upon a customary pension scheme and on an available premium system. The fringe benefits are commensurate with the position held.

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

Before determining the remuneration of individual members of the Board of Management, the Supervisory Board analyses the possible outcomes of the variable remuneration components and how they may affect the remuneration of the members of the Board of Management. The remuneration policy within the Fugro Group is also taken into account.

The Supervisory Board may recover from the members of the Board of Management any variable remuneration awarded on the basis of incorrect financial or other data. Payment of variable remuneration to the members of the Board of Management is subject to the correctness of the relevant (financial) data for the relevant year.

Under circumstances, for instance if the predetermined targets/performance criteria would produce an unfair result due to extraordinary circumstances, the Supervisory Board has the discretionary authority to make adjustments (upward or downward) to the amount of the annual bonus. If the Supervisory Board would during the year decide on the payment of severance pay or other special remuneration to one or more members of the Board of Management, an account and an explanation of this remuneration shall be included in the remuneration report. Until now, the amount of an annual bonus has never been adjusted nor has a special remuneration been paid.

Remuneration Board of Management in 2010 and annual bonus 2009

In 2009 the Board of Management, in view of the economic situation, instructed management of the operating companies that strict cost control should be maintained and that salary increases for 2010 should be limited. As a result the Board of Management decided not to wish any possible salary increases for their own members for 2010 and the Supervisory Board decided accordingly.
At the beginning of 2010 the Committee has evaluated the predetermined 2009 annual bonus targets. Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2009 were achieved. Both the financial targets relating to the Group's financial performance as the non-financial targets were all met and even exceeded. As a result the Supervisory Board has decided to award to each of the members of the Board of Management an annual bonus of 10 months annual fixed salary over the year 2009. The bonus was paid in 2010. As mentioned above, the actual targets are not disclosed because they qualify as competition-sensitive and hence commercially confidential and potentially price sensitive information. As per 31 December 2010 a total of 291,000 options on ordinary shares of Fugro were granted to the members of the Board of Management (based upon the option scheme as approved by the AGM on 14 May 2008). The exercise price of these options is EUR 61.50 (the closing price of the certificates of the shares at Euronext Amsterdam on 31 December 2010). The option period is six years and the options can only be exercised after 1 January 2014 (vesting period is three years).

Further details of Fugro's remuneration policy and of the remuneration of the individual members of the Board of Management, broken down into its various components, is presented in the Annual Accounts on page 160 and in the Remuneration Report 2010.

The present remuneration policy for the members of the Board of Management will continue to apply in 2011.

Nomination

As far as nomination is concerned, the topics discussed included the composition of the Supervisory Board, the Board of Management and of the Executive Committee. In particular the succession and the reappointment of the Chairman and the composition and succession planning of the Executive Committee were discussed.

Composition of the Supervisory Board, the Board of Management and (re)appointments

Supervisory Board

In the AGM held on 6 May 2010, Messrs. F.H. Schreve, G-J. Kramer and Th. Smith were reappointed and Mr. H.C. Scheffer was appointed as member of the Supervisory Board.

The Supervisory Board was aware that the reappointment of Mr. Schreve exceeded the maximum appointment period according to the Code. The Supervisory Board intends to appoint Mr. Scheffer as new Chairman in May 2011. As a result, the appointment period of Mr. Schreve was limited to one year. The Supervisory Board considered it to be in the best interest of Fugro that continuation of the current chairmanship was maintained.

Board of Management

In the AGM held on 6 May 2010, Messrs. P. van Riel and A. Steenbakker were reappointed as members of the Board of Management.

(Re)appointments AGM 10 May 2011

On 10 May 2011 the four-year appointment period of Mr. J.A. Colligan ends. Mr. Colligan is nominated by the Supervisory Board for reappointment as member of the Supervisory Board for a period of four years.

The Supervisory Board has nominated Mr. W.S. Rainey for appointment as a member of the Board of Management for a period of four years. Mr. Rainey joined Fugro in 1981. He is the President of Fugro, Inc. in the United States and Chief Operating Officer (COO) of the business line Offshore Geotechnical Services since 2006.
The Supervisory Board considers this appointment to be in the interest of Fugro in view of Mr. Rainey's extensive knowledge and experience with respect to Offshore Geotechnical services and activities related to deepwater in particular.

Further information on Messrs. Colligan and Rainey can be found on page 14 and page 20 of this Annual Report. The main elements of the employment contract of Mr. Rainey, as applicable after his appointment, will be published on Fugro's website.

In conclusion

We are grateful to the Board of Management, the Executive Committee and all Fugro employees for their dedication throughout 2010 and the results achieved in this challenging year. We wish them all continuing success in dealing with the opportunities and challenges which 2011 will bring.

Leidschendam, 9 March 2011

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

From left to right: O.M. Goodman, J.H. Sommerville, J. Rüegg, W.S. Rainey, K.S. Wester (President and CEO), A. Steenbakker, S.J. Thomson, P. van Riel, H.I. Meyer and A. Jonkman.

EXECUTIVE COMMITTEE

Fugro is the holding company of a large number of operating companies located throughout the world and with a range of activities. To promote client-orientation and efficiency, the Group's organisational structure is highly decentralised, but cohesive.

The (statutory) Board of Management consists of five members of which three members also fill the function of Chief Operating Officer (COO).
The Executive Committee comprises the members of the Board of Management and five COO's. The management of the operating companies reports directly to a member of the Executive Committee.

Board of Management

name **K.S. Wester** (1946)
function President and Chief Executive Officer
nationality Dutch
employed by Fugro since 1981
appointed to Board of Management 1996
(President and Chief Executive Officer 2005)
current term permanent appointment
other function Member Supervisory Board Iv-Groep B.V.

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

name **P. van Riel** (1956)
function Director / COO Onshore Geotechnical Services
nationality Dutch
employed by Fugro since 2001
appointed to Board of Management 2006
(reappointed 2010)
current term until AGM 2014

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

name **A. Steenbakker** (1957)
function Director / COO Information Services
nationality Dutch
employed by Fugro since 2005
appointed to Board of Management 2006 (reappointed 2010)
current term until AGM 2014

Other members of the Executive Committee

name **O.M. Goodman** (1956)
function COO Geospatial Services
nationality Irish
employed by Fugro Since 1993
first appointed to current position 2001

name **H. I. Meyer** (1957)
function COO Seismic Services
nationality Norwegian
employed by Fugro Since 2005
first appointed to current position 2009

name **W.S. Rainey** (1954)
function COO Offshore Geotechnical Services
nationality American
employed by Fugro since 1981
first appointed to current position 2006

name **J.H. Sommerville** (1949)
function COO Subsea Services
nationality British
employed by Fugro since 1994
first appointed to current position 2009

name **S.J. Thomson** (1958)
function COO General Geophysical Services
nationality Australian
employed by Fugro since 1999
first appointed to current position 2006

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

Report of the Board of Management

GENERAL

In the course of 2010 economic recovery gradually started in some regions, in particular in the Far East, resulting in an increasing demand for energy. This has led to a higher price of oil and an increase in the global exploration and production expenditure of the oil and gas industry. As a large part of Fugro's activities is related to this sector, the effect of the foregoing was also noticeable in our activities.

In the first half of 2010 revenues were flat compared to the first half of the previous year, but over the second half of 2010 growth was resumed and revenues increased by 22% compared to the second half of 2009.

In other sectors where Fugro operates, there were regional variations in the demand for our services, with Europe showing stagnation in demand for services for large infrastructure projects and a low interest for mining related work in Africa. Elsewhere the demand for these services held up reasonably well or showed gradual recovery.

Price pressure continues in segments with an oversupply of available capacity, such as in marine seismic and offshore construction support. New capacity additions in the marine seismic market still exceed the growth in demand. For offshore construction related work the hiatus of new project start-ups in late 2008 has lead to fewer projects entering the construction phase in the current period.

Under these market circumstances Fugro has continued to focus on cost control and keeping the utilisation of capacity up by means of competitive pricing in some sectors.

This has resulted in a somewhat lower net profit margin of 11.9% in 2010 (2009: 12.8%). Revenue of EUR 2,280.4 million exceeded that of any previous year. All three divisions showed growth in revenue and were profitable.

Fugro's financial position is solid and underpins plans for further growth in the medium term, both organically and through acquisitions. The fleet renewal/expansion program for marine seismic work was completed during the year. Expansion and renewal plans for vessels are in place for the Geotechnical and Survey divisions.

Fugro's broad range of services enables the company to offer one-stop-shopping solutions to clients for complex projects. This applies for new oil and gas developments as well as for large infrastructure projects such as harbour extensions and offshore wind farms.

During the year several interesting projects were awarded to Fugro. Some examples are described on pages 36 and 37.

In financial terms, the year 2010 can be summarised as follows:

- Fugro's revenue increased by 11.1% to EUR 2,280.4 million (2009: EUR 2,053.0 million). Revenue increased organically by 6.0% and by 0.4% as a result of acquisitions. The foreign currency effect was positive 4.7%;
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 1.8% to EUR 561.1 million (2009: EUR 551.1 million);
- The results from operating activities (EBIT) decreased by 4.3% to EUR 351.5 million (2009: EUR 367.4 million);
- Net result increased by 3.3% to EUR 272.2 million (2009: EUR 263.4 million);
- Earnings per share increased by 0.3% to EUR 3.47 (2009: EUR 3.46).

It is proposed to maintain the dividend for 2010 at EUR 1.50 per share (2009: EUR 1.50).

Offshore weather forecasting at Fugro GEOS, Wallingford, UK.

ACQUISITIONS

In 2010 Fugro completed the following acquisitions:

Acquisitions within the Geotechnical division

- ERT (Scotland) Ltd., United Kingdom, provides services to the global oil and gas, renewable energy and other industries. It conducts survey, monitoring, consulting and reporting activities supported by in-house chemical and biological laboratories.
- Geo Pannon Kft and related company Statnamic Kft, Hungary, are service providers in the field of onshore geotechnical services. With these acquisitions Fugro has strengthened its position in Central and South East Europe.

Acquisitions within the Survey division

- Interra S.A., Chile and its sister company TerraLaser S.A., Peru, are specialised in aerial mapping.
- Riise Underwater Engineering AS (RUE), Norway, is a provider of subsea engineering, ROV (remotely operated vehicle) and diving services offshore and inshore to the oil and gas industry. RUE is specialised in IRM (inspection, repair and maintenance) and subsea construction support.
- Fugro Jacques GeoSurveys Inc., Canada. Fugro acquired the remaining minority interest of 30%. The company will in future operate under the name of Fugro GeoSurveys Inc. and has a long track record in offering the complete range of Fugro's marine survey and marine geotechnical services to Canadian-based and international clients.

Reasons for acquisitions include obtaining new or additional technology or increasing market share. The annual revenue of the acquired companies in 2010 amounts to EUR 44 million (excluding the minority interest of 30% in Fugro Jacques GeoSurveys Inc.). The total cost of the acquisitions completed in 2010 was EUR 63.0 million (including Fugro Jacques GeoSurveys Inc.).

For more detailed information on acquisitions that took place in 2010, reference is made to the Annual Accounts on pages 120, 121 and 122.

EMPLOYEES

Number of employees

At the end of 2010 the number of employees was 13,463 (2009: 13,482). In a number of business units reductions in

Personnel data	2010	2009	2008	2007	2006
Average number of employees during the year	**13,444**	13,587	12,977	10,824	9,261
Revenue per employee (x EUR 1,000)	**169.6**	151.1	166.0	166.5	154.9
Net revenue own services per employee (x EUR 1,000)	**112.7**	105.1	110.4	110.7	100.6
Geographical distribution at year-end					
The Netherlands	**943**	947	978	935	871
Europe other/Africa	**4,461**	4,369	4,311	3,595	3,126
Middle East/Asia/Australia	**4,270**	4,411	4,319	3,624	3,007
North and South America	**3,789**	3,755	4,019	3,318	2,833
Total at year-end	**13,463**	13,482	13,627	11,472	9,837

staff amounting to 132 were implemented during the year. These reductions, in combination with the addition of 113 staff through acquisitions and the hiring of staff in business units where market circumstances were favourable, resulted in a decline of 19 employees overall. The average number of employees during the financial year was 13,444 (2009: 13,587), a decrease of 1.1%. Fugro also works with a large group of experienced and long serving freelance workers who are regularly deployed on a project basis. The use of freelance workers provides Fugro with the flexibility to respond to variations in manpower requirements. As a result of increasing demand slightly more freelancers were used in 2010.

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

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

Fugro continues to invest in training and education in order to guarantee a high standard of services. Once again, as in 2009, recruiting young talent was deemed critical in 2010. In Fugro, new employees also get access to knowledge and experience through on-the-job training and by working together with experienced employees in small teams on existing projects. Fugro also actively invests in a healthy and safe work environment.

CAPACITY PLANNING

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

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

In order to maintain flexibility, part of the vessel fleet capacity is based on long and short term charters, in particular for those activities that can be performed from more standardised vessels.

The charter term of a number of vessels will expire in the course of 2011. Extensions of charters will be considered taking into account the backlog and prospects for future work. Fugro also uses vessels that are chartered on a project-by-project basis.

In the course of 2010 the following changes took place in the vessel fleet:

Geotechnical division

At mid-year an eight year old DP vessel was bought and renamed Fugro Adventurer. The vessel operates in the Middle East region for geotechnical investigations, but is also suitable for survey and ROV work.
An order was placed for two new build DP vessels for geotechnical work in deepwater.

Survey division

At the end of the first quarter a new built survey vessel, the Fugro Searcher, commenced service. A sister vessel, the Fugro Galaxy, will be delivered in March 2011. Furthermore, an order for two survey vessels was placed in the course of the year, supplemented by a third vessel towards the year end. These vessels will operate in various regions, with one of them expected to be stationed in Brazil.
At the start of 2010, one older chartered ROV support vessel was replaced by a chartered new build. At year-end, one chartered vessel was returned to the owners at the expiry of the charter term.
Towards the year-end three ROV vessels were added to the fleet through the acquisition of RUE.

Fleet renewal/expansion

Name of the vessel	Type of vessel	Expected start of delivery
Fugro Galaxy	Survey	Q1-2011
Fugro Symphony	ROV-support	Q2-2011
Fugro Equator	Survey	Q1-2012
Fugro Australis	Survey	Q2-2012
Fugro Voyager	Geotechnical	Q3-2012
Fugro Brasilis	Survey	Q4-2012
Fugro Scout	Geotechnical	Q1-2013

Revenue growth (in percentages)	Organic	Acquisitions	Disposals	Exchange rate differences	Total
2010	6.0	0.4	–	4.7	11.1
2009	(5.6)	1.1	–	(0.2)	(4.7)
2008	23.4	4.0	–	(7.9)	19.5
2007	22.9	6.4	(0.1)	(3.5)	25.7
2006	18.9	6.8	(0.3)	(1.8)	23.6
2005	12.0	1.4	(1.1)	2.8	15.1
2004	9.7	16.2	(0.6)	(2.7)	22.6
2003	(8.6)	4.9	–	(9.4)	(13.1)
2002	3.4	4.0	–	(3.4)	4.0
2001	18.4	8.6	–	0.6	27.6
Average (2001 – 2010)	10.1	5.4	(0.2)	(2.1)	13.2

Geoscience division

With the delivery of the new build seismic vessels Geo Caspian (chartered) and Geo Coral (owned) the expansion of the seismic fleet was completed. Fugro bought the Geo Celtic, which already was under long term charter. The Seisquest was chartered for a limited period starting at the end of the first quarter in 2010.

Scheduled fleet expansion

Fugro has placed orders for new build vessels to become operational in the period 2011 through 2013 as shown above. All vessels will be owned and are designed to Fugro's specifications. The financing is covered by existing facilities and expected future operating cash flows.

FINANCIAL

Revenue and cost development

In 2010 revenue reached EUR 2,280.4 million, an increase of 11.1% compared to the EUR 2,053.0 million in 2009.

Revenue increased 6.0% due to organic growth and by 0.4% as a result of acquisitions. The foreign currency effect was positive 4.7%.

Organic growth of 6.0% was achieved despite the fact that Fugro continued to face price pressure in a number of market segments where there is more capacity in the market than demand can absorb. The marine seismic activities (division Geoscience) and the subsea activities (division Survey) suffered the most from this.

The analysis of the change in revenue is shown in the table above. The average revenue growth over a ten year period is about two thirds organic growth, with one third from acquisitions. The foreign currency effect over the same period is not material.

Also in 2010, Fugro spent much attention to optimising business efficiency and reducing costs as much as possible. One of the key related decision points is that of continuation or termination of charter agreements.

Third party costs amounted to EUR 765.6 million in 2010 (2009: EUR 624.4 million). This represents an increase of EUR 141.2 million. Third party costs as a percentage of revenue were 33.6% (2009: 30.4%) and include EUR 88.8 million expenses associated with seismic and geologic data libraries (2009: EUR 64.0 million).

As in 2009, managing the workforce was a focus in 2010. The size of the workforce was carefully evaluated and actively adapted to the demand in services. This meant that in some activities the number of employees was reduced and that in case of growth in activities more staff was hired, as was the case in Brazil.

The average cost per employee was EUR 53,789, an increase of 12.0% compared to 2009 (EUR 48,046). The majority of this increase is related to foreign currency effects. Total personnel expenses in the year amounted to EUR 723.1 million (2009: EUR 652.8 million), an increase of 10.8%. This is 31.7% as a percentage of revenue, which is almost the same as in 2009 (31.8%).

Geographical distribution of revenue* (on 31 December, x EUR 1 mln.)	2010	2009	2008	2007	2006
The Netherlands	133	134	145	124	114
Europe other/Africa	1,111	985	1,082	857	610
Middle East/Asia/Australia	432	420	426	351	288
North and South America	604	514	502	471	422
Total	2,280	2,053	2,155	1,803	1,434

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

Depreciation of tangible fixed assets increased from EUR 173.6 million to EUR 201.5 million in 2010, an increase of 16.1%, which is a result of capacity expansion and concerns mainly the vessel fleet (including related operational equipment) and ROVs.
The depreciation of tangible fixed assets is 8.8% of revenue (2009: 8.5%).

Other expenses amounted to EUR 252.5 million in 2010 (2009: EUR 249.1 million), an increase of 1.4%. As a percentage of revenue these costs are 11.1% (2009: 12.1%). Other expenses include a variety of different costs, which cannot be allocated directly to projects, such as repair and maintenance, occupancy, insurances, etc. As a result of strict cost control of these items Fugro was able to continue savings realised in 2009 into 2010.

Net result

The net result increased by 3.3% to EUR 272.2 million (2009: EUR 263.4 million). The basic earnings per share amounts to EUR 3.47 (2009: EUR 3.46). Measured over the last five years, the financial objective of an average increase of earnings per share of 10% per annum was exceeded.

The net result includes a change in the fair value of the conversion feature attached to the convertible loan to Electro Magnetic GeoServices ASA (EMGS) of EUR 22.3 million before tax. This change is largely caused by the strong increase of the share price of EMGS in the last few days of December 2010. The net effect after tax is EUR 16 million.

Except for the above-mentioned item, there are no non-recurring items that significantly impacted the net result.

Results from operating activities (EBIT)

The result from operating activities (EBIT) amounted to EUR 351.5 million (2009: EUR 367.4 million), a decrease of 4.3%. The EBIT as a percentage of revenue clearly improved in the second half of 2010 resulting in an EBIT of 15.4% over the full year (2009: 17.9%). This means that the decline in EBIT with more than twenty per cent over the first six months, caused by, amongst others, bad weather conditions in early 2010, was largely mitigated.

Revenue distribution per division (on 31 December, x EUR 1 mln.)	2010	2009	2008	2007	2006
Geotechnical	664	536	541	443	371
Survey	1,009	956	960	852	709
Geoscience	607	561	654	508	354
Total	2,280	2,053	2,155	1,803	1,434

Exchange rates (in EUR)	2010 Year-end	2010 Average	2009 Year-end	2009 Average	2008 Year-end	2008 Average
US dollar	0.75	0.76	0.69	0.72	0.71	0.68
British pound	1.16	1.17	1.13	1.13	1.05	1.25
Norwegian kroner	0.128	0.125	0.121	0.115	0.102	0.121

EBITDA
The earnings before interest, tax, depreciation and amortisation amounted to EUR 561.1 million (2009: EUR 551.1 million), an increase of 1.8%.

Foreign currency
During 2010, the average US dollar exchange rate increased to EUR 0.76 (2009: 0.72), the average exchange rate of the British pound increased to EUR 1.17 (2009: EUR 1.13) and the average exchange rate of the Norwegian kroner increased to EUR 0.125 (2009: EUR 0.115). As a result of the various fluctuations, the net foreign exchange effect in the profit and loss account in 2010 was negative EUR 5.1 million (2009: negative EUR 13.4 million). Exchange losses were largely caused by the difference in exchange rates between the entry date of trade receivables and the moment of receipt.

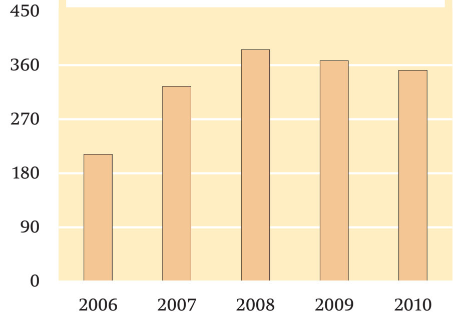
In the balance sheet, valuations were influenced by foreign currency effects at year-end. The US dollar and the British pound played an important role. However, also currencies like the Australian dollar and the Canadian dollar had a higher value at the end of 2010 compared to the end of 2009.

The foreign currency effect was EUR 108 million positive on the equity per 31 December 2010 (2009: positive EUR 48 million). See page 73 of the report under risk management and page 155 of the annual accounts under currency risk.

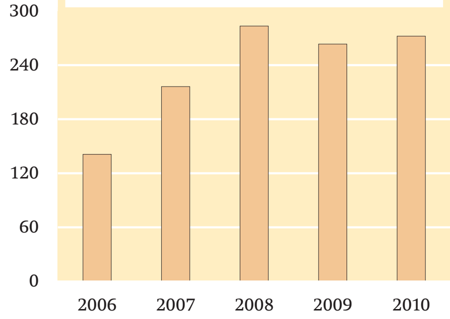
Cash flow
In 2010, the cash flow amounted to EUR 489.8 million (2009: EUR 456.8 million), an increase of 7.2%. Cash flow is defined as the profit for the period plus depreciation and amortisation. The expected future cash flow will enable the company to remain within the current financing covenants and to finance the committed investments. The cash flow per share equates to EUR 6.25 (2009: EUR 5.99), an increase of 4.3%. The financial growth target for the cash flow of on average 10% per annum was amply achieved measured over the last five years.

Investments
In the past years, Fugro has invested considerably in the expansion of seismic capacity. In 2010, this program was concluded with the introduction of the Geo Caspian and the Geo Coral into service. As indicated before, Fugro will continue to invest in its vessel fleet in the coming years to support future growth. This will predominantly be done in the Geotechnical and Survey divisions. Here, older vessels will be replaced and capacity will be added if market conditions allow. In particular deep water market opportunities will be considered in this decision-making.

Results from operating activities (EBIT) (x EUR 1 mln.)



Net result (x EUR 1 mln.)



The 2010 investments can be specified as follows (x EUR million):

Maintenance capex	81.2
Capacity expansion	362.6
Total investments	443.8
Movement in assets under construction (mainly vessels and ROVs)	(44.8)
Sub total	399.0
Assets of acquisitions	2.9
Total	401.9

Each year, Fugro is investing in order to maintain the existing capacity. In 2010, the maintenance capex amounted to EUR 81.2 million (2009: EUR 70.4 million). As in 2009, replacement investments in 2010 were limited to those which were unavoidable.

In the table below, an overview of the annual investments for the period 2009-2013 is given, including an estimate for the years 2011-2013. The major part of the capacity expansion for 2011 concerns ROVs and the vessels Fugro Symphony and Fugro Galaxy. The investments for 2012 include the vessels Fugro Voyager, Fugro Australis, Fugro Equator and Fugro Brasilis. Investments in 2013 are, as yet, unidentified apart from the delivery of the Fugro Scout.

Net finance costs

The net finance gain amounted to EUR 6.2 million in 2010 (2009: costs EUR 20.4 million).
The analysis is as follows (x EUR million):

	2010	2009
Change in fair value financial assets	22.3	(1.6)
Net interest charge	(12.1)	(7.7)
Foreign currency effects	(5.1)	(13.4)
Other	1.1	2.3
Total gain (costs)	6.2	(20.4)

The change in fair value of financial assets relates to the value of the convertible feature attached to the convertible loan supplied to Electro Magnetic GeoServices ASA (EMGS), which increased because of the higher value of the EMGS shares. This was especially the case in the last days of December 2010.

The net interest charge increased in 2010 mainly because of a higher use of bank facilities. The interest cover (EBIT/ net interest expenses) is 29 (2009: 48). This is a high coverage, substantially above the financial objective of more than 5.

Taxes

In 2010, income tax expense amounted to EUR 78.5 million (2009: 74.4 million), an increase of 5.5%. The effective tax rate in 2010 amounted to 21.9% (2009: 21.4%). A low tax charge is targeted through the geographical spread of projects.

(Expected) investments, excluding assets from acquisitions

(x EUR 1 mln.)	2009	2010	2011*	2012*	2013*
Maintenance capex	70.4	81.2	100.0	110.0	120.0
Capacity expansion	250.0	362.6	160.0	110.0	120.0
Total investments	320.4	443.8	260.0	220.0	240.0
Movement in assets under construction	29.3	(44.8)	(80.0)	(50.0)	–
Net cash	349.7	399.0	180.0	170.0	240.0

* *Estimate*

The new ROV FCV 2000D, Aberdeen, UK.

Intangible assets (goodwill)

In 2010, the addition to goodwill resulting from acquisitions amounted to EUR 44.1 million (2009: EUR 20.0 million). The addition is mainly a result of four acquisitions in 2010. In 2010, there was a positive foreign exchange effect of EUR 22.8 million (2009: positive EUR 21.3 million) on the balance sheet for the goodwill.

Goodwill is not amortised, but is tested at least once a year for impairment. In 2010, as in 2009, this did not result in adjustments.

Development of goodwill*	Goodwill (x EUR mln.)	Book value as of 31 December
1988-1993	35.4	0
1994	40.3	0
1995	5.2	0
1996	3.0	0
1997	18.1	0
1998	16.9	0
1999	35.3	0
2000	37.4	0
2001	242.8	237.9
2002	3.2	190.9
2003	68.2	253.1
2004	22.9	274.4
2005	8.3	289.2
2006	59.4	347.3
2007	47.3	381.6
2008	76.0	418.5
2009	20.0	459.7
2010	**44.1**	**526.6**
Total	739.7	783.8

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

Balance sheet ratios

Solvency at the end of 2010 was 48.8% (ultimo 2009: 50.2%). The solvency ratio objective is to be at least 30-35%. At the end of 2010 the current ratio was 1.3 (2009: 1.2). Gearing amounted to 54% (2009: 42%). The higher gearing is mainly caused by higher financing, required for the investment to build up the seismic data library. The solvency and gearing underline Fugro's healthy balance sheet.

In July 2010, Fugro granted a loan to Electro Magnetic GeoServices ASA (EMGS) of US dollar 20 million. The loan has a maturity of 3.5 years, carries an interest rate of Libor plus 8% and is secured by the income of a contract for Pemex which EMGS is presently carrying out.

Working capital amounted to EUR 253.2 million at the end of 2010 (2009: EUR 140.3 million). The change can be analysed as follows (x EUR million):

	31 December 2010	31 December 2009	Change
Inventories	**219,0**	80,6	138,4
Unbilled revenue	**221,4**	154,4	67,0
Trade receivables	**444,1**	328,4	115,7
Trade and other payables	**(474,2)**	(350,0)	(124,2)
Net cash and cash equivalents	**(218,9)**	(59,8)	(159,1)
Other	**61,8**	(13,3)	75,1
	253,2	140,3	112,9

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

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

With the launch of the seismic vessel the Geo Coral, Fugro concluded a multi-year program to build up a 'state of the art' 3D seismic fleet. Following the increasing interest for multi-client 3D projects Fugro started late 2009 to use part of the newly available capacity to build up a 3D library in addition to the 2D library. The first 3D multi-client projects were completed in the course of 2010.

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

Virtually no data acquired during or before 2008 is valued on the balance sheet. At the year end, the total net book value of the library amounted to EUR 204.5 million (2009: EUR 68.5 million) of which EUR 199 million is related to marine seismic (2009: EUR 62 million).

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

The data library's balance sheet valuation has increased compared to the end of 2009, mainly because of a number of large projects carried out offshore Australia, for which good pre-commitments were received. This underlines the interest of oil and gas companies in this specific data.

In 2010, some EUR 218 million new data was added to the libraries. About EUR 186 million of sales of seismic data was recognised as revenue.

At the end of 2008, Fugro recognised a EUR 25 million impairment allowance in respect of, amongst others, trade receivables and unbilled revenue as a consequence of the financial crisis. In respect of trade receivables and unbilled revenues about EUR 4 million was charged against the allowance in the years 2009 and 2010. At the end of 2010 an evaluation of remaining potential risks was done. A total amount of EUR 15 million for specifically identified issues has been maintained.

Financing

During 2010, Fugro reached agreement with BNP Paribas to increase the existing credit facility by EUR 50 million to EUR 100 million under the same terms and conditions.

The total committed long-term bank financing as per 31 December 2010 amounts to EUR 500 million, of which EUR 8 million was not yet used. The committed bank financing is available till April 2012. The total of the available uncommitted overdraft facilities at the end of 2010 amounted to EUR 525 million, of which EUR 255 million was not yet used.

Early 2011 agreement was reached with ABN AMRO to increase the existing credit facility by EUR 50 million to EUR 100 million under the same terms and conditions.

Private Placement loans were concluded in 2002 for EUR 20 million and for US dollar 120 million. The US dollar loans are held in the original currency to hedge investments in foreign operations denominated in US dollars. Interest on the private placement loans varies between 6.45% and 7.10%. These private placement loans will have to be repaid in parts in 2012, 2014 and 2017.

DIVIDEND PROPOSAL

It is proposed that the dividend for 2010 be maintained at EUR 1.50 per share (2009: EUR 1.50), to be paid at the option of the holder:
- in cash, or
- in (certificates of) shares

If no choice is made, the dividend will be paid in (certificates of) shares.
The proposed dividend equates to a pay-out percentage of 43.7% of the net result. For more details see page 10 and 11.

MARKET DEVELOPMENTS AND TRENDS

Trends

In 2010 the effects of the economic slowdown resulting from the financial crisis were still impacting most of the markets in which Fugro is active. Nevertheless, in the course of the year some positive changes became noticeable in some sectors. In particular, the slowdown in demand for oil and gas related activities bottomed out.

By way of its position in the international markets in which it operates and the mix of its clients, Fugro was reasonably protected against, but not immune to, the consequences of the worldwide crisis. In particular, the effects continued to be felt in the first half of the year.

The oil and gas market

From mid-year 2010 onwards the price of oil gradually increased to over USD 90 per barrel (Brent) at the end of the year. External reports indicate that on the basis of growing global demand the price of oil is expected to stay above USD 80 per barrel (Brent). This level seems to be comfortable for the industry and in the course of 2010 oil companies started to step up activities. This is reflected in recent external market reviews that indicate that after a decline of about 15% in global investments in 2009, the oil and gas industry stepped up expenditure by some 11% in 2010. Further double digit growth is expected for 2011. It was largely national oil companies that kept up their levels of investment during the economic recession. In 2011 growth is expected to come, in particular, from large international oil companies.

Increasingly, as a consequence of implementing the strategy to provide a broad range of related services, Fugro is involved throughout the life cycle of oil and gas fields. This cycle can last for several decades. It starts with the search for fields, continues with investigations and surveys related to the design and construction of the structures required to bring new fields into production, to maintaining and improving production from existing fields and, finally, decommissioning. Fugro will therefore be able to benefit from increases in investments by oil and gas companies, irrespective of where they are being made in the field life cycle. In years to come, large investments will be required to maintain sufficient oil and gas production in the longer term. The majority of these investments will be for offshore fields.

Many of the exploration and development activities, especially those related to deepwater projects, take place in the Gulf of Mexico, West Africa and Brazil. Other regions that continue to be very active are the Middle East, the northern part of the North Sea and parts of Asia, India and Australia. There is also a continuing interest in detailed reservoir information from existing fields to enable production levels to be maintained for as long as possible, and to extract the maximum volume of available oil and gas.

The Macondo oil spill in the Gulf of Mexico delayed ongoing developments in that area and it is still unclear what the effects for the near future will be, as new regulations for future development are still under review.

Demand for gas is creating a global growth market. The demand is increasingly met by production of liquefied natural gas (LNG), which can be transported over sea as well as local shale gas production onshore. High energy prices are helping to make the development of gas fields located at considerable distance from the user markets more attractive. This is especially applicable in the Middle East where there are considerable gas reserves within transportation distance of India, China, Japan and Europe. Large-scale developments are also taking place in countries that have been exporting gas for some time, such as Australia, Nigeria and Indonesia.

External publications indicate that oil companies base their economic viability calculations for most of their larger projects on a price of oil well below the current price level. Considering the long duration from start to finish of these kinds of projects and the current trend in the oil price, Fugro anticipates that its services will continue to be in demand in 2011 and the years beyond. About 73% of Fugro's activities is related to the oil and gas industry.

The market for infrastructure projects

Infrastructure and construction related activities accounted for approximately 19% of Fugro's revenues in 2010. The uncertain economic situation is still noticeable in a number of these market segments. The residential market, for instance, has slowed down in several countries. This market is less important to Fugro, as it concentrates more on large infrastructure projects. In times of economic stagnation, (local) governments often accelerate such projects to boost the local economy. Fugro provides several services in this part of the market such as aerial surveying, water management, advice on foundations and road maintenance. In order to be involved in large infrastructure projects as early as possible, Fugro strives to make early contacts with the key players in the development of these projects.

In some countries, like the USA, stimulus programs are generating projects in which Fugro is participating. The uncertainty remains as to how far general economic developments will be able to support the activities by the time stimulus programs expire.

Fugro undertakes contracts associated with airports, land reclamation, (LNG) harbour expansions, levees, tunnels, bridges and major building and construction works all over the world. The company is strengthening its market position in this segment, as it has increasingly positioned itself as a supplier of integrated solutions. This fulfils customer's preference for handing over the responsibilities for a broad range of data acquisition and consultancy activities to a single, independent global service provider.

Mining

The majority of Fugro's mining related revenue comes from the exploration sector. This sector drastically reduced the level of investment in 2009. The private sector component is driven by the economic value of new sources of minerals. This is affected by mineral prices and by the planning assumptions and planning horizon of the mining companies. As the financial markets entered into difficulty during the financial crisis, potential sources of funding from equity and debt providers for explorers came under severe pressure. As a result of this, a significant decrease was seen in the activity of mining 'juniors'. On the basis of a better economic outlook, activities recovered somewhat in the later part of 2010 and governmental and semi-governmental organisations continued to carry out some projects. Such projects are regional mapping of geology and earth structures which are viewed as a strategic investment by governments and semi-governmental organisations such as international aid groups. These projects tend to be less dependent on short-term fluctuations in the price of minerals. Mining related activities accounted for 3% of Fugro's revenue in 2010.

Other market segments

Fugro not only supplies services to the aforementioned markets but also to a number of other niche markets. These services include precise positioning for machine guidance in agriculture, route surveys for offshore telecommunication cables, and airborne mapping using laser and radar technology for governmental authorities and other public bodies. Approximately 5% of annual revenue is generated by these segments. In general, these activities are more region-specific and related to specific economic activity.

Backlog at start of the year (for the next twelve months) (x EUR 1 mln.)	2011	2010	2009	2008	2007
Geotechnical					
Onshore Geotechnical	230.4	191.9	168.7	152.7	147.1
Offshore Geotechnical	205.7	199.3	174.6	142.6	98.3
	436.1	391.2	343.3	295.3	245.4
Survey					
Offshore Survey	431.2	388.3	436.0	354.7	334.9
Subsea Services	255.9	244.5	273.0	207.5	168.6
Geospatial Services	96.2	83.6	95.8	85.9	40.5
	783.3	716.4	804.8	648.1	544.0
Geoscience					
Seismic Services	222.8	164.1	356.8	399.6	256.3
Information Services	49.4	45.5	34.7	53.1	37.7
General Geophysical Services	61.6	46.8	60.8	62.4	63.0
	333.8	256.4	452.3	515.1	357.0
Total	1,553.2	1,364.0	1,600.4	1,458.5	1,146.4

Backlog comprises revenue for work to be carried out in the coming twelve months and includes uncompleted parts of on-going projects and contracts awarded but not yet started (approximately 58% of the total) and projects that have been identified and are highly likely to be awarded (approximately 42% of the total).

BACKLOG

At the beginning of 2011 the backlog of work to be carried out during the year amounted to EUR 1,553.2 million (beginning of 2010: EUR 1,364.0 million). The proportion of definite orders is 58% (beginning 2010: 53%). The backlog calculation is based on year-end exchange rates in EUR and is 13.9% higher than at the beginning of 2010. Of the increase in backlog, 8.7% is related to foreign currency effects. The backlog has increased as a result of somewhat improving market circumstances. Delays in the firm commitment of new projects, last minute awards and lower prices still have an effect on the volume of the backlog. This is mainly the consequence of the generally improved availability of service capacity, unlike in years previous to the start of the economic downturn. This is in particular the case for marine seismic activities.

The order backlog of work to be carried out equals about eight months revenue.

POSTBALANCE SHEET DATE EVENTS

Early March 2011, Fugro has acquired 100% of the shares in TSmarine Group Holdings Pty Ltd (TSM) and its subsidiaries. TSM, with its headquarters in Perth Australia and subsidiaries in Singapore, Labuan (Malaysia) and Aberdeen (United Kingdom), is a specialist provider of subsea construction, IRM (inspection, repair and maintenance) and light well intervention. The company operates ROVs (Remotely Operated Vehicle) and diving services and has four high specification chartered vessels in its fleet.

The combination of Fugro's existing strength and its global network with TSM's business will lead to substantial synergies and will enable Fugro to strengthen its subsea services business in support of the offshore oil and gas industry, with a particular focus on Asia-Pacific and Europe-Africa.

TSM will be renamed Fugro-TSM and will be part of Fugro's Subsea Services Business Line. TSM management will continue to work in Fugro.

TSM's revenue amounts at present to over EUR 90 million per annum. The company has 70 permanent office-based professional staff and has up to 100 contract staff at any one time. The purchase price amounts to EUR 77 million. Quantitative information on the fair value of assets and liabilities acquired are not yet available and are therefore not disclosed at this stage.

OUTLOOK

Most of Fugro's revenues derive from the oil and gas industry. Such services are provided throughout the life cycle of oil and gas fields and contribute 73% of annual revenue. As a service provider, the price of oil, as such, has no direct impact on Fugro's income, but energy prices can certainly affect the behaviour of Fugro's clients with regard to their investments. Investments for exploration and new developments are driven by expectations regarding future demand and the price of oil and gas.

With an improving economic situation in several regions of the world, the demand for oil and gas is increasing, which is also reflected in the recovery of the price of oil from below USD 40 per barrel (Brent) at the start of 2009 to over USD 90 per barrel in early 2011. The oil price recently further inflated due to the political turmoil in North Africa and the Middle East.

According to external reports, global E&P investments are expected to have increased by around 11% in the year 2010. Further increases of 12-15% are projected for 2011, bringing the global total investment budgets to a record high of USD 490 billion. These projections are based on an expected average oil price of USD 77 per barrel (Brent) for 2011. The average oil price was USD 58 in 2009 and USD 70 in 2010. The indications are that NOCs (National Oil Companies) will continue their high level of investment and that, in particular, the large international oil companies will increase their expenditure in 2011.

Worldwide, the decrease in production from existing fields through depletion is 6 to 8% annually. This means that even without growth in demand, there is a continuous need for exploration and new developments.

The investment horizon is an important issue and must take account of the fact that for new larger offshore oil and gas fields, the time that passes between the decision to develop a field and the actual start of production is several years. Considering the lead time required to put new fields into production, the need for continuous investment in production capacity is less sensitive to short term economic developments. Fugro's involvement in the subsea servicing of installations (inspection, repair and maintenance or IRM) has gradually increased over the last few years and these activities are less sensitive to oil price fluctuations, as maintenance on producing fields is, in any case, a necessity.

The majority of Fugro's services to the oil and gas industry are provided by Offshore Geotechnics, Offshore Survey, Subsea Services, Information Services and Seismic Services.

In other segments where Fugro is active, like larger infrastructure projects, there are indications of a further recovery during the course of the coming year in a number of regions. These activities include transportation projects (such as roads and ports), coastal protection, pipelines and water management. The onshore and nearshore geotechnical activities, as well as aerial mapping activities in Geospatial, are involved in this. Fugro's decentralised organisational structure, with local operating companies, enables the company to respond quickly to changes in demand for infrastructure services that have a national or regional character.

Due to the sharp fall in prices for minerals and the heavy dependence of smaller clients on external financing for projects, a strong decline in the demand for mineral exploration services occurred in 2009. During the second half of 2010 a gradual improvement in the demand for these services took place.

In addition to the influence of market demand, the exchange rates of the US dollar, the Norwegian kroner and the British pound compared to the Euro are important. The majority of Fugro's revenue corresponds to costs in the same currency. However, the translation to Euros can be of influence in the reporting of results, which is in Euros. In addition to currency exchange fluctuations, another factor which creates uncertainty is political instability, which can lead to the stagnation of projects.

Economic developments over the last two years have resulted in less tension in the labour market and more manageable costs of services from third parties, such as the transport of equipment and the short-term charter of vessels.

In 2010 Fugro benefited from the cost reduction measures taken in 2009 and several measures will continue to control cost such as:

- restrictions on new investments, unless profitable in the short term or strategically important;
- flexibility in hired capacity, such as chartered vessels and freelance staff;
- further optimisation of operational efficiency.

As the recovery of the world economy seems to gain further momentum, the sectors on which Fugro focuses, particularly energy, construction, transport, minerals and water, should offer good opportunities for further growth.

The expansion and broadening of activities through acquisitions will also remain part of the strategy. More realistic company valuations than have been the case in some sectors in recent years, may enhance these opportunities.

Fugro is expecting a gradual further improvement in a number of market sectors in which it is active. This is supported by good tender activity in several sectors and an improving backlog compared to the situation a year ago. Nevertheless, a tighter pricing environment is likely to linger on for a while in sectors like marine seismic. The relatively harsh winter in the northern hemisphere has also delayed onshore construction related work in some countries, such as the USA.

Revenues began to increase in the second half of 2010, resulting in the highest revenue on a half year basis so far achieved by Fugro in such period. Partly on basis of this, further growth in revenue is expected for 2011 in comparison to the previous year. It looks that demand for our services will gradually further recover in the course of the year. This will create room to optimise utilisation of available capacity and possibly some price recovery in sectors under pressure.

In view of the uncertainties and volatility in market developments and given the short-term nature of a number of our projects, as in previous years, we will first publish a quantitative forecast for the entire year in August 2011, at the time of the publication of the 2011 half-yearly report.

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

To the best of the Board of Management's knowledge the annual accounts (pages 88 to 175) give a true and fair view of the assets, liabilities, financial position and profit or loss of Fugro N.V. and the companies included jointly in the consolidation, and the annual report gives a true and fair view of the situation on the balance sheet date and the business development during the financial year of Fugro N.V. and the Group companies for which the financial information is recognised in its annual accounts. The principal risks and uncertainties with which Fugro N.V. is confronted, are described in this annual report.

Leidschendam, 9 March 2011

K.S. Wester, President and Chief Executive Officer
A. Jonkman, Chief Financial Officer
P. van Riel, Director
J. Rüegg, Director
A. Steenbakker, Director

A Remotely Operated Crawler (ROC) being deployed for subsea inspection to locate, track and perform inspections of submarine cables, pipelines and other structures, North Sea.

IMPORTANT AND INTERESTING CONTRACTS

- Alaska – Fugro-Geoteam successfully completed a large 3D survey, offshore Alaska in the Chukchi Sea. The project was conducted for Statoil E&P USA Inc. by the ''M/V Geo Celtic'' during the relatively brief ice-free season and resulted in the recording of data over 2,600 square kilometres in 40 days. This high level of production combined with minimal loss of time, zero infill and no environmental incidents, was the result of extensive planning and close-cooperation between all parties. Fugro's personnel and facilities located in Anchorage provided local support.

- Australia – Fugro Seacore was awarded a contract that involves specialist drilling and marine support services to the John Holland Group as part of their contract to construct a 1.4 km long access jetty and wharf which forms part of the early works for the construction of an iron ore terminal at Cape Lambert, Australia for Rio Tinto. The contract, which has a value of USD 20 million to Fugro, involves providing assistance to install 300 piles, deploying one of Fugro's self elevating platforms.

- Brazil – Fugro Brasil was awarded a long term diving contract by Otto Candies for Petrobras in Brazil. The contract has a value for Fugro of approximately USD 100 million, involving ROV and diving services. Otto Candies is providing the diving support vessel and the contract will be managed jointly. It is a 5-year contract with an additional 5-year option, with operations commencing mid 2011. The vessel will be engaged in Inspection Repair and Maintenance (IRM) activities along the Brazilian coast.

- Brazil – In partnership with vessel owners Greatship and Farstad, Fugro Brasil has been awarded 3 long-term contracts for ROV support vessels by Petrobras. The value of the contracts for Fugro is approximately USD 140 million and will involve ROV services and positioning. Greatship will be providing the vessels Greatship Rohini and Greatship Ramya and Farstad will be providing the vessel Far Scotia. The contract is for five years, with an option for an additional 5 years and the operations will commence early 2011.

- India – The state owned Oil and National Gas Corporation Limited (ONGC) awarded Fugro a contract for acoustic inspection of all subsea pipelines in the West Coast of India offshore Mumbai. The project comprises inspection of some 5,400 km of pipelines and has a value of some EUR 5 million.

- Japan – Fugro Seacore was awarded a contract to provide a marine drill coring system to the Japan Oil, Gas and Metals National Corporation (JOGMEC), for installation on their new marine survey vessel as part of their research investigations of seabed resources. The marine drilling system will be designed and built at Fugro Seacore's facilities in Cornwall, United Kingdom. Fugro expects the value of the contract to exceed USD 30 million.

- Mexico – Pemex awarded Fugro, in cooperation with Constructora Subacuatica Diavaz, S.A. de C.V., a geophysical and geotechnical site investigation project in deep water. The project also requires the deployment of one of Fugro's AUVs. The contract value is about USD 26 million.

- Sierra Leone – African Minerals UK ltd. awarded a contract to Fugro for site investigation related to the development of Freetown Port in Sierra Leone. The project comprises near shore and onshore geotechnical surveys and geotechnical laboratory testing associated with the development of the Tonkolili iron ore deposit near Freetown. The contract value is about USD 5 million.

- United States – The California, Oklahoma and New York Departments of Transportation have each awarded multi-year pavement data collection and analysis projects to Fugro Roadware. The three contracts represent collection of over 124,000 miles of data and have a total value of over USD 10 million.

- United States – Fugro LADS, has been selected by the National Oceanic and Atmospheric Administration (NOAA) to provide Light Detection and Ranging (LiDAR) hydrographic survey services to support nautical charting and related products anywhere in the United States. The contract was awarded for a three year period, and has a maximum value of USD 30 million. The contract involves acquiring bathymetric and near-shore topographic LiDAR data that will be delivered to NOAA for use in nautical charts and associated hydrographic products.

- United States – Fugro Roadware has been awarded a contract with the State of Louisiana Department of Transportation and Development, with a potential value of USD 20 million over six years. The initial task order is for a network level pavement condition evaluation and videolog across 57,600 km of Louisiana roads, to be completed by June 30, 2012. This task has a value of USD 6.2 million. The contract will provide the State of Louisiana accurate and reliable information which enables them to strategically focus investment in road maintenance and safety in the most efficient manner.

RECENTLY AWARDED IMPORTANT AND INTERESTING CONTRACTS

- Brazil – Fugro Brasil, along with consortium partner IPEX, has been awarded a deep water drop coring project by the (ANP) National Oil & Gas Agency for the Ceará Basin development plan in the north-east of Brazil, in order to increase knowledge of the equatorial margin basins. The project, valued at approximately EUR 6 million, requires satellite imagery acquisition, processing and interpretation; review of 3D seismic profiles; selection of geochemical sampling stations; recovery of 1,000 drop cores in water depths up to 3,000 metres; laboratory testing and interpretation. The total project duration is twelve months with field work anticipated to take about four months. This award follows similar campaigns previously completed for ANP in the Pernambuco/Paraíba, Pelotas and Jacuípe basins as well as several other sampling projects for different clients.

- Norway – Interaction, which forms part of the Fugro group, has signed an agreement to supply OHM Rock Solid Images (OHMRSI) with next generation marine electromagnetic processing and quality control software systems. The software will be built upon Interaction's existing 'InPro' system, but will include a number of new features and functions specified by OHMRSI. The agreement includes options for further sales and is meant to help OHMRSI increase the efficiency and quality of their data processing workflows. Interaction also provides software and services for the management of marine electromagnetic data through their 'InStore' software product.

- Norway – Fugro GEOS has secured two large metocean (meteorological and oceanographic) measurement studies for Statoil in the Norwegian and North Seas. These highlight the importance of accurate metocean data at the design stage of development of offshore fields, and for life extension of existing fields. The first contract is for a five year metocean measurement programme with associated routine data analyses for Statoil. Current profile, wave and seawater property data will be collected at five offshore fields in the Northern North Sea: Kvitebjørn, Oseberg Sør, Brage, Heimdal and Grane Fields. For the second contract, Fugro will be measuring a twelve month current dataset at Dompap, Fossekall, Asterix and at several locations along the northern part of the Norwegian Sea Gas Infrastructure (NSGI) pipeline. At these locations current measurements, also provided in real-time, will support the planning of effective operations.

GEOTECHNICAL DIVISION

The Geotechnical division's revenue increased by 24% to EUR 664 million (2009: EUR 536 million). Results from operating activities (EBIT) was EUR 104 million (2009: EUR 94 million) corresponding to 16% EBIT margin (2009: 18%).

In comparison to 2009, the division experienced good revenue growth albeit with some reduction in margins. This was primarily due to some start-up issues with a new specialised geotechnical vessel, the Fugro Synergy, severe winter weather early in the year and increased work volumes in the wind farm market at lower margins.

In the onshore and near shore markets, the majority of the work is related to large infrastructure, oil and gas, energy, mining and water management projects. Developments in these geotechnical markets largely followed trends of the global economy. In the Asia-Pacific region the geotechnical markets picked up, led by a strong recovery in Hong Kong on the back of major spending on large infrastructure projects. In the Middle East local differences from country to country continued to exist, but generally the market in this region was good in 2010. Thanks to coordinated efforts throughout this region Fugro was able to capitalise on opportunities while optimising the utilisation of regional resources, equipment and personnel. In Europe we anticipated a tough year and pre-emptive steps were taken to ensure the region contributed positively to the results. In Africa, the operation in Nigeria benefited from some political stabilisation in the Niger Delta. In addition, near shore/onshore multi-discipline projects were carried out in some other African countries. In North America the organisational structure was streamlined in support of further growth and good results were achieved. The South American operations are concentrated in Brazil where revenues showed rapid growth, with room for further improvement of the results.

An emerging trend in the geotechnical markets is for large clients to spend more effort on mitigating construction and long term maintenance risks. As a result they are increasingly letting larger and more complex multi-disciplinary geotechnical projects. Being able to win and execute such projects is a key element of Fugro's strategy in geotechnics. Accordingly, in 2010 a start has been made to form larger regional entities that have the resources to handle such large project opportunities. In addition, specialty services in, for example, pile testing, engineering geophysics and geomonitoring are being globalised from their current more localised bases.

The offshore oil and gas market has continued in 2010 to provide the basis for the success of offshore geotechnical operations. Growth was concentrated in the areas of wind farm development activity and global geo-consulting markets.
The Macondo oil spill did not significantly affect our scheduled activities in the Gulf of Mexico, but there is still some concern for the future over the permitting process and the subsequent regional safety changes which will be forced on clients.
Deepwater development and related services continued to be buoyant in all regions. In 2010, deepwater projects were conducted in all major global oil and gas provinces and, based on external forecasts of expenditures for 2011, this trend is expected to continue. A significant portion of the backlog for 2011 is related to deepwater development projects.

The market for oil and gas projects in shallower water showed differences on a regional basis. The market in the Asia-Pacific region was weak in 2010 due to fewer projects than normal. Markets elsewhere were steady.

Key figures Geotechnical (amounts x EUR 1 mln.)	2010	2009	2008	2007	2006
Revenue	664	536	541	443	371
Results from operating activities (EBIT)	104	94	95	78	58
Average invested capital	447	358	254	173	129
Depreciation of tangible fixed assets	35	29	24	19	14
Results from operating activities (EBIT) as a % of revenue	16	18	18	18	16

SMARTSURF field trials from vessel Bavenit,
offshore Flushing, the Netherlands.

As in 2009, offshore wind farm work supplemented the mainstay oil and gas work. In 2010 we experienced more competition in shallow water work which has resulted in lower margins in this segment. This was partially compensated by a larger work volume.

In terms of development, a key objective in 2010 was to introduce the Fugro Synergy in the well services market, which has taken more time than originally planned. However, in the second half-year the vessel performed well on two complex projects offshore South Korea and Australia.

In 2010 two acquisitions were completed.
ERT (Scotland) Ltd. (United Kingdom) provides services to the global oil and gas, renewable energy and other industries. It conducts survey, monitoring, consulting and reporting activities supported by in-house chemical and biological laboratories.
Geo Pannon Kft and related company Statnamic Kft (Hungary) are service providers in the field of onshore geotechnical services. With these acquisitions the position in Cental and South East Europe has been strengthened.

SURVEY DIVISION

In the year under review the revenue of the Survey division increased by 5% to EUR 1,009 million (2009: EUR 956 million). The result from operating activities (EBIT) amounted to EUR 228 million (2009: EUR 246 million) equating to an EBIT margin of 23% (2009: 26%).

The Survey division's activities are largely dominated by the oil and gas industry, and the oil price and the prevailing investment climate are therefore key factors in the business. Much of the division's activities are related to work offshore, increasingly in deep water, as well as subsea services and intervention in support of the development of natural resources. The geospatial segment concentrates primarily on land and airborne surveys principally driven by government and infrastructure developments, but also includes an oil and gas related component.

Offshore Survey operates predominantly in the hydrocarbon resource industry with a small percentage of its activities in the telecommunication, the wind farm (renewables) and hydrographic charting markets. Broadly, the business line specialises in offshore and near shore survey solutions. A firm basis for all activities is the Fugro network of Global Positioning System (GPS) reference stations operated globally, forming the nucleus of positioning needed for survey activities, at sea, as well as on land and in the air. Safe and successful offshore construction operations for field developments, as well as pure exploration, rely on precise and reliable data concerning surface and subsurface locations. These are provided through detailed geophysical surveys and assessments, increasingly in collaboration with the Geotechnical division, offering coherent site assessments to industry. Coupled with these services, meteorological and oceanographic studies form an integral part. Using the expertise gained in the oil and gas business, Offshore Survey is using its knowledge in a variety of other applications that require sound knowledge of the marine environment. Offshore Survey had a good year in spite of the continued uncertainty in its primary industry.

The traditional Offshore Survey activities started somewhat slowly following 2009's global financial crisis, but soon made up for lost ground. The oil and gas business was dominated by the Macondo well accident in April, which raised uncertainty in the industry for most of the year and in some cases, prevails to this day. The impact for Offshore Survey turned out to be negligible thanks to a broad range of business segments covered on a global scale. With the tightening of oil company's budgets it was, however, noticeable that price pressures on part of services tendered continued. Vessel utilisation across the globe turned out to be strong as did the Autonomous Underwater Vehicle (AUV) fleet employed primarily in deep water developments.

The Subsea Services business performance varied around the world and between market sectors. A hiatus in the approval of offshore construction contracts in 2009 had an impact on the construction support market resulting in a shortage of new projects starting up in 2010. This had the effect of increasing the seasonality of activities with lower activity in the northern hemisphere winter seasons in particular. On the other hand there was a modest recovery in drill support activities compared to 2009 and inspection, repair and maintenance work held up well. Brazil achieved a strong performance but Europe and Africa fell behind expectations. Middle East showed a significant improvement towards the end of the year after a slow start, but the Asia Pacific operations had a difficult year. For the first part of the year in particular, ROV investments were concentrated on fleet upgrades and improvements with only a modest expansion. In the latter part of the year, a new build programme was started to bring systems to the market for anticipated growth, especially in Brazil. Construction of the new vessel Fugro Symphony is in progress and it will be delivered in May

Key figures Survey (amounts x EUR 1 mln.)	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue	1,009	956	960	852	709
Results from operating activities (EBIT)	228	246	235	205	146
Average invested capital	710	578	497	423	332
Depreciation of tangible fixed assets	51	49	43	37	29
Results from operating activities (EBIT) as a % of revenue	23	26	24	24	21

Offshore survey vessel Fugro Galaxy launched in Bremen, Germany.

2011. In advance of that, the oldest (chartered) North Sea based vessel was demobilised at the end of 2010 during the winter lull.

Subsea Services also operates predominantly in the oil and gas market providing a wide range of subsea services using a comprehensive fleet of ROVs and specialist ROV support vessels. Subsea market sectors covered are inspection, repair and maintenance of subsea structures, support of construction activities and support of hydrocarbon drilling operations. As with Offshore Survey, there has been an increase in activity in support of offshore wind farm installations. The services are supported by extensive in-house engineering capabilities which include provision and use of advanced engineering simulation technology.

Geospatial Services provides terrestrial (ground based) survey services and a range of airborne mapping solutions. The portfolio of services includes satellite based remote sensing capabilities using imagery from third party satellite operators. While much of Fugro's Geospatial business is project-based data acquisition and field services, the provision of valued added geospatial solutions is a rapidly expanding market sector and a growth opportunity for Fugro as well.

In general, market conditions for Geospatial Services were challenging throughout 2010 and particularly so in Northwest Europe. Spending on general mapping services, engineering and infrastructure projects was adversely impacted by the global economic downturn, with project cancellations and cutbacks in both the public and private sectors. In Australia, the survey business benefited from a number of contract awards in the resource and infrastructure sectors and the outlook for the business in Australia remains good. Activity levels in the Middle East also started to recover in 2010. Furthermore, Fugro's Geospatial companies in the USA did benefit from stimulus spending by the federal government which included a major coastal mapping project along the West coast, both on- and offshore. Furthermore an increasingly amount of survey work is carried out for shale gas projests in Texas and Louisiana.

Two aerial mapping companies, Interra S.A. in Chile and its sister company Terralaser S.A. in Peru, were acquired by Fugro. These acquisitions provide a stepping stone into the South American market for all geospatial services, notably in the mining, energy and infrastructure sectors. At the end of the year Fugro acquired Riise Underwater Engineering AS (RUE), based in Norway, a provider of subsea engineering, ROV and diving services offshore and inshore to the oil and gas industry. The company operates two specially designed vessels in West Africa and one inshore vessel in Norway with both work class and observation class ROVs and a number of modular diving systems.

In Canada the remaining 30% minority interest in Fugro Jacques GeoSurveys Inc. was acquired. The company will be renamed to Fugro GeoSurveys Inc. and offers services for marine survey and geotechnical projects.

GEOSCIENCE DIVISION

In 2010 the Geoscience division saw revenue increase by 8% to EUR 607 million (2009: EUR 561 million). Results from operating activities (EBIT) amounted to EUR 101 million (2009: EUR 106 million). This equates to an EBIT margin of 17% (2009: 19%).

The Geoscience division is a leading provider of proprietary and multi-client data, and technical and consulting services associated with oil, gas and minerals exploration and development. The division's integrated services include data acquisition, processing, geological and geophysical interpretation in the discovery, characterisation and modelling of oil, gas and mineral prospects. The marine seismic data acquisition segment, which accounts for the majority of the revenue, was under pressure during 2010.

The total revenue in 2010 for Seismic Services amounted to EUR 403 million (2009: EUR 403 million). Marine seismic acquisition, predominantly applied to support oil and gas exploration, experienced a difficult year in 2010 due to a continued weak market. Results were negatively impacted by an overcapacity of seismic vessels, leading to price dumping by some of the players.
New multi-client 3D programs have been successfully developed and are gradually replacing the previous 2D focus.

The reduced contribution from the marine seismic contract market has been largely offset by positive results from multi-client seismic sales which were particularly strong in Norway, Australia and towards year-end in the Gulf of Mexico. The new large high-end 3D vessels in Fugro's fleet continue to support the 3D multi-client market and a number of key pre-committed 3D multi-client projects have been developed and launched in 2010. Two seismic new build vessels (Geo Caspian and Geo Coral) were delivered in 2010 and concluded Fugro's seismic fleet renewal and expansion plan. Fugro is the fourth largest seismic contractor in the industry and operates one of the newest and most modern high capacity seismic 3D fleets in the world.

During the year several 3D contracts were completed in various regions. An increasing amount of work was carried out along the coasts of East and West Africa. Furthermore projects in challenging environments in the Chukchi Sea and Barent Sea were successfully completed in the summer. In Australia a number of proprietary 3D surveys were performed in combination with ongoing contract work to build up Fugro's multi-client library in this area. The majority of 2D multi-client work took place in the North Sea.

At present Fugro's seismic fleet consists of nine 3D seismic vessels, one 2D seismic vessel and ten support vessels. Four 3D vessels are owned by Fugro, the other vessels are on charter with variable expiry dates and extension options.

The demand for high end geologic, geophysical interpretation and reservoir modelling services, and software products remained stable throughout the year with a number of good prospects for 2011. Performance of the multi-client geophysical data and geologic product sales was good, with strong demand from China, United Kingdom and Australia. The Corporate Access agreement with Pemex and Saudi Aramco and a large software sale to the Oil and National Gas Corporation in India were major milestones to further penetrate the geology and geophysical software market.

Key figures Geoscience (amounts x EUR 1 mln.)	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue	**607**	561	654	508	354
Results from operating activities (EBIT)	**101**	106	154	115	66
Average invested capital	**902**	703	583	456	353
Depreciation of tangible fixed assets	**38**	32	28	23	17
Results from operating activities (EBIT) as a % of revenue	**17**	19	24	23	19

Geo Celtic in operation on the Eendracht 3D multi-client survey in the Carnarvon Basin, Australia.

The market for General Geophysical Services recovered somewhat from the lows of 2009. Demand was well distributed across all major client groups: oil and gas, mining and government.

Although major commodity prices recovered through the year, exploration activity for mining did not reach pre-financial crisis levels due to continued tightness in capital markets. In some parts of the world there were encouraging signs of a return to capital availability for mining exploration, but it is expected this will be subject to some volatility in the future depending on the macro-economic outlook. Demand for services covered the whole spectrum of techniques offered and utilisation of the aircraft fleet was generally good.
The year was used for consolidation and improvement of operational efficiency. As part of this effort, new aircraft to upgrade the fleet commenced operations. The cooperation for marine electromagnetic work with EMGS, resulted in the first surveys carried out under the partnership.

FUGRO: Deepwater Challenges

Since 1947, offshore exploration has moved from land to successfull drilling in over 3,000 meters of water. Similarly, Fugro started as an onshore geotechnical consultancy company and moved offshore to service its oil and gas client base.

Since the start of offshore exploration, Fugro has been an integral part of offshore growth, developing expertise, experience and technology to support this marine activity. Today, Fugro is recognised for providing a global presence, superior equipment, professional consultants and leading edge technology for data acquisition and engineering consultancy all the way to water depths of 3,000 meters.

Fugro's first exposure to deepwater facility development was in the late '70s, prior to the first deepwater installation in 1981. Since then, Fugro has been involved in almost every deepwater development, providing multiple services across the life cycle of oil and gas fields. Fugro's services are provided from three divisions – Geoscience, Geotechnics and Survey.

K.S. Wester
President and Chief Executive Officer

"Fugro has positioned itself as a leader in the oil and gas deepwater and ultra deepwater market and has a clear strategy for providing full life of field services and solutions for the growing global demands of this market. As a large part of our services is generated from offshore developments we will continue to invest in this sector to meet the growing technology demands of the industry."

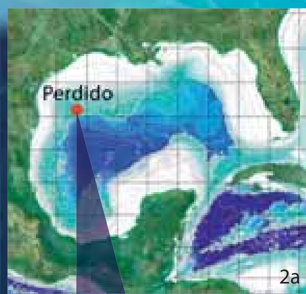
Integrated ***Deepwater*** *Solutions*

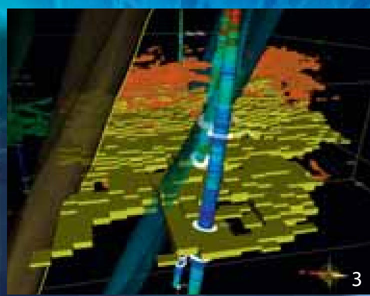
Seventy-three percent of Fugro's revenues are generated from offshore projects and activities and the company has a clear strategy for this market, providing unique services and solutions to each client. Every client has different needs and each project has its own characteristics. That is why Fugro has multi-disciplinary professionals in three operating segments to provide multi-discipline solutions for our clients.

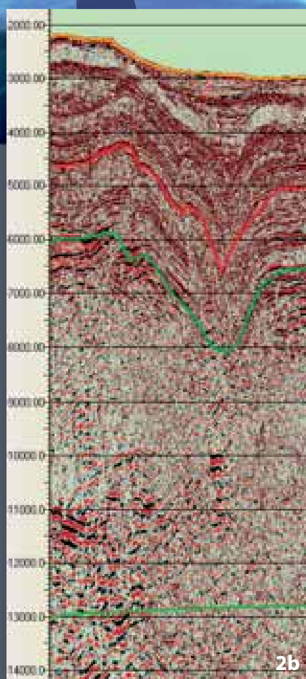
Fugro's Geoscience division collects, processes, interprets, manages and stores geophysical and geological data. A broad range of geophysical data sets are collected, including marine seismic, gravity, magnetics and electromagnetics for deepwater basins all over the world.

The Geotechnical division provides data on the engineering properties and geological characteristics of the seabed for design and construction of offshore oil and gas installations.

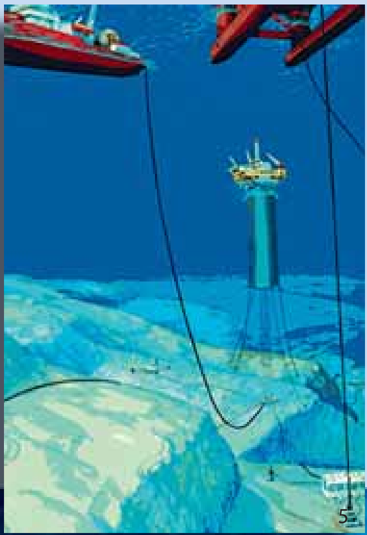
The Survey division's offshore services include precise positioning, hazard and pipeline/cable route surveys, construction support and metocean studies. Subsea services include a fleet of remotely operated vehicles (ROVs) to support subsea inspection, construction and drilling.







1. Seismic vessel Geo Celtic 2a. and 2b. Perdido fold belt (Gulf of Mexico) in water depths of up to 3,000 meters 3. A 3D Reservoir model 4. ROV 5. Deepwater structure 6. AUV 7. Geoscientists checking deepwater geohazards data 8. Pipelaying monitoring 9. Multi purpose drilling vessel Fugro Synergy



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The Golden Triangle

The offshore waters of the Gulf of Mexico, Brazil and West Africa are considered the "golden triangle" of deepwater developments and generate the majority of the worldwide deepwater exploration and production opportunities. Fugro has offices, equipment and resources in each of these regions.

The "Golden Triangle" encompasses significant new ultra deepwater developments, which have become a growing proportion of the offshore oil and gas reserves. Oil companies continue to explore in frontier areas in these regions and are successful with significant discoveries.

Deepwater *Exploration Advances*

The challenging deepwater environment offers tremendous upside opportunities but also an equally large variety of technological challenges and risks. The first Fugro group to identify these opportunities and risks is the Geoscience Division which delivers integrated exploration solutions for deepwater provinces on every continent.

Fugro acquires, processes and interprets seismic, gravity and magnetic data sets and also offers marine electro-magnetic services. The industry-leading multi-client geologic product Tellus™ provides detailed, off-the shelf, critical geologic information for more than 300 basins around the world.

Fugro Jason software and services enable clients to understand reservoir geometry for drilling, as well as to understand the behaviour of the reservoir during production.

Fugro's well-site services, including bio-steering and Mag-CUBE™, provide geophysical and geologic solutions, enabling clients to drill wells accurately and steer the well while drilling. Fugro provides long-term storage facilities, as well as data enhancement services, for all of the rock, paper documents and digital information generated.

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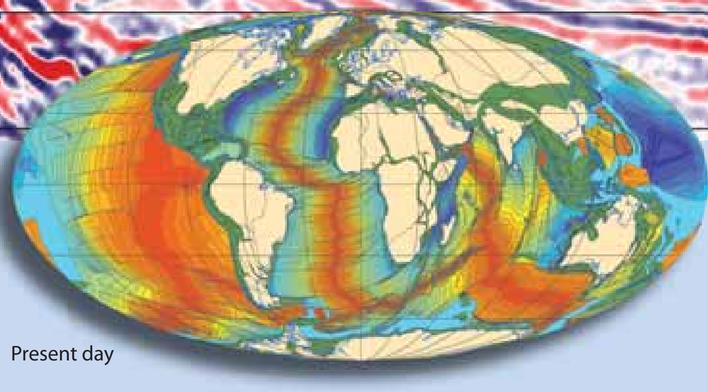
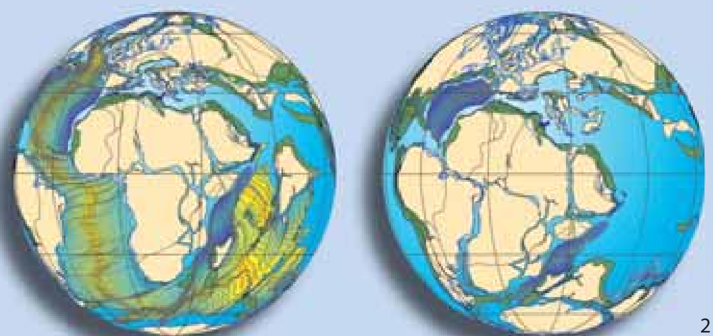


Present day

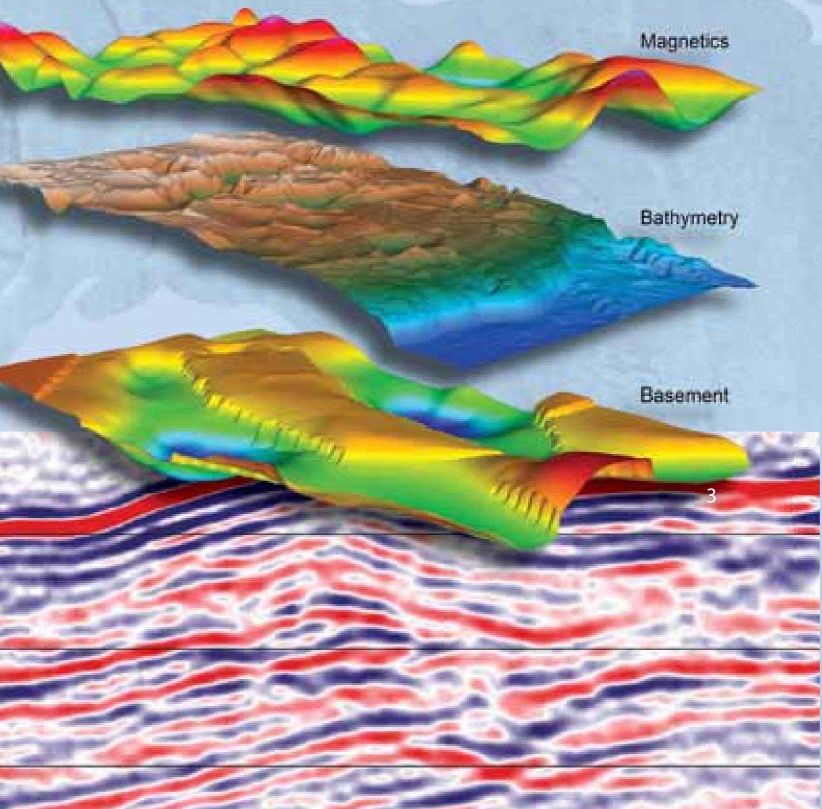


2

50 million years ago

125 million years ago

1. Streamer deployment 2. Reconstruction of ancient plate configurations
3. Deepwater structure data 4. Marine seismic equipment in operation
5. Processing seismic data



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CASE STUDY:

Gulf of Mexico

Many studies have been undertaken to better understand the nature of the area beneath the salt canopy in the Gulf of Mexico and its potential for hydrocarbons. For deepwater, using seismic imaging alone to understand the makeup of this sub-salt area remains a barrier to its geologic interpretation and subsequent exploration. In the Keathley Canyon and Walker Ridge sub-salt areas, Fugro provided a multi-disciplined, integrated approach to solving this imaging issue.

Fugro generated seismic data from a 10-km offset seismic survey which was calibrated with Fugro aeromagnetic and marine gravity data. The final result was an integrated basement model created by incorporating seismic, magnetic and gravity data elements.

The models are being used to examine and test various hypotheses, such as the location of the continental and oceanic crust boundary, presence of the original salt bodies and regional-to-local variation in area density and susceptibility. Multi-discipline results provide a better understanding of potential geologic targets in areas which at one time were difficult to explore and develop.

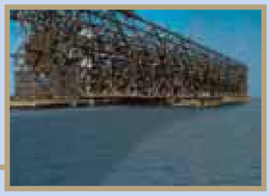
500 m depth

1977

First fixed platform
Cognac, Gulf of Mexico (1977)

1980

Dolphin System
developed (1980)



Lena, guyed tower,
Gulf of Mexico (1983)
(By the courtesy of
Exxon Mobil)

1985

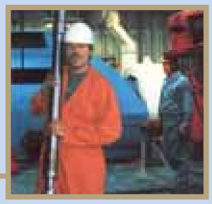
Starfix® satellite positioning system
introduced (1986)

DeepTow survey system
developed (1986)

Heave
compensation
system developed
(1986)

1990

Seascout
developed
(1992)



Wison® XP
system
developed
(1994)

1995

2000

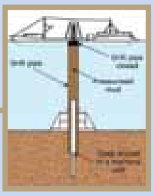
2005

FUGRO Technological Deepwater Advances

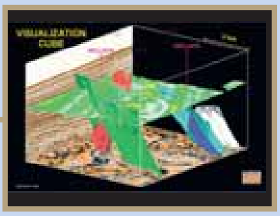
As drilling has accelerated into ultra deepwater, the technological advances needed to drill and produce in this challenging environment has been a learning process. Fugro has been a major player in this technological shift since the beginning and continues to develop new technology for the future.

First tension leg platform (TLP)
Hutton, UK North Sea (1984)

Wheeldrive CPT system
developed (1984)



Mud pressure and memory unit
developed (1984)



3D Seismic first used
for GeoHazards (1995)

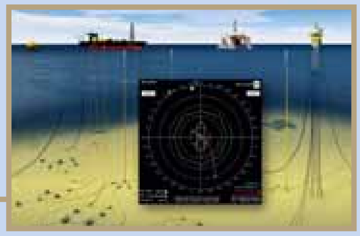
First SPAR- Classic Neptune
Gulf of Mexico (1997)

Pressure corer system
developed (2002)

Autonomous Underwater Vehicle
(AUV) introduced (2003)

StarfixMoor®
introduced (2005)

Smartpipe®
developed (2006)



Optima risers management
introduced (2008)

2010

3,000 m
depth

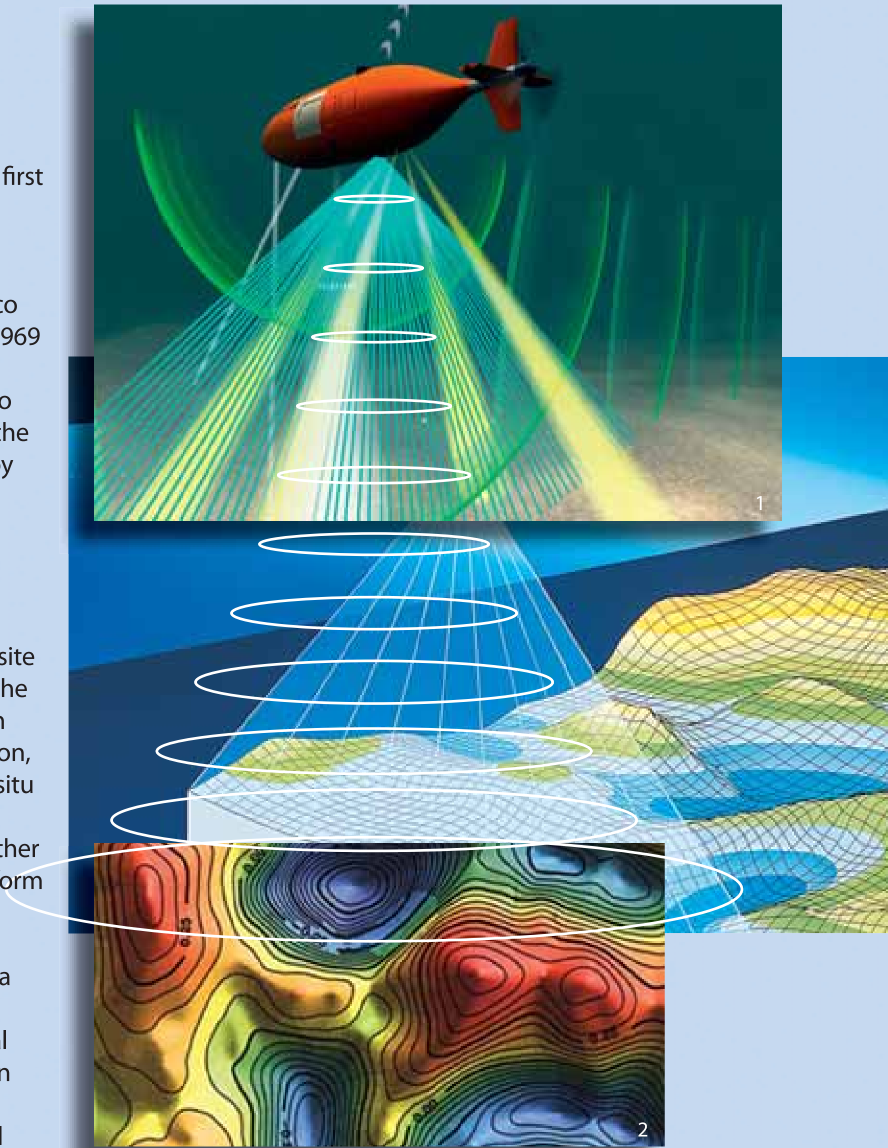
Deepwater Site Development

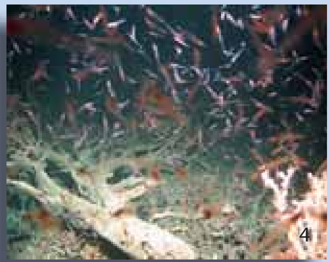
The term "integrated studies" first gained prominence in the offshore oil and gas industry following the loss of several platforms in the Gulf of Mexico during Hurricane Camille in 1969 when it was discovered that these facilities were not lost to wind and waves, but, rather, the platforms were swept away by huge, massive mudslides.

Thus, future designs for structures in mudslide-prone areas and deeper waters required a broader scope for site investigations that included the integration of high-resolution geophysical survey information, geotechnical borings and in-situ soil data collected over the potential area of influence rather than just the immediate platform site.

The number and types of data sets expanded beyond geophysical and geotechnical data to also include metocean data, geochemical data, biological and environmental data and other previously collected data of various types.

Considering the overall cost of a facility and the data required to properly assess the drilling and production risks, collection and integration of this data is vitally important. Fugro is the leader in providing these site investigation services.





1. Geophysical survey with AUV 2. Surface data in 2D 3. Metocean data
4. Environmental image 5. Geotechnical vessel Fugro Explorer
6. Analysing geotechnical cores 7. Positioning deepwater rig 8. Soil testing

CASE STUDY:

West Africa

Since 2003, Fugro has played an integral role in the development of Angola Blocks 18 & 31 for BP – as a meteorological/oceanographic and geological/ geotechnical consultant, a key player on the project's integrated geohazard assessment team (GAT) and as a site investigation contractor.

Meteorological and oceanographic (Metocean) studies supported initial exploration drilling and deepwater development for both blocks. A full year of current profile data was collected for Block 18. The Metocean data is used to develop the design criteria for the production facilities.

The geohazards on these deepwater sites were identified, mapped and managed through a ground model approach. Established at the earliest stage using seismic data, the ground model was refined and calibrated through a series of data collection programmes for high resolution geophysical data, geological information and geotechnical properties of the foundation soils. This information forms the basis for the location and design of the facilities.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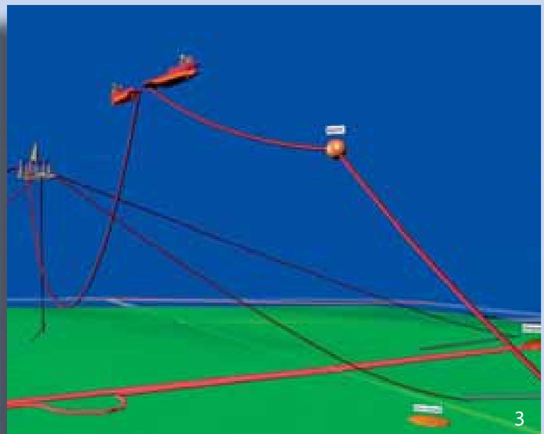
Deepwater Construction Support & IRM *(Inspection, Repair & Maintenance)*

Fugro's deepwater construction support and maintenance services include marine installation, construction and maintenance activities across the entire life of the field.

Fugro provides precise positioning, survey support and monitoring during the tow-out of offshore structures and pre-fabricated pipeline bundles; the installation of platforms and jackets; the placement of subsea infrastructure and the trenching of pipelines and cables.

During the life of the field, Fugro provides inspection and maintenance of the platforms, pipelines and loading facilities to ensure any underwater repairs can be done with minimal effect on the field production.

With a world-class fleet of remotely operated vehicles (ROVs) and highly trained and respected technicians and engineers, Fugro provides ground-breaking technology in underwater acoustic positioning and in ROV control and metrology. In effect, Fugro can fulfil all requirements from installation through decommissioning.



1. ROV 2. ROV operator in control room 3. Underwater acoustic positioning set up 4. Support vessel Fugro Saltire 5. AUV post installation survey 6. Pin pile installation 7. Deep water installation using Side Scan Sonar 8. Offshore structure installation 9. Inspection with ROV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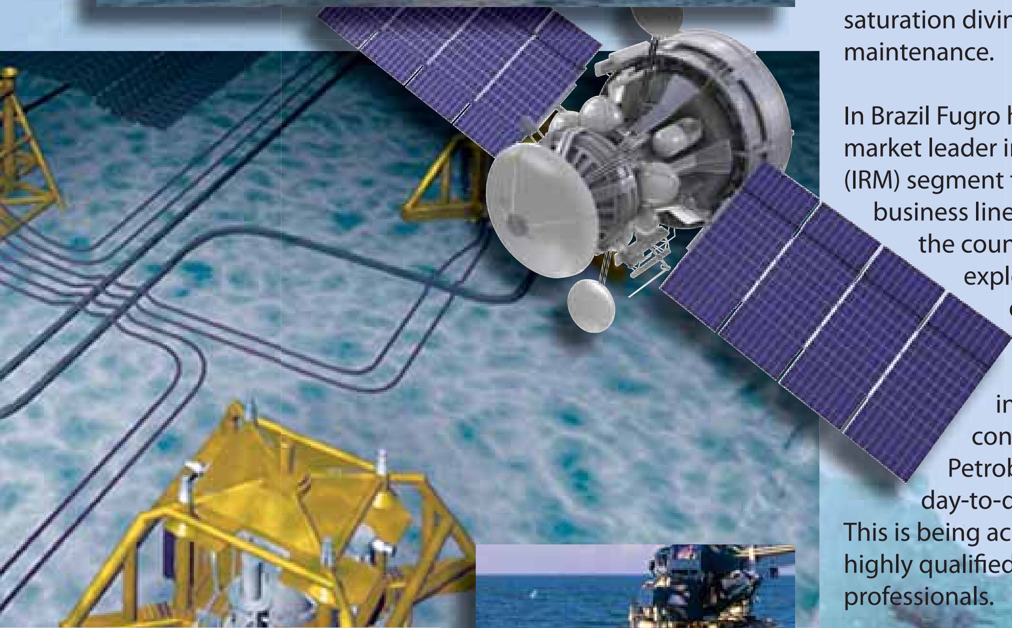


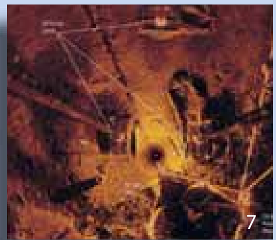
CASE STUDY:

Brazil

Fugro has been successfully working offshore Brazil, providing a wide range of deepwater integrated services for this very demanding market, not only for Petrobras but also for the international independent oil companies and subsea construction support companies.

Offshore Brazil, Fugro provides surface and hydro-acoustic positioning (including metrology), seismic surveys, geotechnical investigation, geophysical surveys, metocean studies, remotely operated vehicles (ROVs), saturation diving construction support, inspection and maintenance.

In Brazil Fugro has 1,350 local staff and is the country's market leader in the inspection, repair and maintenance (IRM) segment through its saturation diving and ROV business lines, with more than 20 years' experience in the country. Fugro will support the increased exploration and development with additional ROVs working in longterm contracts with Petrobras, providing day-to-day IRM work. This is being achieved with highly qualified Brazilian professionals.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Deepwater Challenges For The Future

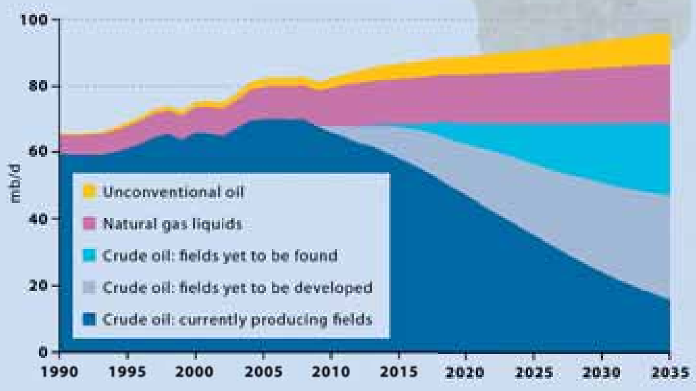
The deepwater Macondo blowout has created unique challenges for deepwater exploration in the Gulf of Mexico in particular, and impacted global deepwater exploration in general. In the Gulf of Mexico the end results are new regulations, delays in permitting and shifting the focus from deepwater development to other regions.

However, a greater confidence in the economic outlook for the future and oil prices creeping to over USD 80 per barrel (Brent), have encouraged deepwater drilling for several reasons:

- The increasing global demand for energy;
- The necessity (really requirement) for the oil companies to explore and produce;
- Growing and replacing reserves in oil and gas companies;
- Alternative energy sources will not fill the void;
- Developing countries are dependent on oil and gas revenues; and
- The financial rewards for all stakeholders – the operators, the service companies and the stockholders.

The direction of our clients into global frontier deepwater exploration and production plays to Fugro's strengths. Fugro has a proven track record for meeting current challenges and has the integrated solutions to address any new challenges head on.

World oil production

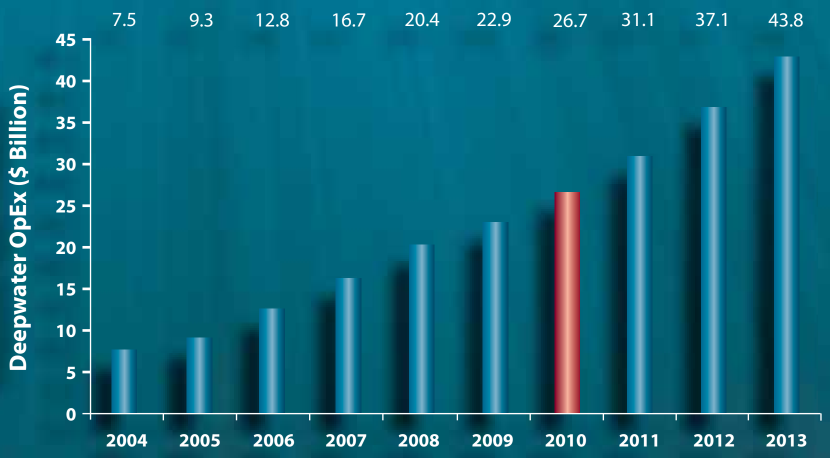


Source: OECD/IEA 2010

CapEx

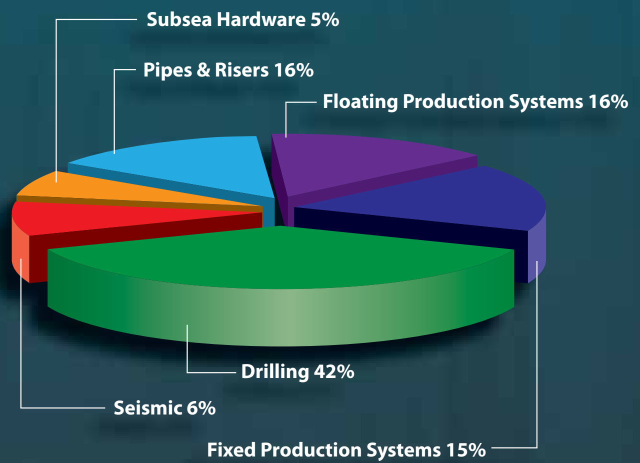
Source: Douglas Westwood Limited

OpEx



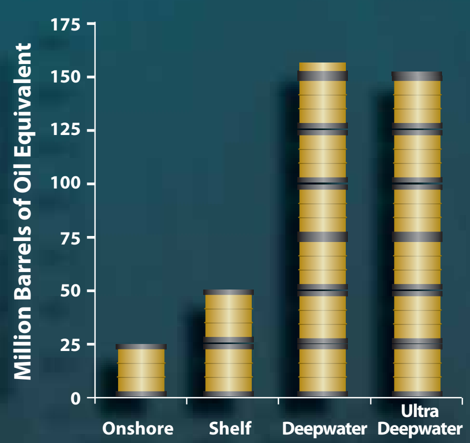
Source: Douglas Westwood Limited

CapEx Breakdown



Source: Douglas Westwood Limited

Average Discovery Size (2005 - 2009)



Source: IHS CERA

Vision and ambition

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

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

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

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

The growing demand for energy is partly offset by the use of alternative energy sources such as solar, wind, bio fuels, tidal and nuclear energy. This presents Fugro with opportunities in new markets. For instance in the North Sea wind farm market, where Fugro is involved in offshore geotechnical and offshore survey activities.

When managing its investments, the organisation considers the balance between improving the quality of its equipment and the issues of fuel use, emissions and cost management. Good examples are the latest additions to the seismic fleet, the Geo Caspian and the Geo Coral, which are designed in accordance with DNV 'Clean Class' standards.

Fugro aims to strengthen the coherence of its CSR policy by providing a framework to its subsidiaries on how to implement the various aspects of CSR. This framework will be based on the ISO 26000 guidance standard on corporate social responsibility, which was published in November 2010.

Organisational structure

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

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

Management approach

Market presence

The Fugro decentralised organisational structure facilitates a strong regional market presence, which leads to the use of local suppliers and procedures for the recruitment and training of local staff.

Human resource policy

The organisation's decentralised nature is also reflected in its staff policy. The operating companies are responsible for local staff policies, which take into account local customs and regulations, within the guidelines set out by Fugro in areas such as salaries, pensions, safety and health and the general business principles. Most of the employees in Fugro's worldwide network of offices are nationals, including the managerial staff.

Energy

By increasing the awareness of the use of energy and sustainable materials, the impact on the environment can be minimised. Fugro considers this when purchasing or ordering new equipment, and when expanding its fleet of vessels and airplanes.

Transfer of knowledge

A shortage of well-trained (technical) staff has led Fugro to adopt internal training as much as possible, despite the fact that some of the staff trained may move to competitor companies. Social prosperity is largely dependent on the extent to which knowledge and innovation processes thrive within an economy. This necessitates investment in classroom and e-learning training and education.


Community

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

Participation in industry-related organisations and research institutes

In addition to research activities, which form part of its core business, Fugro is actively involved with several related matters and social initiatives. The company has a seat on several committees at institutes such as the Hydrographic Society in, amongst others, Germany, Scotland, Australia and South Africa, the International Cable Protection Committee, IMarEST (Marine Engineering, Science and Technology), Marine Technology Society (MTS), USA and The Gulf of Mexico Ocean Observing system Regional Association and EPSRC (Engineering and Physical Science Research Council).

Worldwide, Fugro has established long-term relationships with major universities and supports higher education through scholarships, financing research and an active involvement of Fugro employees on the committees or boards of educational establishments.
With the University of Florida's Rinker School of Building Construction Fugro has established a Master's programme which offers the students realworld experience working for Fugro Loadtest, one of Fugro's subsidiaries, and those who excel in the programme will be offered full time employment.

At the University of Texas and Purdue University in the United States, with strong geotechnical engineering programmes, Fugro respectively supported and directed a multi-year research project, sponsored a fellowship and served as Members and Chairs of Advisory Committees. Fugro donated software (such as WinFrog Integrated Navigation Software and the Fugro Jason Geoscience Workbench) to several other universities. In the United Kingdom academic partners are the universities of Bath, Newcastle and Nottingham who are provided with in-kind contributions.

Fugro is member of the jury of the ONS (Offshore North Sea) innovation committee, which awards organisations that excel in innovation and its successful marketing.

Considering the environment, Fugro employs marine biologists, taxonomists and environmental scientists to perform fieldwork worldwide from environmental impact assessment and offers clients experts and systems to ensure disturbance to marine mammals is minimised during seismic surveys and marine construction.

Furthermore, Fugro participates in national and international committees for improving and supporting responsible development of the country's natural resources. An example is Fugro's membership of the Resource Development Council for Alaska, who

accomplishes their efforts through education and advocacy on all resources in Alaska, including oil and gas, mining, fishing, forestry and tourism.

Fugro's general business principles

Fugro works on the principle that every employee shares responsibility for the company's reputation. For all staff, this means that it is not enough to just do the right thing; things must also be done correctly. Fugro's employees support the social values of reliability, integrity, openness, and respect for fellow employees and the environment. These common values form the foundation of Fugro's general business principles (Business Principles), which apply to all operating companies and thus to all employees. Application of these values in Fugro's business conduct creates a sense of trust between the organisation and its partners. The local management, under supervision of the Board of Management, has responsibility for ensuring that all employees at all levels of the company adhere to these Business Principles. These requirements determine the way in which Fugro's staff treat each other, its customers and subcontractors, and anyone else who may be affected by its activities. Fugro believes in free and fair competition based on value for money and suitability for purpose. It supports free enterprise within the framework of applicable laws, and works closely with those companies that endorse comparable Business Principles.

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

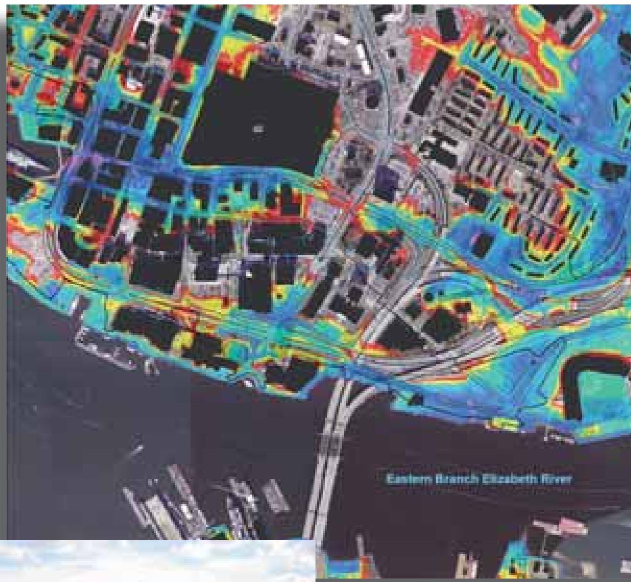
Responsibility for compliance rests principally with the management of each company. Fugro has requested its (senior) managers to confirm awareness and compliance with the Business Principles and to report non-compliance.

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

In 2011, the Business Principles, the Business Partner Code and other relevant policies and standards will be integrated in a Corporate Social Responsibility Management System.

Health and safety policy

Providing its employees with a safe and healthy working environment is one of Fugro's highest priorities.
The vision for the health and safety policy is maintained by the holding company. Fugro aims to create safe and healthy working conditions for all its employees and subcontractors. Because the organisation attaches such great importance to safety, this subject is reported in more detail in a separate section.



Indirect economic contributions

Fugro operates in a variety of supply chains. As a commercial service provider to the construction and infrastructure industry, it contributes indirectly to national and international economic developments. Examples of large-scale infrastructure projects in which Fugro was involved in 2010 include:

- **Koralm Tunnel, Baltic-Adriatic Corridor (Austria).** One of Europe's most important railway routes, the Baltic-Adriatic corridor, runs South-West from Vienna, through mountainous Eastern Austria. A high-speed rail upgrade is set to carry the line below the Koralpe, through the ambitious 33 kilometre double tube Koralm Tunnel- soon to be one of the continent's longest railway tunnels. To investigate the (hydro-) geological and geotechnical properties of the metamorphic rocks of the Koralpe mountain, 130 vertical and inclined boreholes have been completed, to a maximum depth of 1,200 meters. Since 1998, Fugro has been conducting geophysical logging campaigns in these boreholes and monitoring wells. Fugro's borehole geophysics has supplied important information to the tunnel consultants and designers for tunnel selection and environmental impact assessments.

- **Slope stability Hong Kong (Hong Kong).** Landslides are a major hazard faced by Hong Kong. Fugro is helping to mitigate the risks through conducting investigation and study of landslides to advance the understanding of their causes and failure mechanisms so as to enhance the reliability of slope stabilisation works. Since 1998, Fugro has completed quality, detailed studies on more than 180 major landslide events. Lessons learnt from these landslide studies have contributed considerably to facilitate improvements in slope safety technology as well as to identify slopes in need of priority attention to safeguard public safety in Hong Kong.

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

- **GIWW West Closure Complex (Louisiana, US).** In this project Fugro performed, as part of the FFEB joint venture multiple task orders related to the Western Closure Complex along the Gulf Intercoastal Waterway (GIWW). This complex will reduce the risk of flooding and storm damage to a large area of the New Orleans West Bank Area by protecting over 25 miles of levees, floodwalls, a floodgate and pumping stations from the direct impacts of storm surge. The work Fugro provided include geotechnical design of a flood control drainage structure within the Old Estelle Outfall Canal, 4,200 feet of floodwall along new alignment, and a cofferdam. Additionally, the geotechnical data gathered from these projects is being used to support design efforts for one of the largest pumping stations in the world.

- **Flood damage Assessment (Upper Lusatia, Germany, Czech Republic and Poland).** Early August 2010, strong rainfall in central Europe and a burst dam in Poland caused flooding in the Czech Republic, Germany and Poland. In some areas along the Neisse River people had to be evacuated and water levels reached record heights of more than seven meters. Fugro was asked by

the Saxonian Reservoir Authority to assess the damage of the floods along the 70 km Weisser Schöps River and provide advice on flood measures and costs for reconstruction.

- **Coastal flooding Evaluation, City of Norfolk (USA).** The City of Norfolk, Virginia was founded in the early 17th century on the lowlands, near the mouth of Chesapeake Bay. Because much of the City is situated/located just above sea level and drainage gradients are limited, it is susceptible to various levels and severities of flooding from high tides, north eastern storms, hurricanes, and other storm events. Fugro initiated the city-wide flood evaluation by installing tide gauges to measure water levels and provide a basis for predicting tides throughout the City.
  Fugro's evaluations of coastal flooding within the City are being used to refine and update project design criteria, prioritise areas for flood defence improvements, and conduct alternatives analyses for flood migration approach. In addition, the predictions are being used for redevelopment planning studies and emergency response plans within the City.

In 2010, Fugro carried out projects relating to quality and quantity of water, including:

- **Airborne electromagnetics for groundwater Pilbara Coast (Western Australia).** In 2010 Fugro was contracted by the Department of Water of the Government of Western Australia to acquire and interpret TEMPEST® airborne electromagnetic data over the lowest reaches of four river systems in the Pilbara Region of Western Australia. The aim of this effort was to expand the understanding of aquifer geometries and groundwater salinity distribution within the region. Information of borehole logs and publicly available data were integrated to provide a regional overview of the hydrogeology. It is anticipated that this study will provide invaluable information for future groundwater studies in the region.

- **Public digital groundwater information system (Berlin).** In the German federal state of Berlin, Fugro has successfully installed a public digital groundwater information system using Fugro's GeODin 7 software platform. Data from over 150,000 boreholes and 9,000 monitoring wells provide the basis for cross sections and site plans, whilst monthly groundwater isoline contour maps give valuable information on the maximum and current groundwater levels.
  The concept of GeODin Maps allows users a simple and intuitive way to search for, analyse and present geo information, which then can be universally accessed through a GIS web portal.

Indirect environmental contributions

Sustainable energy

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

- **Dogger Bank (North Sea, UK)**, a 9 Giga Watt offshore wind farm, for which Fugro has provided geotechnical site investigation and seabed sampling, **Thanet Wind farm (North Sea, UK)**, for which Fugro has carried out cable inspections and has provided support to cable and meteorological mast installations and **EON Amrumbank (North Sea, Germany)**, for which Fugro used three geotechnical vessels and a jackup to complete seabed CPTs and data sampling for around 70 turbine locations.

Biodiversity

- **St. Lucia Coastal Mapping (St. Lucia).** Thanks to its rich biodiversity and natural beauty – from tropical rain forests in the interior mountain to mangrove forests and coral reefs along the coast- tourism on the Caribbean island of St-Lucia is booming. The resulting rise of population and coastal development over the past several decades was beginning to take a toll on the island's fragile coastal ecosystems. In 2009 and 2010, Fugro completed a series of geospatial projects for the

government of St. Lucia that will inform a new land management policy designed to promote sustainable development and to protect these vital coastal resources. The effort involved airborne acquisition and processing of high resolution multispectral imagery and ground surveying to develop detailed terrain and habitat maps.

- **U.S. West Coast Mapping (USA).** Extending nearly 1,500 miles from Mexico to Canada, the West coast of the U.S. contains unique and dynamic natural resources and includes some of the most productive waters in the world. Today, this area is faced with an increasing number of challenges from declining fish and marine life populations to the impacts of sea-level rise and issues related to climate change. Since 2009, Fugro has deployed high resolution airborne LiDAR and digital imaging systems to develop an accurate map of coastal zone, seafloor substrate, marine habitat types and bathymetry along the coast. This important coastal mapping program is designed to support research and policy decisions at the state and federal level for a variety of needs, including: coastal and marine spatial planning, land use management, coastal erosion, marine fisheries management, transportation and shipping coordination, and flood risk mitigation.

Social contributions

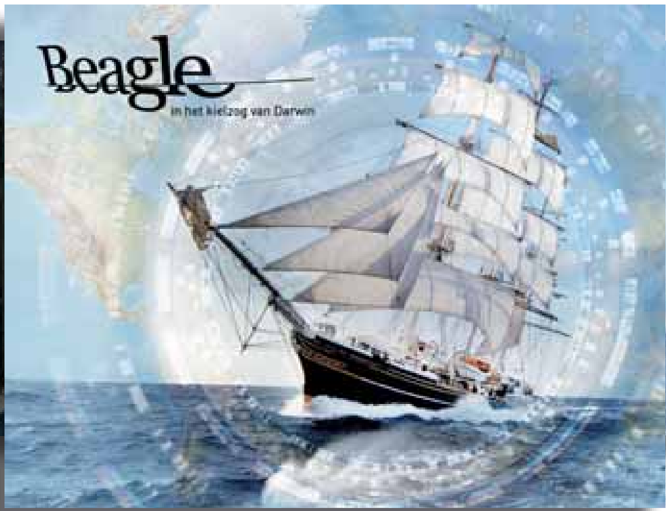
Sustainable development

One aspect of the general business principles (GBP) is Fugro's continuing commitment to sustainable development. This requires the organisation to make a balanced consideration of its short and long-term business interests and the integration of social, economic and environmental considerations during the commercial decision making process. Because of its global presence and decentralised structure, Fugro endeavours to keep in balance the limited or lack of local regulation and legislation in some countries and the high standards the organisation wishes to pursue.

Project participation

Integral to Fugro's value system is its support for social initiatives. As a participant in the National Science Foundation-funded Geo-engineering Extreme Events Reconnaissance (NSF-GEER) team and in partnership with University of Texas at Austin, Fugro developed the first detailed post-quake geologic map of Port-au-Prince (Haiti). This involved key participation in UN-funded training workshops in Haiti to provide technology transfer for use of resulting microsonation maps for reconstruction and input/training for improved building code and practice.

Fugro has become a participant in the Greendriver Challenge in the Netherlands, a competition to save fuel en reduce CO_2-emissions, which stimulates environmentally friendly driving and improvement of environmental performance.



Sponsorships

Fugro seeks to help preserve and promote accessibility to valuable cultural heritage and the organisation supports a large number of initiatives worldwide, notably in the fields of the arts, culture and sport. As sponsor of the Concertgebouw Amsterdam, Fugro contributes to their mission to offer as many people as possible the opportunity to experience high quality classical music. Fugro's support to Stichting Hermitage, national park 'De Hoge Veluwe', the sea tugboat 'Holland' and MS150 (Houston-Austin cycling tour by US Multiple Sclerosis Society) is ongoing. In 2010 Fugro supported the Beagle Project, a project in which Darwin's 5-year long voyage on the HMS Beagle was reconstructed in the course of one year, and in which an attempt was made to assess where the world stands today in light of Darwin's evolution theory.

Worldwide, operating companies regularly assist in local environmental projects such as cleaning up beaches, with some extending this to 'adoption' of part of the beach. Fugro Brazil contributes to the revitalisation of the Santana Archipelago in Macao, by providing diving equipment and supervising the diving operations involved in the cleaning campaign of the coastal area.

In South Africa, Fugro contributes to The Homestead, a project to support street children. In California, each year Fugro participates in a charity event to provide toys to children of underprivileged families. Australian-based charity 'Hannah's House' is accommodating disabled children and their families with help from Fugro in Perth.

The Azerbaijan Symphony Orchestra was supported by Fugro Caspian. Through participation in the Egyptian Oilman's Golf Society, Fugro provides essential items in local orphanages. In Scotland local junior soccer and hockey teams are receiving support from Fugro in Aberdeen, and in Lafayette, United States, Fugro sponsors the Academia Center for Arts to introduce children to a wide variety of performing arts experiences.

Several Fugro operating companies are involved in sports and charity events to raise money for (international) cancer organisations: Fugro Oceansismica in Italy and Fugro Consultants in the United States for the Susan Kamen organisation, Fugro Pelagos in California for the American Cancer Society and Fugro Survey in Scotland for Macmillian Cancer.

These are just some examples of Fugro's contribution to local communities, which vary from large projects to small contributions such as a talk by a Fugro geologist in a local Café Scientific Forum on 'The Tropics of Wallingford' (in the UK) or the participation of Fugro Hong Kong in the Sowers Action marathon event to raise money to support students of poor families.

Environment

Fugro's services are aimed at efficiently deploying personnel and equipment for the collection and interpretation of data. The organisation also acts as an advisory body. Fugro does not own or operate large-scale production facilities that might have an impact on the environment. Its main focus is on environmental aspects associated with the deployment of the equipment and offices from which Fugro operates.

Fugro has made it its goal that by the end of 2011 all large, operational subsidiaries will have a certified environmental management system according to ISO 14001 or equivalent. By the end of 2010 some 60% of these subsidiaries were certified.

Fugro's vessel recycling, safe and environmentally sound

Fugro is not only committed to provide a healthy and safe workplace for all people at each work location but is also committed to protect the environment in accordance with applicable laws and its own environmental policy. Fugro continues to address the environmental and health impact of its operations by handling waste responsibly.

As a vessel owner, Fugro has developed a policy for safe and environmentally responsible vessel recycling based on the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009) and required standards for health and safety. These standards include the minimum requirements with regards to: e.g. tank cleaning, asbestos removal, refrigerant recovery, removal of hazardous materials, stripping and removing insulating materials, removal of all electric cables and wiring, and removal of PVC piping and other plastics. In line with the Convention guidelines a vessel is rigorously checked for harmful substances before it is delivered to the recycling facility. As a minimum, this involves conducting a radiation survey, auditing hazardous materials and highlighting any parts of the vessel which require particular care during the processes of dismantlement.

The overall objective of vessel recycling is to recover components and materials for reprocessing and re-use. Steel vessel components can be recycled to produce new steel, reducing the energy required for processing by two-thirds. Copper cables and aluminium parts are also recycled. The recycling facility takes care of the (re-)processing and disposal of waste.

Fugro desires to use only state-of-the-art recycling facilities and have chosen a facility in China, where it monitors the recycling process and receives daily reports from its own on-site supervisor in China. The selected yard is ISO 14001 and OHSAS 18001 accredited and works in accordance with the Hong Kong Convention guidelines.

In the past three years Fugro has successfully recycled older owned vessels in China without a single incident and in line with Fugro's fleet renewal program, more vessels are likely to follow this process of safe and sound dismantlement.

Working environment

Education

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

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

FUGRO ACADEMY

The Fugro Academy is the core of Fugro's corporate training and education. Having been established in late 2006 as an internal training organisation, the Fugro Academy operates on a global level for the development and delivery of education and training to support group-wide initiatives. Courses are delivered locally and regionally covering a range of topics such as management, leadership and project management. Since 2006, 60 management courses have been delivered in 20 countries to over 1,200 staff (see table), thus allowing Fugro to develop its staff locally in different languages where appropriate.

The Fugro Academy also operates at a business line level with specialised technical programmes for professional staff across the group. These technical training programmes support Fugro's aims to use common systems and processes across many of its areas of operation, with the goal of establishing global standards of staff competence within business lines. Dedicated teams of trainers deliver standard courses to staff in the local operating companies. This approach develops local staff to the same international standards, thereby facilitating both short term and long term staff secondments.

Furthermore the Fugro Academy provides online training and education resources with an e-learning catalogue of over 2000 modules available to staff. Due to the specialised nature of Fugro's business, a large investment in e-learning is towards development of modules specific to Fugro systems, processes and business activities. As well as the benefits of delivering a consistent message, e-learning allows delivery of courses to a global workforce and translation into local languages. E-learning courses have been used to support technical, project management, health & safety and human resource initiatives during 2010. E-learning is also used to support classroom training, with pre- and post-classroom assignments for many programmes, giving a blended approach to learning.

Diversity and opportunities

In Fugro's business structure, local operating companies operate autonomously within the framework of the group's policy, business principles and internal risk management systems. As a global organisation, operating in more than 50 countries, diversity is inextricably part of Fugro's business. Whenever possible, staff is recruited locally, and is offered local training and development opportunities. In this way, a balanced reflection of the countries in which Fugro operates is realised which contributes to successful operations because Fugro benefits from the local expertise in understanding business practices, laws and customs.

As an example in Brasil, one of Fugro's key developing markets, Fugro has a staff of about 1,350 people who all but four have Brazilian nationality. In Hong Kong, out of

Management development (2006 – 2010)	
12 senior management development programmes	230 attendees
19 middle management develop programmes	460 attendees
29 project management courses	560 attendees

E-learning (2008 – 2010)	
Active users	4,200
Modules available	Over 2.000
Modules created by Fugro	150
Modules enrolments	Over 69,000
Modules completed	Over 40,000

Partnership for Growth

In 2010 Fugro has launched a human resource strategic initiative, called 'Partnership For Growth', that will add structure and consistency to the existing relationship between Fugro and its employees, where both have a role to play in ensuring growth through achievement of personal and business goals.

The human resources strategy, built to function within Fugro's decentralised organisation, is comprised of modular elements and is initially focused on the Induction of new employees and the Performance and Personal Development (PPD) cycle.

The Induction programme will ensure that the first few weeks of employment for all new hires are a welcoming and learning event. Built within a common structure and allowing for local variance, the induction programme is aimed at providing a consistent message across the group about Fugro and key foundational knowledge such as safety and career focused learning and development. As a result of this process all new employees will feel connected with Fugro and will be able to contribute in a safe and competent manner.

The Performance and Development cycle will ensure that all employees receive regular feedback and recognition from their managers about the work that they do, and have the opportunity to discuss career aspirations for the future. PPD requires that performance is measured against pre agreed targets, and core competences. A complimentary training programme has been developed with the Fugro Academy to ensure that both sides of the partnership know what is expected of them, and that managers gain the core skills required to carry out this process effectively.

As a result of 'Partnership for Growth', Fugro will have the framework it needs to develop a global workforce that is able to meet its clients' needs now and in the future.

Partnership for Growth

600 staff only 10 are of non Hong Kong/Chinese nationality.

In Kazakhstan operations on the Kashagan oil field, one of the largest oil fields in the world, located in the very shallow waters of the North-East Caspian Sea, started with a team of four expatriate employees. Over time, as activities increased, Fugro has been successful in recruiting and training local employees. Now, the business is dominated by Kazak nationals, and the involvement of expatriates has been significantly reduced.

At the same time, being a global employer, Fugro offers career opportunities worldwide which naturally results in diversity because of the many different ethnicities within the workplace. Though working with people from various cultural backgrounds is at times challenging, it adds value in that it provides a learning environment where people have an open mind and appreciate and respect

Fugro is equally proud of the fact that they are able to attract, retain and promote a significant number of female employees into engineering, survey and geosciences businesses, which are traditionally male dominated. Some examples:

- **Ms. Anna Faithful** graduated with a BSc in Oceanography and a Postgraduate qualification in Hydrography from the University of Plymouth in 2006. She started as a Trainee Surveyor in the Survey Positioning Division, was promoted a year later to Surveyor and finally again in 2010 to Project Manager for Fugro Survey Limited.
- At Fugro Aviation Australia, **Ms. Toni Feaver** is a Licensed Aircraft Maintenance Engineer covering both airframes and engines, and is in charge of the component shop where she overhauls and repairs a range of aircraft parts for the Fugro fleet.
- **Ms. Fionnuala Richard** started her career with Fugro as a field surveyor working offshore in Fugro Chance's Marine Construction group in Houston and now leads the offshore survey operations group and supervises eight project managers and 120 offshore surveyors.
- **Ms. Mathilde Scholtes** joined Fugro Survey in the Netherlands in 1995, where she took the post of Managing Director in 2001 responsible for offshore survey activities in the Netherlands and West Africa. Since 2009, Mathilde is Managing Director of Fugro's survey operation in Brazil, which is, with more than 850 employees, one of the largest operations of Fugro worldwide.

each others qualities. In this way constructive cooperation between professionals leads to innovation and global quality solutions for Fugro's clients. Leadership and direction comes from Fugro's Executive Committee which is itself an example of global diversity and comprises seven nationalities. Also the members of the Global HR Team and the global HSE Team originate from different countries and backgrounds, and involve men as well as women.

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

Employment benefits

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

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

Health and safety

Fugro's responsibilities towards HSE issues are integral to the way it conducts business. The organisation strives for a safe and healthy workplace for everyone at each of its establishments. Its commitment is based on the belief that accidents can be prevented. To achieve this goal of prevention, the company identifies the safety risks resulting from its activities and minimises them as far as is reasonably possible. By observing and encouraging this policy, the company contributes to protecting the environment and the general wellbeing of all interested parties, including staff, customers, suppliers, subcontractors and local communities.

Fugro applies a safety management system that outlines a framework for safety at all levels within the organisation. The management system is designed to promote consistent reporting, to keep safety related risks under control, and to identify the ways in which the company can continue to improve safety in the workplace. In recent years, several corporate standards and a dedicated information management system have been developed and implemented to support this process.

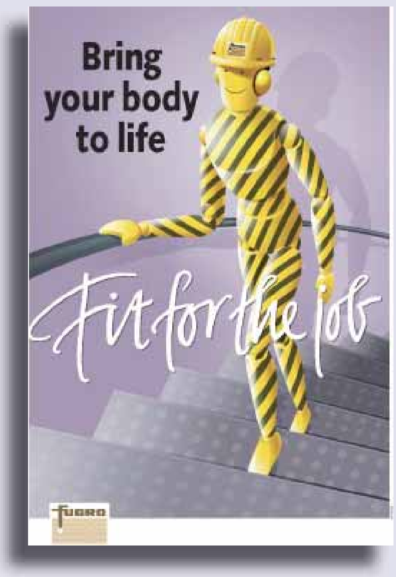
A proactive approach to the creation of a safe working environment for all staff is a priority for Fugro.
The management of the operating companies are responsible for promoting safety training for all staff; assigning responsibility for all aspects of the safety policy; identifying potential areas for improvement; and carrying out comprehensive evaluations of all incidents and near misses. This system ties in with Fugro's business principles, which state that the operating companies will carry out their activities independently in accordance with instructions and supervision from Fugro. The operating companies are supported by a dedicated team of HSE advisors.

In 2010 the Golden SAM (Safety Always Matters) was awarded to Fugro Survey Nigeria Ltd. and Fugro Survey Ltd. in Aberdeen for best overall and consistent HSE performance.

The lagging indicators for 2010 show that Fugro's safety program has resulted in significant improvements. The incidence rate and lost workday rate (per 1 million manhours worked) have been reduced by more than 50% over the past five years.

Fugro strives to achieve safety ratio's which are in line with the benchmarks that are appropriate for the industries in which Fugro works, such as to achieve an LTIF (Lost Time Injury Frequency) of less than 0.5 per 1 million work hours (benchmark set by the International Association of Oil and Gas Producers). The part of Fugro's services that relates to this segment showed a LTIF close to 0.5 in 2010.

In 2010 Fugro has engaged a team of safety-experts from a leading industrial company to assist with the execution of an Employee Safety Perception Survey. The results of this survey will be benchmarked against companies that have achieved a 'world class safety' status and will provide management with input to decide on the next steps to become one of the top quartile performers in safety.



Health campaign

In the firm believe that health awareness contributes to the well being of both her employees and the company, Fugro has launched a wellness campaign in 2010, called 'Fit for the job'.
This campaign, built on the character of SAM (Safety Always Matters), aims to encourage employees to continue or start personal wellness activities while on the job. In 2011 the operating companies are encouraged to give substance to this initiative.

Risk Management

General

Fugro's risk management policy is aimed at the long-term sustainable management of its business activities and the limiting or, where meaningful, hedging of the associated risks. Due to the wide diversity of markets, clients and regions and its broad portfolio of activities, quantifying all the existing risks relevant to the Group as a whole is virtually impossible. Risks are, however, quantified wherever possible and useful. This applies amongst others to the influence of the exchange rate of the US dollar, the Norwegian kroner and the British pound. See page 26.

Strengths

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

Weaknesses

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

Opportunities

- Increased investment by the oil and gas industry, amongst others related to depletion of existing fields
- Increasing demand for oil and gas as the world economy recovery continues
- Optimisation of existing oil and gas fields
- More and larger infrastructure projects, including coastline protection
- Increasing demand for mineral exploration as the demand for minerals recovers
- Upcoming markets such as Brazil, Russia, India and China and Eastern European countries
- Increasing demand for non-fossil energy sources

Threats

- Economic stagnation, which may lead to project deferrals and/or cancellations
- Collapse of the demand for oil, gas and/or minerals
- Political instability in countries and/or regions important to Fugro
- Payment risk of clients with low financial strength
- Pressure on prices by clients as a result of lower demand and/or overcapacity in certain market segments
- Significant foreign currency fluctuations (amongst others US dollar, Norwegain kroner and British pound)
- Strong decrease of the oil price compared to the present level over USD 100 per barrel (Brent), leading to lower investments by the oil and gas industry
- A disaster such as the oil spill in the Gulf of Mexico that could have the effect that planned and ongoing activities are (partly) cancelled or reduced

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

- The diversity of activities in more than one international market segment
- No clients with contracts accounting for more than around 4% of Fugro's total annual revenue
- Use of own modern technologies and professional employees
- The ability to adjust quickly to exchange rate and price changes as most contracts are of short duration
- Geographical spread of the activities
- A balanced and flexible vessel fleet composition (owned and chartered)
- Current liabilities (EUR 880 million) amount to 28% of the balance sheet total
- Limited risk related to pension obligations
- Good internal risk management and control systems
- Part of the (manpower) capacity being hired-in on a flexible basis, among which free lance staff
- Strong financial position to support future growth

Operational

Activity portfolio

Although the core activities show a high degree of cohesion, they also target highly diverse markets, clients and regions. A high proportion of the activities is related to the oil and gas industry. Fugro's dependence on the more cyclic investment in oil and gas exploration and development is balanced by its involvement in the more stable investments in oil and gas production. The other activities are dependent on developments in markets that include infrastructure, construction and mining. The influence of positive and negative economic effects is further moderated by:

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

Contract flow and price changes

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

To carry out its projects Fugro has at its disposal highly trained employees and many technically advanced and therefore expensive equipment. Much of Fugro's work involves short-term contracts. Fugro is, to a degree, sensitive to price changes and sudden changes in exchange rates, although it can adapt relatively quick due to the general short term duration of projects.

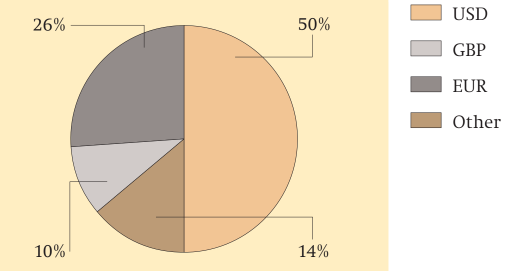
Fugro's budgets are, to a great extent, based on the expected investments by the oil and gas industry. Unless there is a structural drop in the oil price to less than USD 70 – 80 per barrel (Brent), it is not anticipated that substantial (up or down) fluctuations in oil prices will lead to a rapid change in these investments.

Capacity management

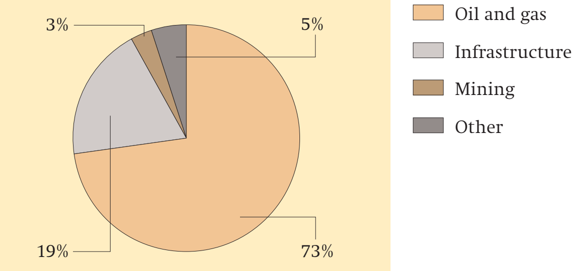
Fugro is constantly alert for signals that indicate changes in market conditions so it can react quickly and appropriately. Sudden and unexpected changes in market conditions are, however, always possible. Some of Fugro's survey activities can precede investment by clients and generally take place at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

The weather and the availability of vessels are key factors for offshore activities in particular. Weather influences are calculated into the budgets and tend to average out over the year and the regions in which Fugro is active. As far as vessels are concerned, Fugro's objective is a balanced fleet in which around 45% of the vessels are owned and around 40% are on mid-term or long-term charter basis. A number of vessels (approximately 15% of the fleet) are chartered on a project basis. The fact that Fugro is deploying heavy and specialist equipment does mean that the risk of capacity under-utilisation will increase. At the same time, the exchange of manpower and equipment between the various business units can improve capacity utilisation. The deployment of expensive (marine) equipment also leads to risks with regard to loss of revenue due to equipment break downs. Part of the staff is appointed on a temporary basis or works on a freelance basis, providing Fugro a certain flexibility to respond to variations in manpower needs.

Breakdown revenue per currency (for the year 2010)



Breakdown revenue per sector (for the year 2010)



Financial

Balance sheet

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

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

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

Currency exchange rate conversion

Fugro limits its susceptibility to changes in foreign currency variances, but is not immune to exchange rate variances caused by rapid changes to the rates versus the Eur (which is the reporting currency). Besides that, changes in exchange rates will result in translation differences. As most of Fugro's revenue in local currencies is used for local payments, the effect of negative or positive currency movements on operational activities at a local level is minimal. Fugro's international monetary streams are limited and mainly in US dollars, US dollar related currencies, Euro, the Norwegian kroner and the British pound. Where possible and desirable, forward exchange contracts are executed. Fugro strives to match assets and liabilities in foreign currencies. Rapid and radical changes in exchange rates can also influence the balance sheet and profit and loss account, partly due to the length of time between tenders being submitted and orders being awarded or delayed, during which period forward exchange contracts would not be appropriate. This creates an additional foreign currency risk that cannot be quantified in advance. At the Group's current structure and size, a rate difference of 10% on the USD would affect profit by EUR 5.1 million and revenue by approximately EUR 95 million. A rate difference of 10% on the GBP would affect profit by EUR 1.5 million and revenue by approxi-mately EUR 40 million.

Pension provisions

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

Since 1 January 2005 Fugro operates an average salary based pension scheme in the Netherlands. This is clas-sified as a 'defined benefit' scheme. The pension commi-tments in the Netherlands are fully re-insured on the basis of a guarantee contract. The accrued benefits are fully financed.

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

Exchange rates (in EUR)	USD end of period	USD average	GBP end of period	GBP average	NOK end of period	NOK average
31 December 2010	0.75	0.76	1.16	1.17	0.128	0.125
30 June 2010	0.81	0.76	1.22	1.16	0.126	0.125
31 December 2009	0.69	0.72	1.13	1.13	0.121	0.115
30 June 2009	0.71	0.75	1.17	1.12	0.111	0.112
31 December 2008	0.71	0.68	1.05	1.25	0.102	0.125
30 June 2008	0.63	0.65	1.26	1.28	0.125	0.121
31 December 2007	0.68	0.73	1.36	1.46	0.126	0.125
30 June 2007	0.74	0.75	1.49	1.48	0.126	0.124

Dash 7 flying a MEGATEM electromagnetic survey, Arizona, USA.

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

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

Information and communication technology (ICT)
Fugro relies on a range of ICT systems (including hardware, software, computer networks and communication links) to manage its business, support operations and to deliver many of the advanced technological solutions which help to differentiate the company in the marketplace. While much of the hardware and software used by Fugro is purchased from reputable suppliers, Fugro also develops proprietary hardware and software in order to facilitate its range of specialist services and to strengthen its market position.

Fugro's ICT infrastructure is designed to effectively support the needs of a decentralised global organisation in a reliable and secure manner. The ICT needs of individual Fugro companies vary considerably, so companies typically have local responsibility for their Local Area Network (LAN) infrastructure including its support. At a local or regional level, operating companies are encouraged to share ICT knowhow and support services in order to generate efficiencies of scale. At a global level, the interface between each operating company's LAN and that of another Fugro company or the 'outside world' is secured by 'Firewall' devices and other security related systems which are monitored by a dedicated team of ICT security specialists.

Fugro endeavours to mitigate the risks associated with ICT systems through a variety of measures:

- Fugro maintains a dedicated ICT security team consisting of a global ICT security officer and six regional ICT security personnel. This team is responsible for maintaining and monitoring the security aspects of Fugro's ICT infrastructure, such as access to the internet, e-mail and intranet applications. The ICT security team is independent from the ICT support staff in the operating companies.
- The adoption of new third party software and software upgrades (such as that used in the office environment) is generally delayed until sufficient time has passed to prove that the software is stable and does not pose a security risk. Once adopted for use, critical 'patches' to fix software bugs are applied as they become available.
- Proprietary software is subject to comprehensive testing procedures before operational use.
- Access to client data and other confidential information is restricted to specific people in the operating company concerned, who have a legitimate reason for such access.
- Data communications within Fugro's global wide area network (WAN) are channelled over a virtual private network (VPN), the security of which is monitored around the clock.
- Fugro's ICT systems are constantly monitored for evidence of contamination by viruses or 'malware'using a variety of independent means.
- Access from Fugro's WAN to 'social network' sites is restricted for security reasons.

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

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

Internal systems

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

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

Corporate handbook

Fugro's corporate handbook contains mandatory instructions regarding many business aspects, including risk management. This handbook is for the senior management members responsible for further application within the operating companies. The latest update was issued in November 2009.

Financial handbook

This handbook contains detailed guidelines for the financial reporting. The financial handbook is for the senior management and the controllers of all operating companies. The latest update was issued in December 2010.

Insurance manual

The insurance manual contains detailed guidelines with respect to risks to be insured. The insurance manual is distributed to managers of all operating companies and their employees who are responsible for insurances at the subsidiaries. The latest update was issued in September 2009.

Information and communication technology (ICT)

Fugro endeavours to mitigate the risks associated with ICT systems through a variety of measures. These are described above on page 74.

Project Management handbook

This handbook provides procedures in preparation to and for the execution of projects. This handbook is used by project managers. The latest update was issued in October 2007.

Planning

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

Authorisation level

Managers are bound by clear authorisation restrictions regarding representation. Projects and contracts with a value or risk that exceeds a specified amount must be approved by either regional managers or the appropriate member of the Executive Committee.

Letter of representation

Every six months all managers and controllers of operating companies and the responsible member of the Executive Committee sign a detailed statement regarding the financial reporting and internal control.

Internal Audit

Regular and frequent internal audits of the various operating companies are carried out. The findings are reported directly to the (relevant members of the) Executive Committee. The findings are also shared with the Audit Committee.

Peer reviews

'Peer reviews' are also carried out on a regular basis. A peer review involves a review of an operating company by a team from other operating companies. The results are reported directly to the (relevant members of the) Executive Committee.

Audit Committee

The Audit Committee comprises three members of the Supervisory Board and it ensures an independent monitoring of the risk management process from the perspective of its supervisory role. The Audit Committee focuses on the quality of the internal and external reporting, the effectiveness of the internal audits and the functioning of the external auditor. Further information on the Audit Committee is available on pages 16 and 17 and in the terms of reference of the Audit Committee. These terms of reference are available on Fugro's website: www.fugro.com.

External audit

The annual accounts of Fugro and most of its subsidiaries are audited annually by external auditors. These audits take place on the basis of generally accepted auditing standards.

Advisory roles

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

Safety

Subsidiaries are externally certified in accordance with OHSAS 18001 or equivalent. Compliance audits are done by internal specialists and by external agencies when re-certification has to take place. The last update was issued in May 2009.

Quality

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

Whistle-blower's regulation

Fugro operates a 'whistle-blower's charter' to ensure that any possible infringement of the Group's policy and procedures can be reported without this act of submitting such a report having any adverse consequences for the 'whistle-blower'.

Declaration regarding risk management

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

Corporate Governance

General

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

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

Dutch Corporate Governance Code

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

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

Broad outline Corporate Governance structure and compliance with the Code

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

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

Any future substantial changes in Fugro's corporate governance structure and its compliance with the Code will be submitted to shareholders for discussion under a separate agenda item.

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

Compliance with the Code in 2010

A full overview ('Comply or Explain'- report) of Fugro's compliance with the Code in 2010 is available on the website. Fugro's corporate governance structure is fully in line with the recommendations in the Code except for the points below. It should be noted that all deviations were approved earlier by the AGM.

Best practice provision II.1.1

The term of appointment (indefinite period) of one of the five members of the Board of Management, Mr. K.S. Wester, deviates from this provision. Mr. Wester was appointed to the Board of Management in 1996 before the Code came into force. Fugro cannot rescind rights that have been granted and Fugro respects agreements made before the introduction of the Code in 2004.

Best practice provision II.2.8

The employment agreement with Mr. Wester does not provide for a specific severance pay on termination of employment. This agreement was entered into in 1981 before the Code came into force. Fugro cannot rescind rights that have been granted and Fugro respects agreements made before the introduction of the Code in 2004.

Best practice provision III.3.5

The term of the appointment of Mr. F.H. Schreve deviates from this provision because he has already served as a member of Fugro's Supervisory Board for longer than twelve years. He was reappointed as Supervisory Director by the AGM in May 2010 for a period of one year and he will retire at the end of the AGM on 10 May 2011. Mr. Schreve is the Chairman of the Supervisory Board. The Supervisory Board intends to appoint Mr. H.C. Scheffer (who was appointed as Supervisory Director by the AGM in May 2010) as successor to Mr. Schreve as Chairman of the Supervisory Board in May 2011. The reappointment of Mr. Schreve in May 2010 was considered to be in the best interest of Fugro in order to maintain continuation in the chairmanship until the time that a successor is appointed.

Principle III.5 and best practice provision III.5.11

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

Principle IV.2

Maintaining its operational independence is crucial for Fugro (see page 80 for a further explanation). One of the ways to safeguard this independence is share certification. Although the Code provides that the certification structure is not meant as a protective measure, Fugro has chosen, in the interest of its clients, to also view the certification structure as part of its protective measures. During the performance of its assignments Fugro often receives extremely confidential information. Fugro can only perform its assignments if it can secure the confidential nature of such information towards its clients.

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

Best practice provision IV.2.1

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

Best practice provision IV.2.2

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

Best practice provision IV.2.5

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

Best practice provision IV.2.8

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

CORPORATE INFORMATION

Capital structure

The authorised capital of Fugro amounts to EUR 16,000,000 and is divided into:

(i) 96,000,000 ordinary shares, with a nominal value of EUR 0.05 each;
(ii) 160,000,000 cumulative protective preference shares, with a nominal value of EUR 0.05 each;
(iii) 32,000,000 cumulative financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 16,000,000 cumulative financing preference shares; and
(iv) 32,000,000 cumulative convertible financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 16,000,000 cumulative convertible financing preference shares.

On 31 December 2010 the issued capital amounted to EUR 4,013,484.20. As of this date, 83.6% of the ordinary shares (80,269,684 shares) were issued. No preference shares have been issued.

Restrictions to the transfer of shares

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

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

(i) is the holder of ordinary shares to a nominal amount of one percent or more of the total capital of Fugro issued in the form of ordinary shares (as of 31 December 2010 one percent equalled 802,697 shares); or
(ii) through such transfer would acquire more than one percent of the total capital of Fugro issued in the form of ordinary shares.

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

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

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

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

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

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

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

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

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

Substantial interests in Fugro

As far as Fugro is aware of, the holders of (certificate of) shares with an interest in Fugro's share capital of more than 5% are reported on page 11.

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

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

The main point of Fugro's protection against a hostile takeover depends on the one hand on certification of the ordinary shares and, on the other hand, on the possibility of Fugro to issue cumulative protective preference shares. In addition to this, protective preference shares may also be issued by the Fugro subsidiaries Fugro Consultants International N.V. and Fugro Financial International N.V. to Stichting ("Foundation") Continuïteit Fugro (see page 81). The primary aim of the protective measures is to safeguard Fugro's independence in relation to its clients.

Only (non-voting) certificates of shares are listed and traded on Euronext Amsterdam. These exchangeable certificates are issued by the Trust Office and the Board of the Trust Office exercises the voting rights on the underlying shares in such manner that the interests of Fugro and its enterprise, as well as the interests of all stakeholders, are safeguarded as best possible. For the composition of the Board of the Trust Office see page 178.

The (Board of the) Trust Office operates completely independent of Fugro.
Certificate holders (and their authorised proxies):

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

A possible issue by Fugro of protective preference shares will be to Stichting ('Foundation') Beschermings-preferente aandelen Fugro. Fugro and Stichting Beschermingspreferente aandelen Fugro have not entered into an (call or put) option agreement with respect to the cumulative protective preference shares. When a threat of an unwanted takeover is such that an immediate issue of protective preference shares to Stichting Beschermings-preferente aandelen Fugro is desirable, the Board of Management of Fugro should resolve on the issue of – and/or on the granting of rights to subscribe for – protective preference shares (see for details on the authorisation to issue and to grant rights to subscribe for shares page 83).

The objective of Stichting Beschermingspreferente aandelen Fugro is to represent the interests of Fugro and its enterprise, as well as the entities within the Fugro Group, in such a way that the interests of Fugro as well as the interests of all stakeholders, will be safeguarded as best as possible. Any influences which could damage the independence and/or continuity and/or identity of Fugro and its associated companies to the detriment of those interests are to be prevented as far as possible, as is the execution of anything that is related to or could be beneficial to the above.
(The Board of) Stichting Beschermingspreferente aandelen Fugro operates completely independent of Fugro.

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

Option scheme

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

Agreements with a shareholder that could provide a reason for limitation of the transfer of (certificates of) shares

If article 11, sub 1 of the terms of administration of the Trust Office is applicable (see also above), exchange of certificates into ordinary shares is only possible if the holder of certificates who acquires ordinary shares in the capital of Fugro as a result of the exchange, shall accept the stipulations pursuant to article 11, sub 1 of the terms of administration.

Functioning of the General Meeting

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

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

Appointment and dismissal of members of the Board of Management and Supervisory Board

The members of both the Board of Management and the Supervisory Board are appointed by the General Meeting for a maximum period of four years on a binding nomination of the Supervisory Board. The binding nature of such a nomination may, however, be overruled by a resolution adopted by an absolute majority of the votes cast by the General Meeting. This majority must represent more than one third of the issued capital. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to overrule the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, regardless of the proportion of the capital represented at the meeting.

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

Amendment of the articles of association

A resolution to amend the articles of association of Fugro may be passed only on a proposal thereto of the Board of Management with the prior approval of the Supervisory Board and by a majority of at least two-thirds of the votes cast at a General Meeting at which at least one-half of the issued capital is represented. If at a meeting at which the proposal to amend the articles of association is to be considered, the required part of the capital is not represented, then a second meeting may be convened to be held at most twenty-eight days after the first meeting, at which second meeting the resolution to amend the articles of association may be passed, irrespective of the part of the capital represented at such meeting, provided such resolution is adopted by a majority of at least two-thirds of the votes cast.

Insofar as a resolution to amend the articles of association brings about a change in the rights vested in the holders of protective preference shares or the holders of financing preference shares or the holders of convertible financing preference shares, such a resolution shall require the approval of the meeting of holders of protective preference shares or the meeting of holders of financing preference shares or the meeting of the holders of convertible financing preference shares, as the case may be.

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

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

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

On 6 May 2010 the AGM authorised the Board of Management for a period of 18 months as from 6 May 2010 until 6 November 2011, to, subject to the approval of the Supervisory Board, cause Fugro to purchase its own (certificates of) shares, within the limits set by the then articles of association (10% of the issued capital), either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the certificates of the shares on Euronext Amsterdam for the five business days before the day on which the purchase is made.

Also on 6 May 2010 the AGM designated the Board of Management as the corporate body which is authorised for a period of 18 months as of 6 May 2010 until 6 November 2011, to, subject to the approval of the Supervisory Board,

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

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

Obviously the authorisation with respect to the issue of preference shares and/or to grant rights to subscribe for preference shares was not limited due to the objective of these shares when they would be issued.

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

Consequences of public bid for major agreements

Fugro N.V. differentiates three categories of agreements as referred to in the Decree on Article 10 EU Takeover Directive:

a) Credit facility with The Royal Bank of Scotland Plc of EUR 100 million for three years. This agreement was implemented in 2009 and the facility has been fully utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

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

Credit facility with Rabobank of EUR 100 million for three years. This agreement was implemented in 2009 and the facility has been fully utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

Credit facility with ING Bank N.V. of EUR 100 million for three years. This agreement was implemented in 2009. The facility has almost been fully utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

Credit facility with BNP Paribas S.A. of EUR 100 million for three years. This agreement was implemented in 2009 and the facility has been fully utilised.
The facility may be cancelled in the event of a 'change of ownership' of Fugro.

Credit facility with ABNAMRO Bank N.V. of EUR 50 million for two years. This agreement was implemented in 2010 and the facility has been fully utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro.

b) Private Placement USD loans. As described in paragraph 5.46.2 of the Annual Accounts, Fugro has concluded long term loans with American and British institutional investors. The terms and conditions of these loans provide that Fugro may consolidate or merge with any other person or legal entity if either a) Fugro shall be the surviving or continuing person, or b) the surviving, continuing or resulting person or legal entity that purchases, acquires or otherwise acquires all or substantially all of the assets of the company i) is a solvent entity organised under the laws of any approved jurisdiction (any of the following jurisdictions: the Netherlands, The United States, Canada and any country which is a member of the EU (other than Greece) at the time of the date of the agreement, ii) is engaged in any similar line of business as Fugro and iii) expressly assumes the obligations of Fugro under this agreement in a writing which is in form and substance reasonably satisfactory to the holders of at least 51% of the outstanding principal amount of the notes.

c) Employee option agreements. The employee option agreements stipulate that in the event of a restructuring of the share capital of Fugro or a merger of Fugro with any other legal entity, the option holder is entitled for every option to such securities, cash or other property as to which a shareholder of Fugro is entitled per share immediately prior to the restructuring or merger, unless the option period is shortened by Fugro. In the event of a restructuring of its share capital or merger with another company, Fugro may shorten the option period so as to terminate immediately prior to the time at which the restructuring or merger is effectuated. In the event that a public offer is considered hostile and such offer is declared unconditional, all options become immediately exercisable.

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

Fugro has not entered into any agreements with members of the Board of Management or employees that provide for a specific severance pay on termination of employment as a result of a public bid within the meaning of article 5:70 or 5:74 of the Dutch Financial Market Supervision Act. The employment agreements with Messrs. Jonkman, Van Riel, Rüegg and Steenbakker do – in accordance with the Code – provide for a general severance pay amounting to a maximum of one year's salary which in principle is applicable in the event of termination or annulment of the employment agreement. These severance payments are also applicable in the event that said persons in reasonableness cannot continue to perform their function any longer as result of a change in circumstances such that continuing to fulfil their function can no longer be asked of them. This could be the case if Fugro is wound-up, merged or taken over, or undergoes a far-reaching restructuring or a fundamental change of policy. The agreement with Mr. Wester does not provide for a specific severance pay on termination of employment or change of circumstances. This agreement was entered into in 1981 (Mr. Wester was appointed to the Board of Management in 1996) long before the Code came into force. Fugro cannot rescind rights that have been granted and Fugro respects agreements made before the introduction of the Code in 2004.

Corporate Governance statement

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

Annual Report 2010 and are deemed to be included and repeated in this statement:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the chapter on 'Corporate governance';
- the information concerning Fugro's main features of the internal risk management and control systems relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the chapter on 'Risk management';
- the information regarding the functioning of Fugro's General Meeting, and the authority and rights of Fugro's shareholders and holders of certificates of shares, as required by article 3a sub b of the Decree, can be found in the chapter on 'Corporate governance';
- the information regarding the composition and functioning of Fugro's Board of Management, the Supervisory Board and its Committees, as required by article 3a sub c of the Decree, can be found in the relevant sections of the chapter on 'Corporate Governance', the Report of the Supervisory Board and on pages 14 and 20;
- the information concerning the disclosure of the information required by the Decree on Article 10 EU Takeover Directive, as required by article 3b of the Decree, may be found in the chapter on 'Corporate Governance'.

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

FUGRO N.V.

Annual accounts 2010

1 Consolidated statement of comprehensive income

For the year ended 31 December

Note	(EUR x 1,000)	2010	2009
(5.25)	Revenue	2,280,391	2,052,988
(5.28)	Third party costs	(765,587)	(624,413)
	Net revenue own services (revenue less third party costs)	1,514,804	1,428,575
(5.29)	Other income	21,902	24,440
(5.30)	Personnel expenses	(723,141)	(652,807)
(5.35)	Depreciation	(201,493)	(173,593)
(5.36)	Amortisation of intangible assets	(8,111)	(10,115)
(5.31)	Other expenses	(252,482)	(249,078)
	Results from operating activities (EBIT)	351,479	367,422
	Finance income	28,239	7,174
	Finance expenses	(22,065)	(27,541)
(5.32)	Net finance income/(costs)	6,174	(20,367)
(5.38)	Share of profit of equity-accounted investees (net of income tax)	1,018	422
	Profit before income tax	358,671	347,477
(5.33)	Income tax expense	(78,518)	(74,412)
	Profit for the period	280,153	273,065
	Attributable to:		
	Owners of the Company	272,219	263,410
	Non-controlling interests	7,934	9,655
	Profit for the period	280,153	273,065
(5.45)	Basic earnings per share (EUR)	3.47	3.46
(5.45)	Diluted earnings per share (EUR)	3.42	3.42

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

1 Consolidated statement of comprehensive income (continued)

For the year ended 31 December

	(EUR x 1,000)	2010	2009
	Profit for the period	280,153	273,065
	Other comprehensive income		
(5.32)	Foreign currency translation differences of foreign operations	108,638	47,517
(5.32)	Foreign currency translation differences of equity-accounted investees	121	–
(5.32)	Net change in fair value of hedge of net investment in foreign operations	864	1,788
(5.33)	Defined benefit plan actuarial gains (losses)	735	(10,449)
(5.32)	Net change in fair value of cash flow hedges transferred to profit or loss	1,034	1,034
(5.32)	Net change in fair value of available-for-sale financial assets	(438)	1,879
	Total other comprehensive income for the period (net of tax)	110,954	41,769
	Total comprehensive income for the period	391,107	314,834
	Attributable to:		
	Owners of the Company	382,289	305,342
	Non-controlling interests	8,818	9,492
	Total comprehensive income for the period	391,107	314,834

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

2 Consolidated statement of financial position

As at 31 December

	(EUR x 1,000)	2010	2009
	Assets		
(5.35)	Property, plant and equipment	1,291,314	1,043,227
(5.36)	Intangible assets	576,433	492,690
(5.38)	Investments in equity-accounted investees	7,836	1,359
(5.39)	Other investments	62,533	23,541
(5.40)	Deferred tax assets	18,891	25,677
	Total non-current assets	1,957,007	1,586,494
(5.41)	Inventories	219,028	80,634
(5.42)	Trade and other receivables	803,241	572,010
(5.34)	Current tax assets	29,352	19,384
(5.43)	Cash and cash equivalents	81,363	107,795
	Total current assets	1,132,984	779,823
	Total assets	3,089,991	2,366,317
	Equity		
	Share capital	4,014	3,939
	Share premium	431,441	431,441
	Reserves	800,644	488,941
	Unappropriated result	272,219	263,410
	Total equity attributable to owners of the Company	1,508,318	1,187,731
	Non-controlling interests	14,929	11,779
(5.44)	**Total equity**	1,523,247	1,199,510
	Liabilities		
(5.46)	Loans and borrowings	590,862	441,339
(5.47)	Employee benefits	76,100	72,582
(5.48)	Provisions	5,204	6,240
(5.40)	Deferred tax liabilities	14,780	7,124
	Total non-current liabilities	686,946	527,285
(5.43)	Bank overdraft	300,301	167,556
(5.46)	Loans and borrowings	23,658	25,826
(5.49)	Trade and other payables	474,208	350,043
	Other taxes and social security charges	45,222	40,513
(5.34)	Current tax liabilities	36,409	55,584
	Total current liabilities	879,798	639,522
	Total liabilities	1,566,744	1,166,807
	Total equity and liabilities	3,089,991	2,366,317

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity

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

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity(continued)

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

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity(continued)

	(EUR x 1,000)										2009
		Share capital	Share premium	Trans-lation reserve	Hedging reserve	Other reserves	Reserve for own shares	Unappro-priated result	Total	Non-con-trolling interest	Total equity
	Balance at 1 January 2009	3,830	431,441	(165,289)	(5,579)	491,175	(110,661)	283,412	928,329	7,482	935,811
	Total comprehensive income for the period:										
	Profit or (loss)							263,410	263,410	9,655	273,065
	Other comprehensive income										
(5.32)	Foreign currency translation differences of foreign operations			47,680					47, 680	(163)	47,517
(5.32)	Foreign currency translation differences of equity-accounted investees								–		–
(5.32)	Net change in fair value of hedge of net investment in foreign operations			1,788					1,788		1,788
(5.33)	Defined benefit plan actuarial gains (losses)					(10,449)			(10,449)		(10,449)
(5.32)	Net change in fair value of cash flow hedges transferred to profit or loss				1,034				1,034		1,034
(5.32)	Net change in fair value of available-for-sale financial assets					1,879			1,879		1,879
	Total other comprehensive income (net of tax)	–	–	49,468	1,034	(8,570)	–	–	41,932	(163)	41,769
	Total comprehensive income for the period	–	–	49,468	1,034	(8,570)	–	263,410	305,342	9,492	314,834
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.30)	Share-based payments					9,094			9,094		9,094
	Share options exercised						10,431		10,431		10,431
	Addition to reserves					230,208		(230,208)	–		–
(5.44)	Own shares acquired and stock dividend	109					(12,370)		(12,261)		(12,261)
(5.44)	Dividends to shareholders							(53,204)	(53,204)	(5,195)	(58,399)
	Total contributions by and distribution to owners	109	–	–	–	239,302	(1,939)	(283,412)	(45,940)	(5,195)	(51,135)
	Balance at 31 December 2009	3,939	431,441	(115,821)	(4,545)	721,907	(112,600)	263,410	1,187,731	11,779	1,199,510

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

4 Consolidated statement of cash flows

For the year ended 31 December

	(EUR x 1,000)	2010	2009
	Cash flows from operating activities		
	Profit for the period	280,153	273,065
	Adjustments for:		
(5.35)	Depreciation	201,493	173,593
(5.36)	Amortisation of intangible assets	8,111	10,115
	Amortisation of transaction costs related to loans and borrowings	838	322
(5.32)	Net finance costs (excluding net foreign exchange variance and net change in fair value of financial assets at fair value through profit or loss)	11,058	5,370
(5.38)	Share of profit of equity-accounted investees	(1,018)	(422)
(5.32)	Net change in fair value of financial assets at fair value through profit or loss	(22,337)	1,639
	Gain on sale of property, plant and equipment	(3,050)	(2,932)
(5.30)	Equity-settled share-based payments	12,654	9,094
(5.33)	Income tax expense	78,518	74,412
	Operating cash flows before changes in working capital and provisions	566,420	544,256
	Change in inventories	(124,464)	(37,990)
	Change in trade and other receivables	(177,915)	26,867
	Change in trade and other payables	77,286	(7,156)
	Change in provisions and employee benefits	1,107	3,867
		342,434	529,844
	Interest paid	(17,330)	(13,883)
	Income tax paid	(97,987)	(92,328)
	Net cash from operating activities	227,117	423,633
	Cash flows from investing activities		
	Proceeds from sale of property, plant and equipment	25,945	14,951
	Proceeds from sale of other investments	436	98
(5.32)	Interest received	4,853	4,862
(5.32)	Dividends received	1,049	2,312
(5.26)	Acquisition of subsidiaries, net of cash acquired	(53,634)	(31,923)
(5.26)	Acquisition of non-controlling interest	(7,839)	–
(5.35)	Acquisition of property, plant and equipment	(443,824)	(320,362)
(5.35)	Change in assets under construction	44,803	(29,340)
(5.36)	Acquisition of intangible assets	(13,742)	(694)
(5.36)	Internal developed intangible assets	(8,486)	(5,893)
	Investment in equity-accounted investees	(69)	–
(5.39)	Acquisition of other investments	(14,091)	(20,490)
	Net cash from investing activities	(464,599)	(386,479)

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

4 Consolidated statement of cash flows (continued)

For the year ended 31 December

	(EUR x 1,000)	2010	2009
	Cash flows from financing activities		
	Proceeds from issue of long-term loans	172,000	75,094
	Repurchase of own shares	(35,760)	(12,370)
	Paid consideration for the exercise of share options	(22,271)	(11,352)
	Proceeds from the sale of own shares	47,551	21,783
	Repayment of borrowings	(27,099)	(27,141)
	Payment of transaction costs related to loans and borrowings	(350)	(1,375)
	Dividends paid	(61,705)	(58,290)
	Net cash from financing activities	72,366	(13,651)
	Net increase/(decrease) in cash and cash equivalents	(165,116)	23,503
	Cash and cash equivalents at 1 January	(59,761)	(81,294)
	Effect of exchange rate fluctuations on cash held	5,939	(1,970)
	Cash and cash equivalents at 31 December	(218,938)	(59,761)
	Presentation in the statement of financial position		
(5.43)	Cash and cash equivalents	81,363	107,795
(5.43)	Bank overdraft	(300,301)	(167,556)
		(218,938)	(59,761)

The notes on pages 96 to 165 are an integral part of these consolidated financial statements.

5 Notes to the consolidated financial statements

5.1 General

Fugro N.V., hereinafter to be referred to as 'Fugro' or 'the Company', has its corporate seat in Leidschendam, the Netherlands. The consolidated financial statements of Fugro as at and for the year ended 31 December 2010 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees. A summary of the main subsidiaries is included in chapter 6. The annual accounts have been prepared by the Board of Management and have been authorised for publication by the Supervisory Board on 9 March 2011. Publication will take place on 10 March 2011. The annual accounts will be submitted for adoption to the Annual General Meeting of Shareholders on 10 May 2011. The official annual accounts are prepared in the Dutch language. With reference to the Company income statement of Fugro N.V., use has been made of the exemption pursuant to Article 2:402 Netherlands Civil Code.

5.2 Statement of compliance

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

5.3 Basis of preparation

5.3.1 Functional and presentation currency

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

5.3.2 Basis of measurement

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

5.3.3 Use of estimates and judgements

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

5.3.4 Changes in accounting policies

5.3.4.1 *Accounting for business combinations*

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

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

Acquisitions on or after 1 January 2010

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

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

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

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

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

Acquisitions between 1 January 2003 and 1 January 2010

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

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

Acquisitions prior to 1 January 2003 (date of transition to IFRS)

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Dutch GAAP.

5.3.4.2 *Accounting for acquisitions of non-controlling interests*

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

5.3.5 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of Fugro, except for IFRS 9 Financial Instruments, which becomes mandatory for the 2013 consolidated financial statements and could change the classification and measurement of financial assets. Fugro does not plan to adopt this standard early and the extent of the impact has not been determined.

5.4 *Significant accounting policies*

The accounting policies set out below have been consistently applied by all subsidiaries and equity-accounted investees to all periods presented in these consolidated financial statements, except as explained in note 5.3.4, which addresses changes in accounting policies. Some comparative information is restated for comparison purposes, including among others the presentation of fair value of acquired property, plant and equipment and intangible assets through business combinations (net presentation of fair value instead of presenting historical cost and cumulative amortisation/depreciation), furthermore, a footnote explaining the nature of any differences between the reportable segments assets and liabilities and the Group's assets and liabilities and a footnote explaining total assets, liabilities, revenues and profit (loss) of the equity-accounted investees have been included.

5.4.1 Basis of consolidation

5.4.1.1 *Business combinations*

The Group has changed its accounting policy with respect to accounting for business combinations. Refer to note 5.3.4.1 for further details.

5.4.1.2 *Subsidiaries*

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

5.4.2 Equity-accounted investees

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

5.4.3 Other investments

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

5.4.4 Transactions eliminated on consolidation

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

5.5 *Foreign currency*

5.5.1 Foreign currency transactions and translation

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

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

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

	USD at year-end	USD average	GBP at year-end	GBP average	NOK at year-end	NOK average
2010	0.75	0.76	1.16	1.17	0.128	0.125
2009	0.69	0.72	1.13	1.13	0.121	0.115
2008	0.71	0.68	1.05	1.25	0.102	0.121
2007	0.68	0.73	1.36	1.46	0.126	0.125
2006	0.76	0.79	1.49	1.47	0.121	0.124

5.5.2 Foreign operations

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

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

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

5.5.3 Hedge of a net investment in foreign operations

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

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

5.6 *Determination of fair values*

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

5.6.1 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

5.6.2 Intangible assets

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

5.6.3 Inventories

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

5.6.4 Investments in equity and debt securities

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

5.6.5 Trade and other receivables

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

5.6.6 Derivatives

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

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

5.6.7 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5.6.8 Share-based payment transactions

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

5.7 *Financial instruments*

5.7.1 Non-derivative financial assets

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

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

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

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

5.7.2 Non-derivative financial liabilities

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

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

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

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

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

5.7.3 Derivative financial instruments, including hedge accounting

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

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 %.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

5.7.3.1 *Cash flow hedges*

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

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

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

5.7.3.2 *Other non-trading derivatives*

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

5.8 *Property, plant and equipment*

5.8.1 Owned assets

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

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

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

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

5.8.2 Leased assets

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

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

5.8.3 Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

5.8.4 Depreciation

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

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

5.9 *Intangible assets*

5.9.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to note 5.3.4.1 Accounting for business combinations.

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

5.9.2 Research and development

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

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

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

5.9.3 Software and other intangible assets

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

5.9.4 Subsequent expenditure

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

5.9.5 Amortisation

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

5.10 *Investments in equity-accounted investees*

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

5.11 *Other investments*

5.11.1 Other investments in equity instruments

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

5.11.2 Financial assets at fair value through profit or loss

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

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

5.11.3 Long-term loans and other receivables

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

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

5.11.4 Available-for-sale financial assets

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

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

5.12 *Inventories*

5.12.1 Seismic and geological data libraries

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

5.12.2 Other inventories

Other inventories are measured at the lower of cost or net realisable value. The cost of other inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

5.13 *Trade and other receivables*

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

5.14 *Cash and cash equivalents*

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

5.15 *Impairment*

5.15.1 Non-derivative financial assets

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

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

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

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

5.15.2 Non-financial assets

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

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

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

5.16 *Share capital*

5.16.1 Share capital

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

5.16.2 Repurchase and sale of shares

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

5.16.3 Dividends

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

5.17 *Loans and borrowings*

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

5.18 *Employee benefits*

5.18.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

5.18.2 Defined benefit plans

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

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

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

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

5.18.3 Other long-term employee benefits

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

Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

5.18.4 Share-based payments

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

5.19 *Provisions*

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

5.19.1 Restructuring

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

5.19.2 Onerous contracts

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

5.20 *Trade and other payables*

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

5.21 *Revenue*

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

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

5.21.1 Services rendered

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

5.21.2 Sales of goods

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

5.21.3 Seismic and geological data

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

5.21.4 Software licences and subscription income

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

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

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

5.21.6 Other income

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

5.21.7 Government grants

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

5.22 *Expenses*

5.22.1 Third party costs

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

5.22.2 Lease payments

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

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

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

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

5.22.3 Net finance costs

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

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

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

5.23 *Income tax*

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

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

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

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

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

5.24 *Statement of cash flows*

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

5.25 Segment reporting

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

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

5.25.1 Operating segments

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

Geotechnical

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

Survey

The Survey division provides a range of services to support the activities of the oil and gas industry and a broad range of commercial and civil industries as well as governments and non-governmental organisations. Offshore services include geophysical investigation for geohazards, pipeline and cable route surveys, inspection and construction support services, hydrographic charting and meteorology and oceanographic studies. Subsea services revolve around the use of remotely operated vehicles (ROVs) to support subsea inspection, construction and drilling while geospatial services are focused on land survey and aerial/satellite mapping services for a wide range of clients. In addition, Fugro's global positioning systems (which augment GPS and Glonass signals to provide precise positioning in real-time world-wide) are employed not only to support the above services, but are also provided on a subscription basis to other industries such as agriculture.

Geoscience

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

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

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

Operating segments

(EUR x 1,000)	Geotechnical		Survey		Geoscience		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue	**724,878**	573,614	**1,060,746**	995,119	**626,726**	583,409	**2,412,350**	2,152,142
Of which inter-segment revenue	**60,352**	37,855	**52,112**	38,886	**19,495**	22,413	**131,959**	99,154
Segment result	**138,962**	122,987	**278,831**	295,734	**145,733**	146,649	**563,526**	565,370
Finance income	**939**	1,320	**3,012**	3,194	**25,596**	2,785	**29,547**	7,299
Finance expense	**(13,309)**	(4,737)	**(5,458)**	(6,020)	**(24,974)**	(18,932)	**(43,741)**	(29,689)
Share of profit of equity-accounted investees	**914**	(35)	**–**	–	**104**	454	**1,018**	419
Depreciation	**(34,597)**	(28,678)	**(50,530)**	(48,854)	**(38,305)**	(32,080)	**(123,432)**	(109,612)
Amortisation intangible assets	**(658)**	(533)	**(676)**	(655)	**(6,654)**	(8,927)	**(7,988)**	(10,115)
Reportable segment profit or (loss) before income tax	**92,251**	90,324	**225,179**	243,399	**101,500**	89,949	**418,930**	423,672
Reportable segment assets	**608,239**	523,271	**1,051,920**	845,056	**1,312,309**	914,789	**2,972,468**	2,283,116
Reportable segment liabilities	**163,055**	214,665	**294,409**	268,434	**761,599**	479,150	**1,219,063**	962,249
Capital expenditure, property, plant and equipment	**54,413**	192,226	**96,775**	82,244	**288,809**	38,382	**439,997**	312,852
Capital expenditure intangible assets	**6,042**	6,527	**40,745**	8,653	**19,184**	14,401	**65,971**	29,581
Additions to other investments	**(1)**	5	**–**	–	**39,113**	20,624	**39,112**	20,629

Geographical segments

(EUR x 1,000)	Netherlands		Europe other/Africa		Middle East/ Asia/Australia		Americas		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue from external customers	**133,233**	133,776	**1,110,685**	985,074	**432,105**	419,948	**604,368**	514,190	**2,280,391**	2,052,988
Non-current assets	**199,585**	203,042	**817,599**	610,837	**714,183**	555,798	**225,640**	216,817	**1,957,007**	1,586,494

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

(EUR x 1,000)	2010	2009
Revenues		
Total revenue for reportable segments	2,412,350	2,152,142
Elimination of inter-segment revenue	(131,959)	(99,154)
Consolidated revenue	2,280,391	2,052,988
Profit or loss		
Total profit or (loss) for reportable segments before income tax	418,930	423,672
Unallocated amounts:		
– Other corporate expenses	(80,627)	(78,221)
– Net finance income	20,368	2,023
Share of profit of equity-accounted investees	–	3
Consolidated profit before income tax	358,671	347,477
Assets		
Total assets for reportable segments	2,972,468	2,283,116
Other unallocated amounts	117,523	83,201
Consolidated assets	3,089,991	2,366,317
Liabilities		
Total liabilities for reportable segments	1,219,063	962,249
Other unallocated amounts	347,681	204,558
Consolidated liabilities	1,566,744	1,166,807

Unallocated assets are assets that are used by more than one reporting segment, and principally comprise in both 2010 and 2009 property, plant and equipment, equity-accounted investees and other investments, deferred tax assets, current tax assets, derivative financial instrument assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements. Unallocated liabilities are liabilities that relate to more than one reporting segment, and comprise both in 2010 as in 2009 borrowings, derivative financial instruments liabilities, current and non-current tax liabilities, employee benefit obligations and centrally held accruals and provisions.

Other corporate expenses 2010 and 2009 include general (corporate) expenses, depreciation on corporate assets and on certain items of property, plant and equipment that are used by operating segments but are managed as a central pool.

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

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

Other material items 2009 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	7,299	(125)	7,174
Finance expense	(29,689)	2,148	(27,541)
Depreciation	(109,612)	(63,981)	(173,593)
Amortisation intangible assets	(10,115)	–	(10,115)

5.26 *Acquisitions and divestments of subsidiaries*

5.26.1 Acquisitions 2010

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

(EUR x million)	Price	Goodwill	Country	Division	Annual revenue	Number of employees	Consolidation per
Interra/Terralaser	2.8	2.5	Chile/Peru	Survey	3.0	45	June
Statnamic/Geo Pannon	2.0	0.8	Hungary	Geotechnical	3.0	18	July
ERT Scotland	5.9	4.2	United Kingdom	Geotechnical	3.0	25	September
Riise Underwater Engineering	44.2	32.2	Norway	Survey	35.0	25	December
Adjustments prior years	(0.2)	4.4					
Total	54.7	44.1			44.0	113	

5.26.1.1 *Interra/Terralaser*

Interra S.A., Chile and its sister company TerraLaser S.A., Peru, are specialised in aerial mapping.

5.26.1.2 *Statnamic/Geo Pannon*

Geo Pannon Kft and related company Statnamic Kft, Hungary, are service providers in the field of onshore geotechnical services. With these acquisitions Fugro has strengthened its position in South East Europe.

5.26.1.3 *ERT Scotland*

ERT (Scotland) Ltd., United Kingdom, provides services to the global oil and gas, renewable energy and other industries. It conducts survey, monitoring, consulting and reporting activities supported by in-house chemical and biological laboratories.

5.26.1.4 *Riise Underwater Engineering*

Riise Underwater Engineering AS (RUE), Norway, is a provider of subsea engineering, ROV (remotely operated vehicle) and diving services offshore and inshore to the oil and gas industry. RUE is specialised in IRM (inspection, repair and maintenance) and subsea construction support.

5.26.2 Divestments

In 2010 no divestments took place.

5.26.3 Effect of acquisitions

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

(EUR x 1,000)	Pre-acquisition carrying amount	Fair value adjustments	Recognised values on acquisitions 2010
Property, plant and equipment	9,085	(6,154)	2,931
Intangible assets	76	(47)	29
Other fixed assets	6,373		6,373
Inventories	420		420
Trade and other receivables	16,617		16,617
Current tax receivables	37		37
Deferred taxes	(1,422)	(7)	(1,429)
Cash and cash equivalents	(59)		(59)
Loans and borrowings	(3,493)	7	(3,486)
Current tax liabilities	(401)		(401)
Trade and other payables	(11,605)	1,207	(10,398)
Total identifiable net assets	15,628	(4,994)	10,634
Goodwill/(negative goodwill) on acquisition			44,091
Considerations payable			(1,150)
Consideration paid/(received), in cash			53,575
Cash (acquired)/disposed of			59
Net cash outflow/(inflow)			53,634

Acquisitions have been combined in this table as none of them individually is considered to be material. Furthermore, the acquisitions 2010 include an amount of EUR 4.4 million relating to prior period adjustments due to the finalisation of the purchase price allocation procedures (2009: EUR 0.2 million).
The acquisitions in 2010 contributed EUR 1.8 million to the revenues of the Group. If all acquisitions in 2010 had been effected at the beginning of 2010, the revenue of the Group would have been around EUR 40 million higher. The acquisitions in 2010 contributed EUR 0.8 million negative to the profit of the Group. On a full year basis this would approximately amount to EUR 0.5 million negative. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

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

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

Acquisition of non-controlling interest

In October 2010 Fugro acquired an additional 30 percent interest in Fugro Jacques GeoSurveys Inc, Canada for EUR 7.8 million in cash, increasing its ownership from 70 to 100 percent. Fugro recognised a decrease in non-controlling interests of EUR 1.2 million and a decrease in other reserves of EUR 6.6 million.

The following summarises the effect of changes in the Company's ownership interest in Fugro Jacques GeoSurveys Inc:

(EUR x 1,000)	**2010**
Company's ownership interest at the beginning of the year	2,860
Effect of exchange variance	368
Effect of increase in Company's ownership interest	1,169
Share of comprehensive income	2,650
Dividends paid	(3,790)
Company's ownership interest at the end of the year	3,257

5.27 Government grants

The Company has not been awarded any significant government grants in 2010.

5.28 Third party costs

(EUR x 1,000)	**2010**	**2009**
Cost of suppliers	408,651	352,566
Operational lease expenses	195,007	156,182
Seismic and geological data libraries	88,758	63,987
Other costs	73,171	51,678
	765,587	624,413

5.29 Other income

(EUR x 1,000)	**2010**	**2009**
Government grants	1,052	1,057
Net gain on sale of property, plant and equipment	3,323	4,059
Sundry income	17,527	19,324
	21,902	24,440

5.30 *Personnel expenses*

(EUR x 1,000)	2010	2009
Wages and salaries	612,151	555,784
Compulsory social security contributions	68,320	59,858
Equity-settled share-based payments	12,654	9,094
Contributions to defined contribution plans	20,318	19,193
Expense related to defined benefit plans	8,978	8,389
Increase in liability for long service leave	720	489
	723,141	652,807

5.30.1 Share-based payments

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

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

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

The weighted average stock price on Euronext Amsterdam during 2010 was EUR 47.03 (2009: EUR 31.11). As at 31 December 2010, Fugro N.V. granted 1,107,350 options to 663 employees. These options have an exercise price of EUR 61.50 (2009: 1,166,550 options were granted to 639 employees with an exercise price of EUR 40.26).

In 2010 Fugro sold 1,135,980 certificates of shares in relation to options that were exercised. Fugro issued no new (certificates of) shares in relation to the exercise of options in 2010 (2009: nil). The (certificates of) shares that were sold had an average purchase price of EUR 44.70 per certificate. The options were exercised throughout the year, with the exception of determined closed periods.

As at 31 December the following options were outstanding:

Year of issue	Duration	Number of partici-pants	Granted	Out-standing at 01-01-2010	Forfeited in 2010	Exercised in 2010	Out-standing at 31-12-2010	Exercis-able at 31-12-2010	Exercise price (EUR)
2004	6 years	493	1,064,800	727,780	2,800	724,980	–	–	15.35
2005	6 years	521	1,155,000	1,063,300	1,400	266,150	795,750	795,750	27.13
2006	6 years	547	1,140,500	1,109,700	1,300	144,850	963,550	963,550	36.20
2007	6 years	565	1,140,500	1,129,150	8,200	–	1,120,950	1,120,950	52.80
2008	6 years	620	1,141,900	1,137,950	7,200	–	1,130,750	–	20.485
2009	6 years	639	1,166,550	1,166,550	4,800	–	1,161,750	–	40.26
2010	6 years	663	1,107,350	–	–	–	1,107,350	–	61.50
			7,916,600	6,334,430	25,700	1,135,980	6,280,100	2,880,250	

The outstanding options as at 31 December 2010 have an exercise price ranging from EUR 20.485 to EUR 61.50. The average remaining term of the options is four years (2009: four years). The movement during the year of options and the average exercise price is as follows:

	2010		2009	
	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)	Number of options
Options outstanding at 1 January	**33.17**	**6,334,430**	28.97	5,993,550
Forfeited during the period	**34.79**	**(25,700)**	30.22	(24,750)
Options granted during the period	**61.50**	**1,107,350**	40.26	1,166,550
Options exercised during the period	**20.77**	**(1,135,980)**	12.25	(800,920)
Options outstanding at 31 December	**40.40**	**6,280,100**	33.17	6,334,430
Exercisable at 31 December		**2,880,250**		2,357,130

The valuation of the share options is determined by using a binomial model.
Concerning early departure, different percentages for different categories of staff are used: Board of Management 1%, other Executive Committee members 2%, managers of operating companies 7%. The expected behaviour for exercising the options by Directors is estimated till the end of the vesting period and for the other two groups with a multiple of three. Expected volatility is estimated by considering historic average share price volatility.

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

	2010	2009
Average share price during the year in EUR	47.03	31.11
Average fair value of the granted options during the year in EUR	16.71	10.84
Exercise price (fair value at grant date) in EUR	61.50	40.26
Expected volatility (weighted average volatility)	39%	38%
Option term (expected weighted average term)	4 years	4 years
Expected dividends	3.38%	3.38%
Risk-free interest rate (based on government bonds)	2.74%	3.01%

	2010	2009
Costs of granted options at the end of 2006 in EUR	–	1,067,164
Costs of granted options at the end of 2007 in EUR	3,291,433	3,291,433
Costs of granted options at the end of 2008 in EUR	1,582,401	1,582,401
Costs of granted options at the end of 2009 in EUR	3,153,277	3,153,277
Costs of granted options at the end of 2010 in EUR	4,627,100	–
Total	12,654,211	9,094,275

5.30.2 Number of employees as at 31 December

	2010			2009		
	Netherlands	Foreign	Total	Netherlands	Foreign	Total
Technical staff	607	9,545	10,152	635	9,677	10,312
Management and administrative staff	154	2,643	2,797	141	2,542	2,683
Temporary and contract staff	182	332	514	171	316	487
	943	12,520	13,463	947	12,535	13,482
Average number of employees during the year	944	12,500	13,444	935	12,652	13,587

5.31 *Other expenses*

(EUR x 1,000)	2010	2009
Maintenance and operational supplies	60,779	75,106
Indirect operating expenses	62,429	55,231
Occupancy costs	43,176	43,730
Communication and office equipment	34,181	30,060
Restructuring costs	544	367
Research cost	3,278	1,957
Loss on disposal of property, plant and equipment	273	1,127
Other	47,822	41,500
	252.482	249,078

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

5.32 ***Net finance (income) costs***

(EUR x 1,000)	2010	2009
Interest income on loans and receivables	(4,853)	(4,862)
Dividend income on available-for-sale financial assets	(1,049)	(2,312)
Net change in fair value of financial assets at fair value through profit or loss	(22,337)	–
Finance income	(28,239)	(7,174)
Interest expense on financial liabilities measured at amortised cost	16,960	12,544
Net change in fair value of financial assets at fair value through profit or loss	–	1,639
Net foreign exchange variance	5,105	13,358
Finance expense	22,065	27,541
Net finance (income)/costs recognised in profit or loss	(6,174)	20,367

(EUR x 1,000)	2010	2009
Recognised in other comprehensive income		
Net gain (loss) on hedge of net investment in foreign operations	864	1,788
Foreign currency translation differences of foreign operations	108,638	47,517
Foreign currency translation differences of equity-accounted investees	121	–
	109,623	49,305
Net change in fair value of cash flow hedges transferred to profit or loss	1,034	1,034
Net change in fair value of available-for-sale financial assets	(438)	1,879
Total	110,219	52,218
Recognised in:		
Hedging reserve	1,034	1,034
Translation reserve	108,739	49,468
Other reserves	(438)	1,879
Non-controlling interests	884	(163)
Total	110,219	52,218

5.33 ***Income tax expense***

Recognised in profit or loss

(EUR x 1,000)	2010	2009
Current tax expense		
Current year	67,298	69,726
Adjustment for prior years	(3,356)	(3,486)
	63,942	66,240
Deferred tax expense		
Origination and reversal of temporary differences	14,210	9,337
Recognition of previously unrecognised temporary differences	–	(773)
Reduction in tax rate	333	–
Utilisation of tax losses recognised	188	1,733
Recognition of previously unrecognised tax losses	(495)	(1,208)
Effect of write-down deferred tax assets	1	149
Adjustments for prior years	339	(1,066)
	14,576	8,172
Total income tax expense	78,518	74,412

Reconciliation of effective tax rate

(EUR x 1,000)	2010 %	2010	2009 %	2009
Profit for the period		280,153		273,065
Income tax expense		78,518		74,412
Profit before income tax		358,671		347,477
Income tax using the weighted domestic average tax rates	23.0	82,522	22.8	79,644
Recognition of previously unrecognised temporary differences	–	–	(0.2)	(773)
Reduction in tax rate	0.1	333	–	–
Recognition of previously unrecognised tax losses	(0.2)	(495)	(0.3)	(1,208)
Effect of write-down deferred tax assets	0.0	1	0.0	149
Non-deductible expenses	0.9	3,246	0.8	2,643
Tax exempt income	(0.9)	(3,250)	(0.3)	(1,052)
Effect of utilisation previously unrecognised tax losses	(0.2)	(822)	(0.1)	(439)
Adjustments for prior years (deferred)	0.1	339	(0.3)	(1,066)
Adjustments for prior years (current)	(0.9)	(3,356)	(1.0)	(3,486)
	21.9	78,518	21.4	74,412

The weighted average domestic tax rate increased from 22.8% to 23.0%.

Improvement of results above expectations in certain tax jurisdictions resulted in utilisation of EUR 0.8 million (2009: EUR 0.4 million) of previously unrecognised tax losses.
Adjustments for prior years relate to settlement of outstanding tax returns of several years and various fiscal tax entities as well as the recognition of tax liabilities for fiscal positions taken that are currently being challenged or probably will be challenged by tax authorities.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)			**2010**			**2009**
	Before tax	**Tax (ex-pense)/ benefit**	**Net of tax**	**Before tax**	**Tax (ex-pense)/ benefit**	**Net of tax**
Defined benefit plan actuarial gains (losses)	**1,274**	**(539)**	**735**	(14,493)	4,044	(10,449)
Net change in fair value of cash flow hedges transferred to profit or loss	**1,388**	**(354)**	**1,034**	1,388	(354)	1,034
Net change in fair value of hedge of net investment in foreign operations	**2,700**	**(1,836)**	**864**	2,400	(612)	1,788
Share-based payment transactions	**22,728**	**2,552**	**25,280**	9,037	1,394	10,431
Net change in fair value of available-for-sale financial assets	**(438)**	**–**	**(438)**	1,879	–	1,879
Foreign currency translation differences of foreign operations and equity-accounted investees	**108,493**	**266**	**108,759**	45,515	2,002	47,517
	136,145	**89**	**136,234**	45,726	6,474	52,200

Reference is also made to note 5.40.

5.34 *Current tax assets and liabilities*

The net current tax liability of EUR 7,057 thousand (2009: EUR 36,200 thousand) represents the balance of income tax payable and receivable in respect of current and prior periods less advance tax payments.

5.35 *Property, plant and equipment*

(EUR x 1,000)

2010	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Cost						
Balance at 1 January 2010	155,595	922,775	450,189	164,319	190,266	1,883,144
Acquisitions through business combinations	2,112	(1,317)	–	–	2,136	2,931
Investments in assets under construction	–	–	–	226,285	–	226,285
Other additions	5,793	147,339	3,309	–	16,295	172,736
Capitalised fixed assets under construction	–	61,860	209,228	(271,088)	–	–
Disposals	(3,505)	(64,384)	(6,967)	–	(10,512)	(85,368)
Effects of movement in foreign exchange rates	11,400	77,772	20,487	14,797	16,106	140,562
Balance at 31 December 2010	171,395	1,144,045	676,246	134,313	214,291	2,340,290
Depreciation and impairment losses						
Balance at 1 January 2010	44,100	527,383	110,778	–	157,656	839,917
Depreciation	6,292	136,553	35,823	–	22,825	201,493
Disposals	(2,161)	(45,219)	(6,956)	–	(8,137)	(62,473)
Effects of movement in foreign exchange rates	2,152	47,935	6,459	–	13,493	70,039
Balance at 31 December 2010	50,383	666,652	146,104	–	185,837	1,048,976
Carrying amount						
At 1 January 2010	111,495	395,392	339,411	164,319	32,610	1,043,227
At 31 December 2010	121,012	477,393	530,142	134,313	28,454	1,291,314

(EUR x 1,000)						2009
	Land and buildings	Plant and equip-ment	Vessels	Fixed assets under con-struction	Other	Total
Cost						
Balance at 1 January 2009	134,881	778,442	298,239	138,227	174,509	1,524,298
Acquisitions through business combinations	1,263	7,618	–	337	664	9,882
Investments in assets under construction	–	–	–	255,350	–	255,350
Other additions	15,550	40,848	23,914	–	14,040	94,352
Capitalised fixed assets under construction	–	82,921	143,089	(226,010)	–	–
Disposals	(629)	(7,449)	(12,138)	–	(1,077)	(21,293)
Effects of movement in foreign exchange rates	4,530	20,395	(2,915)	(3,585)	2,130	20,555
Balance at 31 December 2009	155,595	922,775	450,189	164,319	190,266	1,883,144
Depreciation and impairment losses						
Balance at 1 January 2009	37,349	402,909	87,280	–	137,672	665,210
Depreciation	6,232	116,150	30,302	–	20,909	173,593
Disposals	(5)	(3,997)	(4,510)	–	(762)	(9,274)
Effects of movement in foreign exchange rates	524	12,321	(2,294)	–	(163)	10,388
Balance at 31 December 2009	44,100	527,383	110,778	–	157,656	839,917
Carrying amount						
At 1 January 2009	97,532	375,533	210,959	138,227	36,837	859,088
At 31 December 2009	111,495	395,392	339,411	164,319	32,610	1,043,227

5.35.1 Impairment loss and subsequent reversal
The Group has not incurred nor reversed any impairment losses.

5.35.2 Fixed assets under construction
This involves mainly vessels under construction and ROVs. The vessels will become operational in 2011 and 2012; in principle the ROVs will become operational in 2011.
At 31 December 2010 capitalised borrowing costs related to the construction of vessels amounted to EUR 13.6 million (2009: EUR 7.9 million), with an interest rate of 4.5% (2009: 4%).

5.35.3 Leased fixed assets
The Group has no leased fixed assets that have to be included in property, plant and equipment.

5.35.4 Security
Land and buildings includes EUR 6 million (2009: EUR 7 million) in the Netherlands, that serves as security for mortgage loans (refer to note 5.46).

5.36 *Intangible assets*

(EUR x 1,000)	2010			
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2010	459,745	92,163	15,273	567,181
Acquisitions through business combinations	39,735	29	–	39,764
Adjustments prior period	4,356	–	–	4,356
Purchase of intangible assets	–	13,740	2	13,742
Internally developed intangible assets	–	8,486	–	8,486
Effect of movements in foreign exchange rates	22,787	5,611	2,259	30,657
Balance at 31 December 2010	526,623	120,029	17,534	664,186
Amortisation and impairment losses				
Balance at 1 January 2010	–	68,339	6,152	74,491
Amortisation of intangible assets	–	6,228	1,883	8,111
Effect of movements in foreign exchange rates	–	4,361	790	5,151
Balance at 31 December 2010	–	78,928	8,825	87,753
Carrying amount				
At 1 January 2010	459,745	23,824	9,121	492,690
At 31 December 2010	526,623	41,101	8,709	576,433

(EUR x 1,000)				2009
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2009	418,521	79,937	15,553	514,011
Acquisitions through business combinations	20,178	3,340	913	24,431
Adjustments prior period	(221)	–	(1,543)	(1,764)
Purchase of intangible assets	–	694	–	694
Internally developed intangible assets	–	5,893	–	5,893
Effect of movements in foreign exchange rates	21,267	2,299	350	23,916
Balance at 31 December 2009	459,745	92,163	15,273	567,181
Amortisation and impairment losses				
Balance at 1 January 2009	–	57,690	4,191	61,881
Amortisation of intangible assets	–	8,324	1,791	10,115
Effect of movements in foreign exchange rates	–	2,325	170	2,495
Balance at 31 December 2009	–	68,339	6,152	74,491
Carrying amount				
At 1 January 2009	418,521	22,247	11,362	452,130
At 31 December 2009	459,745	23,824	9,121	492,690

5.36.1 Impairment loss and subsequent reversal

The Company has not incurred nor reversed any impairment losses.

5.37 *Impairment testing for cash-generating units containing goodwill*

For the purpose of impairment testing, goodwill is allocated to cash-generating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and which is not higher than the Group's operating segments as reported in note 5.25. The aggregate carrying amounts of goodwill are allocated to the following groups of cash-generating units:

(EUR x 1,000)	2010	2009
Geotechnical	76,830	65,647
Survey	252,663	203,391
Geoscience	197,130	190,707
Total	526,623	459,745

The recoverable amounts of the cash-generating units that carry goodwill are determined based on calculations of value in use. Value in use was determined by discounting the expected future cash flows from the continuing use of the units. Unless indicated otherwise, value in use in 2010 was determined similarly as in 2009. The calculation of the value in use was based on the following key assumptions:

- The period for the discounted cash flow calculations is in principle indefinite. However the Group has set the period at fifty years, subject to periodic evaluation, for the following reasons. About 73% of the Group's activities relate to the oil and gas industry. The services are in principle of such a nature that our clients use us to help them to explore and extract hydrocarbon and mineral resources. Experts are without doubt that these resources will continue to be available to mankind for many decades and their reports indicate periods between fifty and hundred years. The Group recognises that harnessing alternative means of energy, like wind, nuclear and hydro electric energy will continue. These sources however have limited output and will be difficult to transport.
- Cash flows in the first year of the forecast are based on the approved profit plan. The anticipated annual revenue growth for following years has been based on average growth levels ranging from 0 to 3.5%.
- The pre-tax discount rate used to discount the pre-tax cash flows used for impairment testing purposes is determined through an iterative calculation method using the projected post-tax cash flows, expected tax rate for the respective cash generating unit and post-tax discount rate for the Group. The weighted average pre-tax discount rate for the Group is 10.6% (2009: 10.8%).

The key assumptions and the approach to determine their value are the growth rates that are based on analysis of the long-term market price trends in the oil and gas industry adjusted for actual experience.
The carrying amounts of the units remain below the recoverable amounts and as such no impairment losses are accounted for. Considering the significant headroom (recoverable amounts exceeding carrying amounts), no sensitivity analysis has been prepared. Future adverse changes in the assumptions could however reduce the recoverable amounts below the carrying amount. As at 31 December 2010 no cumulative impairment losses have been recognised (2009: none).

5.38 *Investments in equity-accounted investees*

The carrying amount of the equity-accounted investees of the Group can be summarised as follows:

(EUR x 1,000)	2010	2009
Equity-accounted investees	7,836	1,359

The Group's share in realised profit in the above mentioned equity-accounted investees amounted to EUR 1,018 thousand positive in 2010 (2009: EUR 422 thousand positive).
In 2010 and 2009 the Group did not receive dividends from any of its investments in equity-accounted investees or other investments.

None of the group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations.
Not adjusted for the percentage ownership held by the Group, the equity-accounted investees have assets of EUR 46 million (2009: EUR 4 million), liabilities of EUR 30 million (2009: EUR 1 million), revenues of EUR 20 million (2009: EUR 12 million) and profit of EUR 4 million (2009: EUR 2 million). The increase compared to 2009 is mainly a result of the acquisition of RUE.

5.39 *Other investments*

The Group holds the following other investments:

(EUR x 1,000)	2010	2009
Other investments in equity instruments	1,095	1,095
Long-term loans	31,623	13,177
Financial assets at fair value through profit or loss	25,636	5,129
Available-for-sale financial assets	2,812	2,653
Other long-term receivables	1,367	1,487
	62,533	23,541

The Group has the following other investments in equity instruments accounted for at cost:

Name of the company (EUR x 1,000)	Country	Ownership	Assets	Liabilities	Equity	Revenue	Profit/ loss
La Coste & Romberg-Scintrex	USA	11%	13,520	12,545	975	14,549	(595)

The Group's other investments in equity instruments are not listed. A reliable fair value estimate cannot be made.

In July 2010, Fugro granted a loan to Electro Magnetic GeoServices ASA (EMGS) of US dollar 20 million. The loan has a maturity of 3.5 years, carries an interest rate of Libor plus 8% and is secured by the income of the Pemex contract which EMGS is carrying out.

In 2009 the Group has provided a long-term convertible loan of NOK 150 million at 7.0% per annum to Electro Magnetic GeoServices ASA. The conversion feature has been accounted for as financial asset at fair value through profit or loss. The loan can at any time be converted into common shares in EMGS at the conversion price of NOK 5.40 per share until the maturity date on 2 January 2012.

The fair value of the available for sale financial assets is based on quoted prices of these companies on the Australian Securities Exchange (ASX).

5.40 *Deferred tax assets and liabilities*

5.40.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	8,568	7,828	(5,466)	(4,812)	3,102	3,016
Intangible assets	490	261	(8,319)	(7,243)	(7,829)	(6,982)
Other investments	2,246	5,132	(1,132)	–	1,114	5,132
Financial assets at fair value through profit or loss	–	–	(6,253)	–	(6,253)	–
Loans and borrowings	186	–	–	(1,650)	186	(1,650)
Employee benefits	20,018	20,006	–	–	20,018	20,006
Provisions	3,302	4,290	(1,473)	(1,698)	1,829	2,592
Tax loss carry-forwards	1,040	701	–	–	1,040	701
Exchange rate differences	206	425	(62)	–	144	425
Other items	2,752	1,785	(11,992)	(6,472)	(9,240)	(4,687)
Deferred tax assets/(liabilities)	38,808	40,428	(34,697)	(21,875)	4,111	18,553
Set off of tax components	(19,917)	(14,751)	19,917	14,751	–	–
Net deferred tax asset/(liability)	18,891	25,677	(14,780)	(7,124)	4,111	18,553

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences.

Movement in temporary differences during the year

(EUR x 1,000)	2010				
	Balance 01-01-10	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31-12-10
Property, plant and equipment	3,016	(350)	436	–	3,102
Intangible assets	(6,982)	–	(847)	–	(7,829)
Other investments	5,132	(982)	(3,036)	–	1,114
Financial assets at fair value through profit or loss	–	–	(6,253)	–	(6,253)
Loans and borrowings	(1,650)	–	–	1,836	186
Employee benefits	20,006	–	551	(539)	20,018
Provisions	2,592	–	(763)	–	1,829
Tax loss carry-forward	701	–	339	–	1,040
Exchange differences	425	–	(547)	266	144
Other items	(4,687)	(97)	(4,456)	–	(9,240)
	18,553	(1,429)	(14,576)	1,563	4,111

(EUR x 1,000)					2009
	Balance 01-01-09	Acquired in business com-bina-tions	Recog-nised in profit or loss	Recog-nised in other compre-hensive income	Balance 31-12-09
Property, plant and equipment	725	(232)	2,523	–	3,016
Intangible assets	(5,821)	(362)	(799)	–	(6,982)
Other investments	–	–	5,132	–	5,132
Loans and borrowings	1,213	–	594	(3,457)	(1,650)
Employee benefits	14,495	(273)	1,740	4,044	20,006
Provisions	12,868	–	(10,276)	–	2,592
Tax loss carry-forward	1,215	–	(514)	–	701
Exchange differences	178	–	(1,755)	2,002	425
Other items	441	(311)	(4,817)	–	(4,687)
	25,314	(1,178)	(8,172)	2,589	18,553

5.40.2 Unrecognised deferred tax assets and liabilities

Deferred tax has not been recognised in respect of the following items:

Unrecognised deferred tax assets

(EUR x 1,000)	2010	2009
Deductible temporary differences	**3,073**	1,624
Tax losses	**21,352**	16,860
Capital allowances	**3,199**	3,227
Total	**27,624**	21,711

Unrecognised deferred tax assets relate to tax units previously suffering losses for which it is currently not probable that future taxable profit will be available to offset these losses, taking into account fiscal restrictions on the utilisation of loss compensation.

Unrecognised tax assets changed over the period as follows:

Unrecognised deferred tax assets

(EUR x 1,000)	2010	2009
As of 1 January	21,711	14,867
Movements during the period:		
Additional losses	4,789	8,748
Utilisation	(822)	(439)
Recognition of previously unrecognised temporary differences	–	(773)
Recognition of previously unrecognised tax losses	(495)	(1,208)
Effect of change in tax rates	(105)	(56)
Exchange rate differences	1,583	1,139
Change from reassessment	963	(567)
As of 31 December	27,624	21,711

Reassessment of tax compensation opportunities under applicable tax regulations has resulted in an increase of unrecognised deferred tax assets of EUR 1.0 million (2009: EUR 0.6 million decrease).
Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 1,308 thousand expires in periods varying from two to five years. An amount of EUR 4,022 thousand expires between five and ten years and an amount of EUR 17,062 thousand can be offset indefinitely.
The deductible temporary differences and capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.
Based on forecasted results per tax jurisdiction, management considered it probable that sufficient future taxable profit will be generated to utilise deferred tax assets depending on taxable profits in excess of the profits arising from the reversal of existing temporary differences.

Unrecognised deferred tax liabilities

At 31 December 2010 no deferred tax liabilities relating to investments in subsidiaries have been recognised (2009: nil), because Fugro controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.
In some of the countries where the Group operates, local tax laws provide that gains on disposal of certain assets are tax exempt, provided that the gains are not distributed. The company does not intend to distribute such gains; therefore no tax liabilities are recognised in this respect.

5.41 *Inventories*

(EUR x 1,000)	2010	2009
Seismic and geological data libraries	204,485	68,511
Other inventories	14,543	12,123
	219,028	80,634

Seismic and geological data libraries

Seismic and geological data libraries are stated at the lower of cost and net realisable value. During 2010 EUR 88.8 million (2009: EUR 64.0 million) of seismic and geological data libraries were recorded in third party costs.

Other inventories

During 2010 EUR 19,340 thousand (2009: EUR 19,936 thousand) of other inventories were recognised as an expense and EUR 504 thousand (2009: EUR 136 thousand) was written down. The write down is included in third party costs.

5.42 *Trade and other receivables*

(EUR x 1,000)	2010	2009
Unbilled revenue on completed projects	221,355	154,426
Trade receivables	444,097	328,403
Non-trade receivables	135,106	86,924
Work in progress	2,683	2,257
	803,241	572,010

Unbilled revenue on completed projects includes aggregated costs and recognised profits, net of recognised losses for all contracts in progress for which this amount exceeds progress billings.
At 31 December 2010 trade receivables include retentions of EUR 7.2 million (2009: EUR 7.3 million) relating to completed projects.
Trade receivables are shown net of impairment losses amounting to EUR 47.3 million (2009: EUR 41.9 million) arising from identified doubtful receivables from customers. Trade receivables were impaired taking into account the financial position of the debtors, the days outstanding and expected outcome of negotiations and legal proceedings against debtors. Unbilled revenue on completed projects does not include impairment losses (2009: EUR 5.0 million).

Reference is made to note 5.51 and 5.53 for detailed information on the credit and currency risks, and impairment losses related to trade receivables.

5.43 *Cash and cash equivalents*

(EUR x 1,000)	2010	2009
Cash and cash equivalents	81,363	107,795
Bank overdraft	(300,301)	(167,556)
Cash and cash equivalents in the consolidated statement of cash flows	(218,938)	(59,761)

At 31 December 2010 and 31 December 2009 all cash and cash equivalents are freely available to the Group.

5.44 *Total equity*

5.44.1 Share capital

(In thousands of shares)	Ordinary shares	
	2010	**2009**
On issue and fully paid at 1 January	78,773	76,608
Stock dividend 2009 respectively 2008	1,497	2,165
Repurchased for option programme at year-end	(883)	(1,219)
On issue and fully paid at 31 December – entitled to dividend	79,387	77,554

On 31 December 2010 the authorised share capital amounts to EUR 16 million (2009: EUR 16 million) divided into 96 million ordinary shares, each of EUR 0.05 nominal value (2009: 96 million) and 224 million various types of preference shares, each of EUR 0.05 nominal value (2009: 224 million). On 31 December 2010 the issued share capital amounted to EUR 4,013,484.20. As of this date, 83.6% of the ordinary shares (80,269,684 shares) were issued. No preference shares have been issued. In 2010 a total number of 1,497,206 certificates of shares were issued by Fugro Trust Office (2009: 2,164,520). The holders of ordinary shares are entitled to dividends as approved by the Annual General Meeting of Shareholders from time to time. Furthermore they are entitled to one vote per share in Fugro's shareholders meeting. The holders of certificates of shares are entitled to the same dividend but they are not entitled to voting rights. Under certain conditions the holder of certificates can exchange his certificates into ordinary shares and vice versa. For more details reference is made to page 80.
The Board of Management proposes a dividend for 2010 of EUR 1.50 (2009: EUR 1.50) per (certificate of) share, to be paid at the option of the holder in cash or in (certificates of) shares. This dividend proposal is currently part of unappropriated result.

5.44.2 Share premium

The share premium can be considered as paid in capital.

5.44.3 Translation reserve

The Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

5.44.4 Hedging reserve

The Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

5.44.5 Reserve for own shares

Fugro purchases certificates of own shares to cover its option scheme. Fugro purchased 800,000 certificates of shares during the year under review at an average price of EUR 44.70 (2009: 550,000 certificates at an average price of EUR 22.49). 1,135,980 (certificates of) shares were sold at an average price of EUR 49.11 with respect to exercise of options (2009: 800,920 at an average price of EUR 35.84). As per 31 December 2010 Fugro holds 882,796 own certificates of shares (2009: 1,218,776) with respect to the option scheme. This was 1.1% of the issued capital (2009: 1.5%).

5.44.6 Unappropriated result

After the reporting date the following dividends were proposed by the Board of Management. There are no corporate income tax consequences related to this proposal.

(EUR x 1,000)	2010	2009
EUR 1.50 per qualifying (certificate of a) share (2009: EUR 1.50)	**119,081**	116,331
	119,081	116,331

5.45 Earnings per share

The basic earnings per share for 2010 amount to EUR 3.47 (2009: EUR 3.46); the diluted earnings per share amount to EUR 3.42 (2009: EUR 3.42).
The calculation of basic earnings per share at 31 December 2010 is based on the profit attributable to owners of the Company of EUR 272,219 thousand (2009: EUR 263,410 thousand) and a weighted average number of shares outstanding during the year ended 31 December 2010 of 78,357 thousand (2009: 76,210 thousand), calculated as follows:

5.45.1 Basic earnings per share

Profit attributable to owners of the Company

(EUR x 1,000)	2010	2009
Profit for the period	**280,153**	273,065
Non-controlling interest	**(7,934)**	(9,655)
Profit attributable to owners of the Company	**272,219**	263,410

Weighted average number of ordinary shares

(In thousands of shares)	2010	2009
On issue and fully paid at 1 January	**77,554**	75,138
Effect of own shares held	**(493)**	(427)
Effect of shares issued due to exercised options	**410**	227
Effect of shares issued due to optional dividend	**886**	1,272
Weighted average number of ordinary shares at 31 December	**78,357**	76,210

5.45.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2010 was based on profit attributable to owners of the Company of EUR 272,219 thousand (2009: EUR 263,410 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 79,554 thousand (2009: 77,002 thousand), calculated as follows:

Net profit attributable to owners of the Company (diluted)

(EUR x 1,000)	**2010**	**2009**
Profit attributable to owners of the Company	272,219	263,410
Profit attributable to owners of the Company (diluted)	272,219	263,410

Weighted average number of ordinary shares (diluted)

(In thousands of shares)	**2010**	**2009**
Weighted average number of ordinary shares at 31 December	78,357	76,210
Effect of share options on issue	1,197	792
Weighted average number of ordinary shares (diluted) at 31 December	79,554	77,002

5.46 *Loans and borrowings*

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to currency risk, interest rate risk, and liquidity risk, refer to note 5.52, 5.53 and 5.54.

Non-current liabilities

(EUR x 1,000)	**2010**	**2009**
Bank loans	491,820	343,889
Private Placement loans in USD	89,634	82,376
Private Placement loans in EUR	20,000	20,000
Mortgage loans	5,808	6,234
Other loans and long-term borrowings	7,258	14,666
Subtotal	614,520	467,165
Less: current portion of loans and borrowings	23,658	25,826
	590,862	441,339

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2010		2009	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank loans	EUR	EURIBOR +180 bps	2011-2013	500,000	491,820	345,000	343,889
Private Placement loans:							
44 million USD bonds	USD	6.85%	2012	33,000	32,878	30,360	30,219
39 million USD bonds	USD	6.95%	2014	29,250	29,128	26,910	26,769
37 million USD bonds	USD	7.10%	2017	27,750	27,628	25,530	25,388
20 million Eurobonds	EUR	6.45%	2012	20,000	20,000	20,000	20,000
Mortgage and other loans and long-term borrowings	Variable	4.34%	2011-2012	13,066	13,066	20,900	20,900
				623,066	614,520	468,700	467,165

The mortgage loans are secured over land and buildings with a carrying amount of EUR 6 million (2009: EUR 7 million).

5.46.1 Bank loans

The bank loans consist of revolving credit facilities with the Royal Bank of Scotland (EUR 100 million), Rabobank (EUR 100 million), ING Groep N.V. (EUR 100 million) and BNP Paribas (EUR 50 million) maturing in April 2012. In 2010 the facility with BNP Paribas was increased to EUR 100 million.

In 2008 agreement was reached with Rabobank for a revolving facility of EUR 100 million, maturing in 2013. The Rabobank facility is repaid in quarterly instalments of EUR 5 million.

Early 2010 agreement was reached with ABN AMRO Bank N.V. for a revolving facility of EUR 50 million against similar conditions as the facilities already in place, maturing in April 2012. Early 2011 agreement was reached to increase the existing credit facility by EUR 50 million to EUR 100 million under the same terms and conditions.

The average interest rate of the facilities is Euribor plus 180 base points. At 31 December 2010 a total amount of EUR 492 million of the credit facilities was in use.

5.46.2 Private Placement loans

In May 2002 long-term loans were concluded with twenty American and two British institutional investors. As per 8 May 2007 the Group terminated a Cross Currency Swap (foreign exchange contract related to the US Dollar exposure of the loans). The cumulative exchange differences as per termination date have been added to equity (Hedging reserve) and are being charged to profit or loss account during the remaining term of the loan. This resulted during 2010 in a cost of EUR 1,034 thousand (2009: EUR 1,034 thousand).
At reporting date the loans are valued at the closing rate. The currency exchange difference on the loans between the initial exchange rate and the exchange rate at the reporting date is accounted for in the Translation reserve. For the year under review the currency exchange differences on loans in US dollars amount to EUR 7,200 thousand negative (2009: EUR 2,400 thousand positive).

5.46.3 Covenant requirements

Both the credit 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)
- EBITDA/Interest > 2.5
- Debt/EBITDA < 3.0
- Solvency > 30% (only applicable to credit facilities agreed on or after 3 November 2009)
- Consolidated Financial Indebtedness of the Subsidiaries (only applicable to Private Placement loans) < 15% of the consolidated balance sheet total.

At the twelve month rolling forward measurement dates in 2010 and 2009, the Company complied with the above conditions.

5.46.4 Mortgage and other loans and long-term borrowings

The average interest rate on mortgage loans and other loans and long-term borrowings over one year amounts to 4.3% (2009: 4.2%).

5.46.5 Change of control provisions

A change of control of Fugro could result in early repayment of the credit facilities (5.46.1) and the Private Placement loans (5.46.2).

5.47 *Employee benefits*

(EUR x 1,000)	**2010**	**2009**
Present value of funded obligations	272,497	244,362
Fair value of plan assets	(207,978)	(179,643)
Recognised net liability for defined benefit obligations	64,519	64,719
Liability for long-service leave	11,581	7,863
Total employee benefit liabilities	76,100	72,582

The Group makes contributions to a number of pension plans, both defined benefit plans as well as defined contribution plans, that provide pension benefits for employees upon retirement in a number of countries. The most important plans relate to plans in the Netherlands, United Kingdom, Norway and the United States; details of which are as follows:

- In the Netherlands the Group provides for a pension plan based on average salary. This plan qualifies as a defined benefit scheme. The pension commitments from this scheme are fully insured on the basis of a guarantee contract. The scheme includes a (conditional) indexation of pension benefits as far as the return on the separated investments surpasses the actuarial required interest.
- In the United Kingdom the Group operates two defined benefit pension schemes considering either a guaranteed minimum pension or a maximum lump sum entitlement. The pension schemes have been closed in previous years for new participants, but include the on-going obligations to their members (both former and present employees). The pension scheme assets are held in separate Trustee-administered funds to meet long-term pension liabilities to former and present employees. The Trustees are required to act in the best interest of the scheme's participants and the appointment of trustees is determined by the scheme's trust documentation.
- In Norway a defined benefit pension plan exists that, combined with the available State pension plan, leads to a pension at the age of 67 years based on a defined maximum. The pension rights have been secured in an external pension insurance.

- In the United States of America the Group operates a 401K plan for its employees. The Group contributes towards the deposits of its employees in accordance with agreed rules and taking into account the regulations of the IRS, the US tax authority. This plan qualifies as a defined contribution plan.

Liability for defined benefit obligations

Plan assets consist of the following:

(EUR x 1,000)	2010	2009
Equity securities	69,063	64,763
Government bonds	99,759	84,909
Corporate bonds	16,269	8,500
Real estate	14,578	11,727
Cash	8,309	9,744
	207,978	179,643

Movements in the present value of the funded defined benefit obligations

(EUR x 1,000)	2010	2009
Defined benefit obligations at 1 January	244,362	190,269
Benefits paid by the plan	(4,268)	(4,278)
Contributions paid by plan participants	2,198	2,158
Current service costs and interest (see below)	19,717	17,092
Actuarial gains and losses recognised in other comprehensive income (see below)	5,792	29,096
Effect of movement in exchange rates	4,696	10,025
Defined benefit obligations at 31 December	272,497	244,362

Movement in the fair value of plan assets

(EUR x 1,000)	2010	2009
Fair value of plan assets at 1 January	179,643	143,757
Contributions paid by the employer	9,717	8,044
Contributions paid by plan participants	2,198	2,158
Benefits paid by the plan	(4,268)	(4,278)
Expected return on plan assets	10,739	8,703
Actuarial gains and losses recognised in other comprehensive income (see below)	7,066	14,603
Effect of movement in exchange rates	2,883	6,656
Fair value of plan assets at 31 December	207,978	179,643

Expenses recognised in profit or loss

(EUR x 1,000)	2010	2009
Current service costs	6,201	5,503
Interest on obligation	13,516	11,589
	19,717	17,092
Expected return on plan assets	(10,739)	(8,703)
	8,978	8,389

The expenses are recognised in the following line items in the statement of comprehensive income:

(EUR x 1,000)	2010	2009
Personnel expenses	8,978	8,389

Actual return on plan assets

(EUR x 1,000)	2010	2009
Actual return on plan assets	17,806	23,306

Actuarial gains and losses recognised directly in other comprehensive income

(EUR x 1,000)	2010	2009
Cumulative amount at 1 January	(33,914)	(17,826)
Recognised during the year	1,274	(14,493)
Effect of movement in exchange rates	(269)	(1,595)
Cumulative amount at 31 December	(32,909)	(33,914)

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

	2010	2009
Discount rate at 31 December	4.0 – 5.4%	4.4 – 5.7%
Expected return on plan assets	5.0 – 6.9%	5.0 – 7.45%
Future salary increases	2.0 – 4.0%	2.0 – 4.25%
Medical cost trend rate	n/a	n/a
Future pension increases	2.0 – 3.75%	2.0 – 4.0%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the actuarial gains and losses.

Assumptions regarding future mortality are based on published statistics and mortality tables:

Netherlands:	Generation table 2010-2060 For men and women, an age correction of (− 1: − 1) is applied.
United Kingdom:	PxA (00) rated + 2, by year of birth with long coherent improvements.
Norway:	K2005

The calculation of the defined benefit obligation is sensitive to the mortality assumptions. As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives is considered reasonably possible in the next financial year. The effect of this change would be an increase in the employee benefit liability by EUR 6.8 million.

The overall expected long-term rate of return on assets is 5.9%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

(EUR x 1,000)	**2010**	**2009**	**2008**	**2007**	**2006**
Present value of the defined obligation	**272,497**	244,362	190,269	209,738	216,474
Fair value of plan assets	**207,978**	179,643	143,757	185,917	183,207
Deficit in the plan	**(64,519)**	(64,719)	(46,512)	(23,821)	(33,267)
Experience adjustments arising on plan liabilities	**1,418**	1,269	(1,982)	(14,204)	1,932
Experience adjustments arising on plan assets	**7,066**	14,603	(35,150)	(4,358)	(813)

The estimated planned contributions 2011 amount to EUR 10.0 million (estimate 2010: EUR 8.8 million).

5.48 *Provisions*

(EUR x 1,000)			**2010**			**2009**
	Restructuring	**Procedures**	**Total**	**Restructuring**	**Procedures**	**Total**
Balance at 1 January	**36**	**6,204**	**6,240**	137	13,018	13,155
Provisions made during the year	**–**	**–**	**–**	–	1,050	1,050
Provisions used during the year	**(36)**		**(36)**	(101)	(194)	(295)
Provisions reversed during the year	**–**	**(1,045)**	**(1,045)**	–	(7,807)	(7,807)
Unwinding of discount	**–**	**45**	**45**	–	137	137
Balance at 31 December	**–**	**5,204**	**5,204**	36	6,204	6,240
Non-current	**–**	**5,204**	**5,204**	36	6,204	6,240

Procedures

The Group is involved in several legal proceedings in various jurisdictions (including the USA) as a result of its normal business activities, either as plaintiff or as defendant. The Board of Management ensures that these cases are vigorously defended. Fugro has set up adequate provisions for those claims where management believes it is probable that a liability has been incurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary. Considering the expected duration of the (legal) proceedings, management does not expect the legal actions, for which a provision has been set-up, to be completed within the next year. The expected outflows of economic benefits have been discounted at a rate of 4.5%, and are based on management's best estimate. Final settlements can differ from this estimate, and could require revisions to the estimated provisions. In 2010, Fugro settled a number of claims without incurring costs. Consequently part of the provision for procedures has been reversed.

5.49 Trade and other payables

(EUR x 1,000)	2010	2009
Trade payables	**147,709**	74,249
Advance instalments to work in progress	**49,285**	32,527
Non-trade payables and accrued expenses	**277,214**	243,267
Balance at 31 December	**474,208**	350,043

5.50 Financial risk management

5.50.1 Overview

The Company's risk management policy includes the long-term sustainable management of its business activities and where possible, the mitigation of the associated business risks. Based on the nature and relative significance of the risks related to the Group's wide diversity of markets, clients and regions and its broad portfolio of activities the risks have been quantified to the extent possible.

The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Both regular and ad hoc reviews of risk management controls and procedures are performed, the results of which are reported directly to the Board of Management and Executive Committee. A summary of important observations is reported to the Audit Committee.

5.50.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the composition of the Group's client base, including the default risk of the industry and country in which clients operate, as these factors may have an influence on credit risk. As the Group operates to a large extent in the oil and gas industry a significant portion of trade and other receivables relates to clients from this industry.

Some of the Group's orders are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out multiple projects for the same client. The projects carried out for any single client do not, however, account for more than some 4% on an annual basis of the total revenue. Having a large number of clients and short project time spans mitigates Fugro's credit risk as the individual amounts receivable with the same client are limited.

New customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review may include external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or have to provide a bank guarantee.

The majority of the Group's clients has done business with the Group for many years and significant losses have only occurred incidentally in prior years. However, as a result of the expected negative effects of the current worldwide economic crisis the credit risk has increased significantly. Clients that are known to have negative credit characteristics are individually monitored by the group controllers. Findings are reported on a bi-weekly basis to the Board of Management. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group publishes an internal list of clients that need extra attention before a contract is closed.

The Board of Management reviews frequently the outstanding trade receivables. Local management is requested to take additional precaution in working with affected clients.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group held cash and cash equivalents of EUR 81.4 million at 31 December 2010 (2009: EUR 107.8 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have 'investment grade' credit ratings.

Guarantees

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce which includes all financial interests of Fugro as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2010 and at 31 December 2009 no significant guarantees were outstanding.

5.50.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow on a regular basis. Consolidated cash flow information including a six months projection is reported on a monthly basis to the Executive Committee, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected operational expenditures for the next half-year, including the servicing of financial obligations from lease commitments not included in the statement of financial position and investment programs in vessels. Cash flows exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

- Revolving lines of credit with ABN AMRO Bank N.V. (verbally agreed increase from EUR 50 million to EUR 100 million in 2010), ING Groep N.V., Rabobank, Royal Bank of Scotland and BNP Paribas of each EUR 100 million maturing on 1 April 2012. The average interest rate is currently EURIBOR plus 180 base points. At 31 December 2010 (EUR 442 million) and 2009 (EUR 275 million) the facilities are almost fully drawn.
- Revolving lines of credit with Rabobank of EUR 100 million, maturing in May 2013. The Rabobank facility is fully drawn at 31 December 2010. The facility is being repaid in equal quarterly instalments. The balance at 31 December 2010 is EUR 50 million.
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 525 million of which EUR 270 million has been drawn at 31 December 2010 (2009: around EUR 425 million with EUR 62.3 million drawn).

5.50.4 Market risk

Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. The Group's business is exposed to currency risk whenever it has revenues in a currency that is different from the currency in which it incurs the costs of generating those revenues. In the case that the revenues can be offset against the costs incurred in the same currency, the balance may be affected if the value of the currency in which the revenues and costs are generated varies relative to the Euro. This risk exposure primarily affects those operations of the Group that generate a portion of their revenue in foreign currencies and incur their costs primarily in Euros.

Cash inflows and outflows of the operating segments are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to currency risk.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. Given the current investment program in vessels and the fact that the majority of the investments are denominated in US dollar, the Group is currently not using derivative financial instruments as positive cash flow in US dollar from operations is offset to a large extent by these investments.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.
The Group's investment in its subsidiaries in the United States of America is partly hedged by means of the US dollar Private Placement loans and USD bank loans, which mitigates the currency risk arising from the subsidiary's net assets. The Group's investment in other subsidiaries are not hedged.

The hedge on the investment is fully effective. Consequently all exchange differences relating to this hedge have been accounted for in other comprehensive income.

Interest rate risk
The Group's liabilities bear both fixed and variable interests. The Group's objective is to limit the effect of interest rate changes on the results by matching long term investment with long term (fixed interest) financing as much as possible. The Group continuously considers interest rate swaps to limit significant (short term) interest exposures.

5.50.5 Capital Management

The Board of Management's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group. The Board of Management monitors the geographic spread of shareholders, the return on capital as well as the level of dividends to ordinary share holders. The Board strives:

- for a dividend pay-out ratio of 35 to 55% of the net result.
- to maintain a healthy financial position with a targeted solvency of 30 – 35%.
- to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's objective is to achieve a healthy return on shareholders' equity. The return in 2010 was 20.2% (2009: 24.9%). In comparison the weighted average interest expense on interest-bearing borrowings was 4.0% (2009: 3.7%).

From time to time Fugro purchases its own certificates of shares. These certificates are used to cover the options granted by Fugro. Purchase and sale decisions are made on a specific transaction basis by the Board of Management. Fugro does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year.

The Group is subject to the externally imposed capital requirements related to covenant requirements as set out in note 5.46.3. As per 31 December 2010 and 31 December 2009 the Group complied with all imposed external capital requirements.

5.51 *Credit risk*

Exposure to credit risk

(EUR x 1,000)	Carrying amount	
	2010	**2009**
Other investments in equity instruments	1,095	1,095
Available-for-sale financial assets	2,812	2,653
Long-term loans	31,623	13,177
Financial assets at fair value through profit or loss	25,636	5,129
Other long-term receivables	1,367	1,487
Unbilled revenue on completed projects	221,355	154,426
Trade receivables	444,097	328,403
Non-trade receivables	135,106	86,924
Cash and cash equivalents	81,363	107,795
	944,454	701,089

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above. The Group holds collateral as security on the long-term loans.

The maximum exposure for trade receivables and unbilled revenue on completed contracts at the reporting date by geographic region was:

(EUR x 1,000)	Carrying amount	
	2010	**2009**
Netherlands	43,047	44,512
Europe other	267,517	211,655
Africa	21,905	16,408
Middle East	74,414	55,763
Asia	69,641	45,634
Australia	68,424	33,956
Americas	120,504	74,901
	665,452	482,829

The maximum exposure to credit risk for trade receivables and unbilled revenue on completed contracts at the reporting date by type of customer was:

(EUR x 1,000)	Carrying amount	
	2010	**2009**
Oil and gas	**503,941**	340,392
Infrastructure	**118,915**	99,217
Mining	**18,886**	14,480
Other	**23,710**	28,740
	665,452	482,829

Impairment losses

The ageing of trade receivables and unbilled revenue on completed contracts at the reporting date was:

- As of 31 December 2010, trade receivables and unbilled revenue on completed projects of EUR 665,452 thousand (2009: EUR 482,829 thousand) were fully performing.
- As of 31 December 2010, trade receivables of EUR 152,562 thousand (2009: EUR 110,954 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The average credit term for these trade receivables is 30 days.
- As of 31 December 2010, trade receivables and unbilled revenue on completed projects of EUR 47,314 thousand (2009: EUR 46,921 thousand) were impaired and provided for.

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of trade receivables and unbilled revenue on completed projects is as follows:

(EUR x 1,000)	2010		2009	
	Gross	**Impairment**	**Gross**	**Impairment**
From 0 to 30 days	**512,890**	**–**	376,875	5,000
From 31 to 60 days	**80,620**	**–**	62,566	1,546
From 61 to 90 days	**34,303**	**9,490**	25,862	6,543
Over 90 days	**76,294**	**35,198**	56,609	31,376
Retentions and special items	**8,659**	**2,626**	7,838	2,456
	712,766	**47,314**	529,750	46,921

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue on completed contracts during the year was as follows:

(EUR x 1,000)	2010	2009
Balance at 1 January	46,921	56,709
Impairment loss recognised	5,513	2,344
Impairment loss reversed	(3,657)	(11,072)
Trade receivables written off	(2,525)	(1,353)
Effect of movement in exchange rates	1,062	293
Balance at 31 December	47,314	46,921

The allowance accounts in respect of trade receivables and unbilled revenue on completed contracts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off directly against the allowance.

No impairments related to other financial assets than trade receivables and unbilled revenue on completed contracts is recognised. In general, the Group considers credit risk on other receivables and cash and cash equivalents to be limited. Cash and cash equivalents are held with large well known banks with adequate credit ratings only. Refer to 5.50.2.

At the end of 2008 an allowance for impairment in respect of trade receivables and unbilled revenue on completed contracts of EUR 20 million was recognised, as a consequence of the financial crisis. In 2009 and 2010 approximately EUR 4 million of this allowance was used. At the end of 2010 an evaluation of remaining potential risks was done. A total amount of EUR 15 million for specifically identified issues has been maintained.

5.52 *Liquidity risk*

The following are the contractual maturities of financial liabilities, excluding interest payments:

(EUR x 1,000)							2010
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	491,820	500,000	10,000	10,000	470,000	10,000	–
Private Placement loans:							
44 million USD bonds	32,878	33,000	–	–	33,000	–	–
39 million USD bonds	29,128	29,250	–	–	–	29,250	–
37 million USD bonds	27,628	27,750	–	–	–	–	27,750
20 million Eurobonds	20,000	20,000	–	–	20,000	–	–
Mortgage and other loans and long-term borrowings	13,066	13,066	–	3,658	9,408	–	–
Trade and other payables	474,208	474,208	474,208	–	–	–	–
Bank overdraft	300,301	300,301	300,301	–	–	–	–
	1,389,029	1,397,575	784,509	13,658	532,408	39,250	27,750

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(EUR x 1,000)							2009
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	343,889	345,000	10,000	10,000	40,000	285,000	–
Private Placement loans:							
44 million USD bonds	30,219	30,360	–	–	–	30,360	–
39 million USD bonds	26,769	26,910	–	–	–	26,910	–
37 million USD bonds	25,388	25,530	–	–	–	–	25,530
20 million Eurobonds	20,000	20,000	–	–	–	20,000	–
Mortgage and other loans and long-term borrowings	20,900	20,900	2,484	3,342	7,646	7,428	–
Trade and other payables	350,043	350,043	350,043	–	–	–	–
Bank overdraft	167,556	167,556	167,556	–	–	–	–
	984,764	986,299	530,083	13,342	47,646	369,698	25,530

5.53 ***Currency risk***

The following significant exchange rates applied during the year:

(In EUR)	Average rate	Reporting date mid-spot rate
USD	**0.76**	**0.75**
GBP	**1.17**	**1.16**
NOK	**0.125**	**0.128**

Sensitivity analysis

A 10 percent strengthening of the Euro against the above currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as for 2009.

Effect in Euro thousands	Equity	Profit or (loss)
31 December 2010		
USD	**(42,368)**	**(5,066)**
GBP	**(16,399)**	**(1,467)**
NOK	**(14,799)**	**(5,385)**
31 December 2009		
USD	(6,030)	(9,850)
GBP	(12,877)	(3,161)
NOK	(14,877)	(1,244)
CHF	(34,073)	(4,520)

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

As a result of a change in functional currency of two Swiss subsidiaries from CHF to Euro as per 1 January 2010, the Group no longer experiences (significant) currency risk with regards to the CHF.

5.54 *Interest rate risk*

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(EUR x 1,000)	Carrying amount	
	2010	2009
Fixed rate instruments		
Financial assets	31,623	13,177
Financial liabilities	(122,700)	(123,276)
Variable rate instruments		
Financial liabilities	(710,758)	(403,650)
	(801,835)	(513,749)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2009.

(EUR x 1,000)	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2010				
Variable rate instruments	(7,108)	7,108	–	–
Cash flow sensitivity (net)	(7,108)	7,108	–	–
31 December 2009				
Variable rate instruments	(4,037)	4,037	–	–
Cash flow sensitivity (net)	(4,037)	4,037	–	–

At 31 December 2010 it is estimated that a general increase of 100 basis points in interest rates would decrease the Group's profit before income tax by approximately EUR 7.1 million (2009: negative impact of EUR 4.0 million).

5.55 *Fair values*

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

(EUR x 1,000)	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	**25,636**	**25,636**	5,129	5,129
Loans and receivables				
Trade receivables, unbilled revenue on completed projects	**803,241**	**803,241**	572,010	572,010
Cash and cash equivalents	**81,363**	**81,363**	107,795	107,795
Long-term loans	**31,623**	**31,623**	13,177	13,177
Other long-term receivables	**1,367**	**1,367**	1,487	1,487
Available-for-sale financial assets				
Other investments in equity instruments*	**1,095**	**1,095**	1,095	1,095
Available-for-sale financial assets	**2,812**	**2,812**	2,653	2,653
Financial liabilities measured at amortised cost				
Bank loans	**(491,820)**	**(491,820)**	(343,889)	(343,889)
Mortgage and other loans and long-term borrowings	**(13,066)**	**(13,066)**	(20,900)	(20,900)
Private Placement loans in USD	**(89,634)**	**(89,514)**	(82,376)	(83,212)
Private Placement loans in EUR	**(20,000)**	**(19,874)**	(20,000)	(19,817)
Bank overdraft	**(300,301)**	**(300,301)**	(167,556)	(167,556)
Trade and other payables	**(474,208)**	**(474,208)**	(350,043)	(350,043)
Total	**(441,892)**	**(441,646)**	(281,418)	(282,071)
Unrecognised gains/(losses)		**246**		(653)

* *The other investments in equity instruments do not have a quoted market price in an active market. The fair value cannot be reliably measured by the Group.*

Interest rates used for determining fair value

The Group uses the government yield curve as per the reporting date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

Derivatives	2010	2009
Loans and borrowings	2.0 – 7.1%	2.0 – 7.1%
Leases	n/a	n/a
Receivables	n/a	n/a

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2010	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
Available-for-sale financial assets	2,812	–	–	2,812
Financial assets at fair value through profit or loss	–	25,636	–	25,636
Total	2,812	25,636	–	28,448

31 December 2009	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
Available-for-sale financial assets	2,653	–	–	2,653
Financial assets at fair value through profit or loss	–	5,129	–	5,129
Total	2,653	5,129	–	7,782

There have been no transfers from Level 2 to Level 1 in 2010 (2009: no transfers in either direction).

5.56 Commitments not included in the statement of financial position

5.56.1 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(EUR x 1,000)	2010	2009
Less than one year	126,248	128,959
Between one and five years	233,097	256,356
More than five years	49,135	77,463
	408,480	462,778

The Group leases a number of offices and warehouse/laboratory facilities and vessels under operating leases. The leases typically run for an initial period of between three and ten years, with in most cases an option to renew the lease after that date. Lease payments are adjusted annually to reflect market rentals. None of the leases include contingent rentals.

During the year an amount of EUR 195 million was recognised as an expense in profit or loss in respect of operating leases (2009: EUR 156 million).

The Group does, in principle, not act as a lessor.

5.56.2 Capital commitments

At 31 December 2010 the Group has contractual obligations to purchase property, plant and equipment for EUR 235.9 million (2009: EUR 289.1 million).

5.56.3 Contingencies

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on information presently available and management's best estimate the financial position of the Group is not likely to be significantly influenced by any of these matters. Should the actual outcome differ from the assumptions and estimates, the financial position of the Group would be impacted. Fugro N.V. and its Dutch operating companies form a fiscal unit for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unit.

5.57 *Subsequent events*

Early March 2011, Fugro has acquired 100% of the shares in TSmarine Group Holdings Pty Ltd (TSM) and its subsidiaries. TSM, with its headquarters in Perth Australia and subsidiaries in Singapore, Labuan (Malaysia) and Aberdeen (UK), is a specialist provider of subsea construction, IRM (inspection, repair and maintenance) and light well intervention. The company operates ROV (Remotely Operated Vehicle) and diving services and has four high specification chartered vessels in its fleet.

The combination of Fugro's existing strength and its global network with TSM's business will lead to substantial synergies and will enable Fugro to strengthen its subsea services business in support of the offshore oil and gas industry, with a particular focus on Asia-Pacific and Europe-Africa.

TSM will be renamed Fugro-TSM and will be part of Fugro's Subsea Services Business Line. TSM management will continue to work in Fugro.

TSM's revenue amounts at present to over EUR 90 million per annum. The company has 70 permanent office-based professional staff and has up to 100 contract staff at any one time. The purchase price amounts to EUR 77 million. Quantitative information on the fair value of assets and liabilities acquired are not yet available and are therefore not disclosed at this stage.

5.58 *Related parties*

5.58.1 Identity of related parties

The Group has a related party relationship with its subsidiaries, its equity-accounted investees and other investments, its Directors, Executive Committee, and its Supervisory Board.

5.58.2 Transactions with Directors (Board of Management)

Directors of Fugro hold 0.5% of the outstanding voting shares and certificates of shares in Fugro. Directors also participate in Fugro's share option scheme (refer note 5.30.1).

The remuneration of the Board of Management for 2010 and 2009 is as follows:

(in EUR)	K.S. Wester		A. Jonkman		P. van Riel		A. Steenbakker		J. Rüegg*	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Fixed salary	**563,680**	563,680	**312,000**	312,000	**312,000**	312,000	**312,000**	312,000	**312,000**	91,000
Bonus with respect to the previous year	**469,733**	516,707	**260,000**	286,000	**260,000**	286,000	**260,000**	286,000	**203,792**	–
Pension costs (including disability insurance)	**350,000**	367,420	**265,303**	265,342	**265,303**	265,342	**265,303**	265,342	**18,001**	8,371
	1,383,413	1,447,807	**837,303**	863,342	**837,303**	863,342	**837,303**	863,342	**533,793**	99,371
Value of options granted	**1,491,132**	1,092,600	**993,462**	728,400	**993,462**	728,400	**993,462**	728,400	**993,462**	637,350
Total	**2,874,545**	2,540,407	**1,830,765**	1,591,742	**1,830,765**	1,591,742	**1,830,765**	1,591,742	**1,527,255**	736,721

** J. Rüegg was appointed to the Board of Management as per 16 September 2009. The remuneration is disclosed as of this date.*

The fringe benefits for the Board of Management are commensurate with the position held.

There are no guarantees or obligations towards or on behalf of the Board of Management.

The determination of the annual bonus is based upon the remuneration policy as adopted by the Annual General Meeting of Shareholders on 14 May 2008. This remuneration policy is available on Fugro's website: www.fugro.com.

The Supervisory Board determines the remuneration of the individual members of the Board of Management, on a proposal by the Remuneration and Nomination Committee, within the scope of the remuneration policy.

Annual bonus

Each member of the Board of Management will be eligible for an annual bonus, with a maximum of twelve months (100%) of annual fixed salary. On-target performance will result in a bonus of eight months of annual fixed salary. The bonus is related to quantified financial targets and accounts for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus. At the beginning of each year the Supervisory Board sets the financial and the non-financial targets for the relevant year. The Supervisory Board ensures that targets are challenging, realistic and consistent with Fugro's strategy. The performance measures and the weighing given to the individual measures are set by the Supervisory Board. Achievement of the targets will be measured shortly after the end of the relevant year.

The weighting given to the individual financial elements is as follows: earnings per share (EPS) 60%, net profit margin 20% and return on capital employed (ROCE) 20%. These financial elements are based upon Fugro's annual budget. The maximum bonus related to the financial targets will be granted if the targets are exceeded by 30%, and if the performance is only 70% of target, the bonus will be 50% of on-target performance. If performance is less than 70% of target, the part of the bonus that is related to financial targets will be zero.

The non-financial targets are derived from Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and can be influenced by them. These targets could include, among other things, health safety and environment (HSE), corporate social responsibility (CSR), personal development, etc.

Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2010 were achieved. Both the financial targets relating to the Group's financial performance as the non-financial targets were met and even exceeded. As a result the Supervisory Board has decided to award to each of the members of the Board of Management an annual bonus of 10 months of the annual fixed salary over the year 2010.

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

The following table gives details of the options granted to members of the Board of Management:

Board of Management						Number of options		In EUR		Number of months
	Year	Number at 01-01-10	Granted in 2010	Exercised in 2010	Forfeited in 2010	Number at 31-12-10	Exercise price	Share price at exercise day	Expiring date	Bonus[1]
K.S. Wester	2004	108,000		108,000		–	15.35	49.22	31-12-2010	6
	2005	113,000				113,000	27.13		31-12-2011	7
	2006	125,000				125,000	36.20		31-12-2012	8
	2007	125,000				125,000	52.80		31-12-2013	8
	2008	107,500				107,500	20.485		31-12-2014	11
	2009	90,000				90,000	40,26		31-12-2015	10
	2010		79,400			79,400	61.50		31-12-2016	10
Total		**668,500**	**79,400**	**108,000**	**–**	**639,900**				
A. Jonkman	2004	80,000		80,000		–	15.35	48.73	31-12-2010	6
	2005	85,000				85,000	27.13		31-12-2011	7
	2006	85,000				85,000	36.20		31-12-2012	8
	2007	85,000				85,000	52.80		31-12-2013	8
	2008	72,500				72,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010		52,900			52,900	61.50		31-12-2016	10
Total		**467,500**	**52,900**	**80,000**	**–**	**440,400**				
P. van Riel	2004-2005	82,400		32,000		50,400	27.13	52.56	31-12-2011	–
	2006	75,000				75,000	36.20		31-12-2012	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010		52,900			52,900	61.50		31-12-2016	10
Total		**359,900**	**52,900**	**32,000**	**–**	**380,800**				
A. Steenbakker	2005	50,400		17,000		33,400	27.13	49.00	31-12-2011	–
	2006	75,000				75,000	36.20		31-12-2012	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010		52,900			52,900	61.50		31-12-2016	10
Total		**327,900**	**52,900**	**17,000**	**–**	**363,800**				
J. Rüegg	2005-2008	150,200				150,200	34.94 2)		31-12-2014	–
	2009	52,500				52,500	40.26		31-12-2015	10
	2010		52,900			52,900	61.50		31-12-2016	10
Total		**202,700**	**52,900**	**–**	**–**	**255,600**				
Total		2,026,500	291,000	237,000	–	2,080,500				

1) *Bonus in the book year; paid in the next year.*

2) *Weighted average.*

5.58.3 Executive Committee

The Group considers the Executive Committee, including the Board of Management, as 'key management'. In addition to their salaries, the Group also provides non-cash benefits to the Executive Committee and contributes to their post-retirement plan. The members of the Executive Committee also participate in Fugro's share option scheme. The Executive Committee's compensation comprises:

	2010	2009
Fixed salary	2,886,950	2,773,917
Bonus with respect to the previous year	2,349,584	2,300,412
Pension costs (including disability insurance)	1,650,473	1,538,463
Value of options granted	8,265,675	5,913,650
	15,152,682	12,526,442

5.58.4 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	2010	2009
F.H. Schreve, Chairman	66,000	68,000
F.J.G.M. Cremers, Vice-Chairman	48,000	48,000
J.A. Colligan	46,000	46,000
P.J. Crawford	–	16,138
M. Helmes	46,000	29,862
G-J. Kramer	48,000	46,000
H.C. Scheffer*	29,932	–
Th. Smith	61,000	61,000
	344,932	315,000

* *Mr. Scheffer was appointed to the Board of Supervisory Directors on 6 May 2010*

There are no options granted and no company assets available to the members of the Supervisory Board. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.

Below is a summary of the number of options to acquire ordinary shares in Fugro that are held by Mr. G-J. Kramer. These share options were granted to Mr. Kramer when he was a member (CEO) of the Board of Management of Fugro.

				Number of options		In EUR		
	Year	**Number at 01-01-10**	**Exercised in 2010**	**Forfeited in 2010**	**Number at 31-12-10**	**Exercise price**	**Share price at exercise day**	**Expiring date**
G-J. Kramer	2004	129,600	129,600		–	15.35	48.71	31-12-2010
	2005	129,600			129,600	27.13		31-12-2011
Total		259,200	129,600	–	129,600			

Per 31 December 2010 Mr. Kramer held (privately and via Woestduin Holding N.V.) 4,350.075 (certificates of) ordinary shares in Fugro.

5.58.5 Other related party transactions

5.58.5.1 *Joint ventures*

The Group has not entered into any joint ventures.

5.59 *Subsidiaries*

5.59.1 Significant subsidiaries

For an overview of (significant) subsidiaries we refer to chapter 6.

5.60 *Estimates and management judgements*

Management discussed with the Audit Committee the development in and choice of critical accounting principles and estimates and the application of such principles and estimates.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Deferred tax; The assumptions used in recognition and measurement of deferred taxes are disclosed in note 5.40.
- Impairments; Impairment analyses of goodwill are performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows. The accounting policies regarding impairments are included in note 5.15. Note 5.37 contains information about the key assumptions used to determine the recoverable amount of the various cash generating units. Note 5.41 contains information about the impairment of seismic and geological data. The expected negative effect of the current worldwide economic crisis on credit risk is disclosed in notes 5.50.2 and 5.51. These notes contain information about the assumptions used relating to impairment of trade receivables, unbilled revenue on completed projects and other receivables.

- Assets and liabilities from employee benefits; Actuarial assumptions are established to anticipate future events and are used in calculating pension and other post retirement benefit expenses and liabilities. These factors include assumptions with respect to interest rates, expected investment returns on plan assets, rates of future compensation increases, turnover rates and life expectancy. Note 5.47 contains information about the (actuarial) assumptions related to employee benefits. Actuarial gains and losses related to defined benefit plans are accounted for in other comprehensive income.
- Other provisions, tax and other contingencies; Information on the assumptions used in estimating the effect of legal proceedings is included in note 5.48.

6 Subsidiaries and investments of Fugro N.V. accounted for using the equity method

(including statutory seat and percentage of interest)

Unless stated otherwise, the direct or indirect interest of Fugro in the subsidiaries listed below is 100%. Insignificant, but consolidated, subsidiaries in terms of third party recompense for goods and services supplied and balance sheet totals have not been included.

The subsidiaries listed below have been fully incorporated into the consolidated financial statements of Fugro, unless indicated otherwise. Companies in which Fugro participates but that are not included in Fugro's consolidated financial statements are indicated by a #.

The information as required by articles 2:379 and 2:414 of the Dutch Civil Code has been filed at the office of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro LADS Corporation Pty Ltd.		Mawson Lakes, Australia
Fugro Airborne Surveys Pty Ltd.		Perth, Australia
Fugro Geoteam Pty Ltd.		Perth, Australia
Fugro Holdings Australia Pty Ltd.		Perth, Australia
Fugro-Jason Australia Pty Ltd.		Perth, Australia
Fugro Multi Client Services Pty Ltd.		Perth, Australia
Fugro Seismic Imaging Pty Ltd.		Perth, Australia
Fugro Spatial Solutions Pty Ltd.		Perth, Australia
Fugro Survey Pty Ltd.		Perth, Australia
Fugro Subsea Services Australia Pty Ltd.		Perth, Australia
OmniSTAR Pty Ltd.		Perth, Australia
Fugro PMS Pty Ltd.		Sydney, Australia
Fugro Austria GmbH		Bruck an der Mur, Austria
Azeri-Fugro #	40%	Baku, Azerbaijan
Fugro Survey GmbH (Caspian branch office)		Baku, Azerbaijan
Fugro Belgique/België S.A./N.V.		Brussels, Belgium
Fugro In Situ Geotecnia Ltda.		Portao, Brazil
Fugro Brasil Ltda.		Rio das Ostras, Brazil
Fugro Geosolutions Brasil Serviços Ltda.		Rio de Janeiro, Brazil
Geomag S/A Prospeccoes Aerogeofisicas	20%	Rio de Janeiro, Brazil
LASA Engenhariae Prospeccoes S.A.	20%	Rio de Janeiro, Brazil
Fugro Sdn Bhd. (Brunei)		Bandar Seri Begawan, Brunei Darussalam
Fugro Survey (Brunei) Sdn Bhd.		Kuala Belait, Brunei Darussalam
Fugro GeoServices Ltd.		Calgary, Canada
Fugro Data Solutions Canada, Inc.		Calgary, Canada
Fugro Airborne Surveys, Corp.		Missisauga, Canada
Fugro (Canada), Inc.		New Brunswick, Canada
Fugro Airborne Surveys, Corp.		Ottawa, Canada
Fugro Roadware, Inc.		Missisauga, Canada
Fugro GeoSurveys, Inc.		St. John's, Canada
Fugro Interra S.A.		Santiago, Chile
Fugro Geoscience (Beijing) Ltd.		Beijing, China
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
Fugro Geotechnique Co. Ltd.	60%	Shanghai, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%	Shekou, Shenzhen, China
Fugro Comprehensive Geotechnical Investigation (Zhejiang) Co. Ltd.		Zhejiang, China

Company	%	Office, Country
Fugro Airborne Surveys N.V.		Willemstad, Curaçao
Fugro Cable N.V.		Willemstad, Curaçao
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro GeoSurveys N.V.		Willemstad, Curaçao
Fugro Robertson Americas N.V.		Willemstad, Curaçao
Fugro Satellite Services N.V.		Willemstad, Curaçao
Fugro Survey Caribbean N.V.		Willemstad, Curaçao
Fugro Aerial Mapping A/S		Taastrup, Denmark
Fugro S.A.E.		Caïro, Egypt
Fugro Geoid S.A.S.		Jacou, France
Fugro France S.A.S.		Nanterre, France
Fugro Geotechnique S.A.		Nanterre, France
Fugro Topnav S.A.S.		Paris (Massy), France
Fugro Consult GmbH		Berlin, Germany
Fugro-OSAE GmbH		Bremen, Germany
Fugro Weinhold Engineering GmbH		Erkelenz-Holzweiler, Germany
Fugro-MAPS GmbH		Munich, Germany
Fugro HGN GmbH		Nordhausen, Germany
Fugro Certification Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services Ltd.		Fo Tan, Hong Kong
Geotechnical Instruments (Hong Kong) Ltd.		Fo Tan, Hong Kong
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro Shanghai (Hong Kong) Ltd.	60%	Wanchai, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geospatial Services (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Marine Survey International Ltd.		Wanchai, Hong Kong
Fugro SEA Ltd.		Wanchai, Hong Kong
Fugro Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey International Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro Survey Management Ltd.		Wanchai, Hong Kong
MateriaLab Consultants Ltd.		Tuen Mun, Hong Kong
Fugro Consult Kft.		Budapest, Hungary

Company	%	Office, Country
Fugro NexTerra Geophysics Pvt Ltd.		Kolkata, India
Fugro Geoscience India Pvt. Ltd.		Navi Mumbai, India
Fugro Geotech (Pvt) Ltd.		Navi Mumbai, India
Fugro Survey (India) Pvt Ltd.	90%	Navi Mumbai, India
P.T. Fugro Indonesia		Jakarta Selatan, Indonesia
Fugro Oceansismica S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro Kazakhstan LLC		Atyrau, Kazakhstan Republic
Fugro KazProject LLP		Atyrau, Kazakhstan Republic
Fugro-MAPS S.a.r.l.		Beirut, Lebanon
Fugro Rovtech Limited Libya (Libyan Branch Office)		Tripoli, Libya
UAB 'Fugro Baltic'		Vilnius, Lithuania
Fugro Eco Consult S.a.r.l.		Munsbach, Luxembourg
Fugro Technical Services (Macau) Ltd.		Macau, Macau
Fugro Geodetic (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro Geosciences (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro-Jason (M) Sdn. Bhd.	40%	Kuala Lumpur, Malaysia
Fugro Airborne Surveys Ltd.		Quatre-Bornes, Mauritius
Fugro Seastar Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro Survey Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro-Chance de Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro Survey Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Geomundo S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro C.I.S. B.V.		Leidschendam, The Netherlands
Fugro Data Solutions B.V.		Leidschendam, The Netherlands
Fugro Ecoplan B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Engineers B.V.		Leidschendam, The Netherlands
Fugro Ingenieursbureau B.V.		Leidschendam, The Netherlands
Fugro Intersite B.V.		Leidschendam, The Netherlands
Fugro-Jason Netherlands B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Nederland B.V.		Leidschendam, The Netherlands
Fugro Robertson B.V.		Leidschendam, The Netherlands
Fugro South America B.V.		Leidschendam, The Netherlands
Fugro Survey B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
Fugro-Inpark B.V.		Leidschendam, The Netherlands
Fugro Aerial Mapping B.V.		Leidschendam, The Netherlands
Inpark Detacheringen B.V.		Leidschendam, The Netherlands
OmniSTAR B.V.		Leidschendam, The Netherlands
Fugro BTW Ltd.		New Plymouth, New Zealand
Fugro Survey (Nigeria) Ltd.		Port Harcourt, Nigeria
Fugro Nigeria Ltd.		Port Harcourt, Nigeria

Company	%	Office, Country
Fugro Survey A/S		Bergen, Norway
ProFocus Systems A/S		Bergen, Norway
Fugro RUE A/S		Haugesund, Norway
Fugro Geotechnics A/S		Oslo, Norway
Fugro Multi Client Services A/S		Oslo, Norway
Fugro Norway A/S		Oslo, Norway
Fugro Seastar A/S		Oslo, Norway
Fugro Seismic Imaging A/S		Oslo, Norway
Fugro Norway Marine Services A/S		Oslo, Norway
Fugro-Geoteam A/S		Oslo, Norway
Fugro Interaction A/S		Stavanger, Norway
Fugro Oceanor A/S		Trondheim, Norway
Fugro Geolab Nor A/S		Trondheim, Norway
Fugro Middle East & Partners LLC		Muscat, Oman
Fugro Geodetic Ltd.		Karachi, Pakistan
Fugro Panama SA		Panama City, Panama
Fugro TerraLaser S.A.		Lima, Peru
Fugro Peninsular Geotechnical Services		Doha, Qatar
Fugro Engineering LLP		Moscow, Russia
Fugro Geosciences GmbH branch		Moscow, Russia
Electro Magnetic Marine Exploration Technologies (EMMET) ZAO		Moscow, Russia
Geo Inzh Services LLP		Moscow, Russia
Fugro-Geostatika Co Ltd.		St. Petersburg, Russia
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Decca Survey Saudi Arabia Ltd.		Dammam, Saudi Arabia
Fugro Saudi Arabia Ltd.		Riyadh, Saudi Arabia
Fugro Loadtest Asia Pte Ltd.		Singapore, Singapore
Fugro OmniSTAR Pte Ltd.		Singapore, Singapore
Fugro Singapore Pte Ltd.		Singapore, Singapore
Fugro Survey Pte Ltd.		Singapore, Singapore
Fugro Subsea Services Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro-GEOS Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
OmniSTAR (Pty) Ltd.		Cape Town, South Africa
Fugro Maps South Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Airborne Surveys (Pty) Ltd.		Gauteng, South Africa
Fugro Data Services AG		Zug, Switzerland
Fugro Finance AG		Zug, Switzerland
Fugro Geodetic AG		Zug, Switzerland
Fugro Geosciences GmbH		Zug, Switzerland
Fugro International Holding A.G.		Zug, Switzerland
Fugro South America GmbH		Zug, Switzerland
Fugro Survey GmbH		Zug, Switzerland
Fugro Survey Caribbean Inc.		Chaguaramas, Trinidad and Tobago

Company	%	Office, Country
Fugro Geoscience Middle East		Abu Dhabi, United Arab Emirates
Fugro Survey (Middle East) Ltd.		Abu Dhabi, United Arab Emirates
Fugro Middle East B.V.		Dubai, United Arab Emirates
Fugro-MAPS (UAE)		Sharjah, United Arab Emirates
Fugro-Rovtech Ltd.		Aberdeen, United Kingdom
Fugro Survey Ltd.		Aberdeen, United Kingdom
Fugro-ImpROV Ltd.		Aberdeen, United Kingdom
Fugro Aperio Ltd.		Cambridge, United Kingdom
Fugro BKS Ltd.		Coleraine, United Kingdom
Fugro Data Solutions Ltd.		Conwy, United Kingdom
Fugro NPA Ltd.		Edenbridge, United Kingdom
Fugro Seacore Ltd.		Falmouth, United Kingdom
Fugro Alluvial Offshore Ltd.		Great Yarmouth, United Kingdom
Fugro-Robertson Ltd.		Llandudno, United Kingdom
Fugro Loadtest Ltd.		Middlesex, United Kingdom
Fugro General Robotics Ltd.		Milton Keynes, United Kingdom
Fugro ERT (Scotland) Ltd.		Edinburgh, United Kingdom
Fugro Seismic Imaging Ltd.		Swanley, United Kingdom
Fugro Multi Client Services (UK) Ltd.		Wallingford, United Kingdom
Fugro GeoConsulting Ltd.		Wallingford, United Kingdom
Fugro Airborne Surveys Ltd.		Wallingford, United Kingdom
Fugro Engineering Services Ltd.		Wallingford, United Kingdom
Fugro-GEOS Ltd.		Wallingford, United Kingdom
Fugro Holdings (UK) Ltd.		Wallingford, United Kingdom
Fugro-Jason (UK) Ltd.		Wallingford, United Kingdom
Fugro LADS, Inc.		Biloxi, United States
Fugro EarthData, Inc.		Frederick, United States
LoadTest, Inc.		Gainesville, United States
Fugro (USA), Inc.		Houston, United States
Fugro Data Solutions, Inc.		Houston, United States
Fugro Geoteam, Inc.		Houston, United States
Fugro GeoServices, Inc.		Houston, United States
Fugro Multi Client Services, Inc.		Houston, United States
Fugro GeoConsulting, Inc.		Houston, United States
Fugro Consultants, Inc.		Houston, United States
Fugro, Inc.		Houston, United States
Fugro-GEOS, Inc.		Houston, United States
Fugro-ImpROV, Inc.		Houston, United States
Fugro-Jason, Inc.		Houston, United States
Fugro-McClelland Marine Geosciences, Inc.		Houston, United States
Fugro Gravity & Magnetic Services, Inc.		Houston, United States
Fugro Seismic Imaging, Inc.		Houston, United States
Fugro Drilling & Well Services, Inc.		Houston, United States
OmniSTAR, Inc.		Houston, United States
John Chance Land Surveys, Inc.		Lafayette, United States
Fugro Chance, Inc.		Lafayette, United States

Company	%	Office, Country
Fugro Horizons, Inc.		Rapid City, United States
Fugro Roadware, Inc.		Richmond, United States
Fugro Pelagos, Inc.		San Diego, United States
Fugro West, Inc.		Ventura, United States
Fugro William Lettis & Associates, Inc.		Walnut Creek, United States
Fugro Geotechnics Vietnam LLC		Ho Chi Minh City, Vietnam

7 Company balance sheet

As at 31 December, before profit appropriation

	(EUR x 1,000)	2010	2009
	Assets		
(9.1)	Intangible assets	70,538	70,538
(9.2)	Tangible fixed assets	84	117
(9.3)	Financial fixed assets	1,845,522	1,408,522
	Deferred tax assets	434	–
	Total non-current assets	1,916,578	1,479,177
(9.4)	Trade and other receivables	27,901	28,550
	Total current assets	27,901	28,550
	Total assets	1,944,479	1,507,727
	Equity		
	Share capital	4,014	3,939
	Share premium	431,441	431,441
	Reserves	800,644	488,941
	Unappropriated result	272,219	263,410
(9.5)	**Total equity**	1,508,318	1,187,731
	Provisions		
(9.6)	Provisions	5,000	5,000
	Deferred tax liabilities	–	1,140
	Liabilities		
(9.7)	Loans and borrowings	216,579	175,303
	Total non-current liabilities	221,579	181,443
	Bank overdraft	190,671	109,954
(9.8)	Trade and other payables	18,700	12,610
	Other taxes and social security charges	1,574	3,243
	Income tax payable	3,637	12,746
	Total current liabilities	214,582	138,553
	Total liabilities	436,161	319,996
	Total equity and liabilities	1,944,479	1,507,727

8 Company income statement

For the year ended 31 December

(EUR x 1,000)	2010	2009
Share in results from participating interests, after taxation	**268,593**	260,945
Other results after taxation	**3,626**	2,465
Net result	**272,219**	263,410

Other results concern the costs of the Company less reimbursements from subsidiaries.

9 Notes to the company financial statements

General

The company financial statements form part of the 2010 consolidated financial statements of Fugro. With reference to the company income statement of Fugro, use has been made of the exemption pursuant to Article 2:402 of the Netherlands Civil Code.

Accounting policies

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Fugro makes use of the option provided in Article 2:362 Clause 8 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Fugro N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net asset value. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code. Reference is made to pages 96 to 115 for a description of these principles.
The share in the result of participating interests consists of the share of Fugro in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Fugro and its participating interests, and mutually between participating interests themselves, are not incorporated as far as they can be deemed to be unrealised.

9.1 Intangible assets

(EUR x 1,000)	2010	2009
Cost		
Balance at 1 January	70,538	70,538
Balance at 31 December	70,538	70,538
Carrying amount		
At 1 January	70,538	70,538
At 31 December	70,538	70,538

The capitalised goodwill is not systematically amortised. Goodwill is tested for impairment annually, or when there is an indication for impairment. Goodwill represents amounts arising on acquisition of subsidiaries.
No impairment has been recognised.

9.2 *Tangible fixed assets*

(EUR x 1,000)	2010 Other	2009 Other
Cost		
Balance at 1 January	1,464	1,454
Other investments	65	27
Disposals	(1)	(17)
Balance at 31 December	1,528	1,464
Depreciation		
Balance at 1 January	1,347	1,252
Depreciation	97	112
Disposals	–	(17)
Balance at 31 December	1,444	1,347
Carrying amount		
At 1 January	117	202
At 31 December	84	117

9.3 *Financial fixed assets*

(EUR x 1,000)	2010	2009
Subsidiaries	1,687,049	1,344,226
Long-term loans	158,473	64,296
	1,845,522	1,408,522

9.3.1 Subsidiaries

(EUR x 1,000)	2010	2009
Balance at 1 January	1,344,226	1,064,734
Share in result of participating interests	268,593	260,945
Dividends	(31,637)	(20,494)
Currency exchange differences	113,698	47,670
Other	(7,831)	(8,629)
Balance 31 December	1,687,049	1,344,226

9.3.2 Long-term loans

(EUR x 1,000)	2010	2009
Balance at 1 January	64,296	50,889
Loans provided	247,723	41,020
Redemptions	(147,877)	(29,390)
Currency exchange differences	(5,669)	1,777
Balance 31 December	158,473	64,296

This concerns loans to subsidiaries at 2.0% (2009: 0.7%) interest.

9.4 *Trade and other receivables*

(EUR x 1,000)	2010	2009
Receivables from Group companies	26,926	21,758
Other taxes and social security charges	–	4,804
Other receivables	975	1,988
Balance 31 December	27,901	28,550

9.5 *Equity*

The equity movement schedule is included in chapter 3 of the consolidated financial statements. For the notes to the equity reference is made to note 5.44 of the consolidated financial statements. The Translation reserve and Hedging reserve qualify as a legal reserve ('wettelijke reserve') in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

9.6 *Provisions*

For the notes on provisions reference is made to note 5.48 of the consolidated financial statements.

9.7 *Loans and borrowings*

(EUR x 1,000)	2010	2009
Private Placement loans	109,634	102,376
Long-term loans	106,945	72,927
Balance at 31 December	216,579	175,303

For the notes on Private Placement loans reference is made to note 5.46.2 and 5.46.3 of the consolidated financial statements. The long-term loans are from subsidiaries. In principle, these loans will be repaid within two years. The average interest on loans and borrowings amounts to 3.5% per annum (2009: 4.1%).

9.8 Trade and other payables

(EUR x 1,000)	2010	2009
Trade payables	2,198	1,869
Interest Private Placement loans	1,117	1,024
Non-trade payables and accrued expenses	15,385	9,717
Balance 31 December	18,700	12,610

9.9 Commitments not included in the balance sheet

Tax unit

Fugro N.V. and the Dutch operating companies form a fiscal unit for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unit.

9.10 Guarantees

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce, which includes all financial interests of the Group in subsidiaries as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2010 and at 31 December 2009 no significant guarantees were outstanding.

9.11 Contingencies

For the notes to contingencies reference is made to note 5.56.3 of the consolidated financial statements.

9.12 Related parties, Remuneration Directors, Executive Committee and Supervisory Board

For the notes to related parties, reference is made to note 5.58 of the consolidated financial statements. In note 5.58 the remuneration of the Directors, Executive Committee and Supervisory Board is disclosed.

9.13 Audit fees

With reference to Article 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG to the Company and its subsidiaries:

(EUR x 1,000)			2010			2009
	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG
Statutory audit of annual accounts	691	1,355	2,046	692	1,518	2,210
Other assurance services	65	41	106	112	227	339
Tax advisory services	–	9	9	–	66	66
Other non-audit services	5	–	5	10	–	10
Total	761	1,405	2,166	814	1,811	2,625

In 2010 the audit fees under the category ‘statutory audit of annual accounts’, include an amount of EUR 178 thousand for the audit of the 2009 statutory financial statements of subsidiaries.

Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis.

The most important task of the external auditor is the audit of the (consolidated) financial statements of Fugro. Furthermore, the auditor assists with due diligence processes and financial statements related audit work within the Group. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which hardly ever are involved in the audit of the annual accounts of the relevant subsidiary. Other than these advisory services, Fugro makes only limited use of external advisors. In the case that such services are required, specialists are engaged that are not associated with the external auditor.

The fees paid for the above mentioned services, which are included in profit or loss of the consolidated financial statements in the line other expenses, are evaluated on a regular basis and in line with the market.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Article 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Article 2:101 sub 2 Netherlands Civil Code and Article 5:25c sub 2 (c) Financial Markets Supervison Act.

Leidschendam, 9 March 2011

Board of Management
K.S. Wester, President and Chief Executive Officer
A. Jonkman, Chief Financial Officer
P. van Riel
J. Rüegg
A. Steenbakker

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

10 Other information

10.1 *Independent Auditor's report*

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

Report on the financial statements

We have audited the accompanying financial statements 2010 of Fugro N.V., Leidschendam, as set out on pages 88 to 175. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of management, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and whether the information as required under section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements as required by section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 9 March 2011

KPMG ACCOUNTANTS N.V.

H. Heijnraets RA

10.2 *Subsequent events*

Reference is made to note 5.57.

10.3 *Foundation Boards*

Stichting Administratiekantoor Fugro

The Board of Stichting Administratiekantoor Fugro (Trust Office), Leidschendam, The Netherlands, is composed as follows:

name	function	term
R. van der Vlist, Chairman	Board member	2012
L.P.E.M. van den Boom	Board member	2013
J.F. van Duyne	Board member	2011
J.A.W.M. van Rooijen	Board member	2014

All Board members are independent of Fugro.

Stichting Beschermingspreferente aandelen Fugro

The Board of Stichting Beschermingspreferente aandelen Fugro , Leidschendam, The Netherlands, is composed as follows:

name	function	term
M.W. den Boogert, Chairman	Board member B	2014
M.A.M. Boersma	Board member B	2014
J.V.M. Commandeur	Board member B	2012
J.C. de Mos	Board member B	2013
F.H. Schreve	Board member A	2011

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is Chairman of the Supervisory Board of Fugro.

Stichting Continuïteit Fugro

The Board of Stichting Continuïteit Fugro, Curaçao, is composed as follows:

name	function	term
G. Elias, Chairman	Board member B	2014
A.C.M. Goede	Board member B	2013
R. de Paus	Board member B	2011
M. van de Plank	Board member B	2014
F.H. Schreve	Board member A	indefinite*

* *In capacity as a member of the Supervisory Board of Fugro.*

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is Chairman of the Supervisory Board of Fugro.

10.4 *Statutory provisions regarding the appropriation of profit*

The provisions regarding the appropriation of profit are contained in article 36 of the articles of association of Fugro and, as far as relevant, read as follows:

36.2
a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.
b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3
a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 – 8 years', calculated and determined in the manner as described hereinafter.
b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or preceding the day on which the dividend percentage is adjusted,

increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 trough 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 trough 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the General Meeting either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.

10.5 *Proposal regarding the appropriation of profit*

In accordance with article 36 of the articles of association, it shall be proposed to the Annual General Meeting on 10 May 2011 that the net result of EUR 272.2 million be appropriated as follows: EUR 119.1 million (EUR 1.50 per share) as dividend to holders of (certificates of) ordinary shares, to be paid either in cash in or (certificates of) ordinary shares, and the remaining EUR 153.1 million to be allocated to the reserves. The dividend proposal is stated on page 15 of the Report of the Supervisory Board and also on page 29.

Report of Stichting Administratiekantoor Fugro (Trust Office)

In accordance with article 19 of the conditions of administration for registered shares in the share capital of Fugro N.V. (Fugro) and best practice provision IV.2.6 of the Corporate Governance Code, the undersigned issues the following report to the holders of certificates of ordinary shares Fugro.

During the 2010 reporting year all the Trust Office's activities were related to the administration of ordinary shares against which certificates have been issued.

During 2010 the Board met twice. The meeting of 1 April 2010 was dedicated, among other things, to the succession of Mr. W. Schatborn who passed away at the beginning of 2010 and to the preparation for the annual general meeting of Fugro on 6 May 2010. The meeting of 9 September 2010, after the publication of Fugro's half-yearly results, was dedicated, among other things, to the composition of the Board and to general business developments. It was discussed also if it would be necessary or useful to convene a meeting of holders of certificates. It was decided that at the moment this was not the case. Prior to both meetings the Board discussed with the chairman of the Board of Management and the chairman of the Supervisory Board of Fugro the activities and performance of Fugro on the basis of the Annual Report 2009 and the Half-yearly report 2010 respectively. Corporate Governance within Fugro and the Trust Office was also discussed in both meetings.

All the Trust Office's Board members are independent of Fugro. The Board may offer holders of certificates the opportunity to recommend candidates for appointment to the Board. Further regulations related to the holding of a meeting of holders of certificates have been drawn-up. The Trust Office is authorised to accept voting instructions from holders of certificates and to cast these votes during a general meeting of Fugro.

The Board attended the annual general meeting of Fugro held on 6 May 2010. In this meeting the Trust Office represented 63.5% of the votes cast. The Trust Office voted in favour of all the proposals submitted to the meeting. In accordance with the terms of administration, holders of certificates were offered the opportunity to vote, in accordance with their own opinion, as authorised representatives of the Trust Office. This opportunity was taken by 174 holders of certificates holding 21,755,551 certificates.

Because of the death of Mr. Schatborn, the Board temporarily comprised three persons. In accordance with article 4.3 of the articles of association, the Board offered holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 1 April 2010, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. As no request for a meeting of holders of certificates was submitted, in its meeting of 1 April 2010 the Board, in accordance with its announced intention, appointed Mr. J.A.W.M. van Rooijen as a member of the Board for a period of four years.

In accordance with the roster, on 30 June 2011 Mr. J.F. van Duyne will step down as a member of the Trust Office's Board. The Board intends reappointing Mr. Van Duyne as a Board member for a third term of four years. In accordance with article 4.3 of the articles of association, the Board offers holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 4 April 2011, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. The request should be submitted in writing and should state the name and address of the recommended candidate.

At present the Board of the Trust Office comprises:
1. R. van der Vlist, Chairman
2. L.P.E.M. van den Boom
3. J.F. van Duyne
4. J.A.W.M. van Rooijen

Mr. Van der Vlist was General Secretary of N.V. Koninklijke Nederlandsche Petroleum Maatschappij.
Mr. Van den Boom was a member of the Board of Management of NIB Capital Bank N.V. and he is a Senior Partner of PARK Corporate Finance.
Mr. Van Duyne was Chairman of the Board of Management of Koninklijke Hoogovens N.V. and afterwards joint Chief Executive Officer of Corus Group PLC.
Mr. Van Rooijen was, amongst others, Chairman of KPMG Corporate finance N.V. and member (CFO) of the Board of Management of KPMG Holding N.V.

In 2010 the total remuneration of the members of the Board amounted to EUR 29,250 and the total costs of the Trust Office amounted to EUR 115,690.

On 31 December 2010, 72,990,098 ordinary shares with a nominal value of EUR 0.05 were in administration against which 72,990,098 certificates of ordinary shares had been issued. During the financial year 190,866 certificates were exchanged into ordinary shares and 96,422 ordinary shares were exchanged into certificates. 1,323,865 certificates of ordinary shares were issued as a result of the stock dividend.

The activities related to the administration of the shares are carried out by the administrator of the Trust Office: Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V. in Amsterdam, The Netherlands.

The Trust Office's address is: Veurse Achterweg 10, 2264 SG Leidschendam, The Netherlands.

Leidschendam, 1 March 2011

The Board

Historic review

	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Income and expenses (x EUR 1,000)							
Revenue	**2,280,391**	2,052,988	2,154,474	1,802,730	1,434,319	1,160,615	1,008,008
Third party costs	**765,587**	624,413	722,321	604,855	503,096	405,701	364,644
Net revenue own services (revenue less third party costs)	**1,514,804**	1,428,575	1,432,153	1,197,875	931,223	754,914	643,364
Results from operating activities (EBIT) 2)	**351,479**	367,422	385,732	324,813	211,567	144,070	104,236
EBITDA	**561,083**	551,130	535,178	439,590	295,948	218,833	177,453
Cash flow	**489,757**	456,773	438,902	337,106	226,130	176,093	125,802
Net result 2)	**272,219**	263,410	283,412	216,213	141,011	99,412	49,317
of which non-recurring items	–	–	–	–	–	–	–
Balance sheet (x EUR 1,000)							
Property, plant and equipment	**1,291,314**	1,043,227	859,088	599,298	412,232	262,759	232,956
Investments	**446,755**	330,244	337,469	299,699	203,944	90,414	71,028
of which in acquisitions	**2,931**	9,882	14,423	8,666	21,041	10,057	2,296
Depreciation of property, plant and equipment	**201,493**	173,593	140,429	107,684	78,169	69,445	66,139
Net current assets 1)	**253,186**	140,301	56,060	171,347	150,733	222,485	(95,348)
Total assets	**3,089,991**	2,366,317	2,123,306	1,700,130	1,405,698	1,138,660	983,350
Provisions	**5,204**	6,240	13,155	16,278	13,888	398	1,075
Loans and borrowings	**590,862**	441,339	395,384	449,957	341,997	300,753	184,268
Equity attributable to owners of the company 1)	**1,508,318**	1,187,731	928,329	699,989	562,417	465,460	223,913
Key ratios (in %) 2)							
Results from operating activities (EBIT)/revenue	**15.4**	17.9	17.9	18.0	14.8	12.9	10.3
Profit/revenue	**11.9**	12.8	13.2	12.0	9.8	8.6	4.9
Profit/net revenue own services	**18.0**	18.4	19.8	18.0	15.1	13.2	7.7
Profit/capital and reserves 1)	**22.3**	24.9	34.8	34.3	27.4	28.8	22.7
Total equity/total assets 1)	**49.3**	50.7	44.1	41.6	40.2	41.3	23.2
Interest cover	**29.0**	47.8	13.9	13.1	10.9	7.2	3.7
Data per share (x EUR 1.–) 2) 4)							
Equity attributable to owners of the Company 1)	**18.79**	15.08	12.12	9.94	8.08	6.76	3.60
Results from operating activities (EBIT) 3)	**4.49**	4.82	5.29	4.67	3.08	2.18	1.76
Cash flow 3)	**6.25**	5.99	6.01	4.84	3.29	2.67	2.12
Net result 3)	**3.47**	3.46	3.88	3.11	2.05	1.51	0.83
Dividend paid in year under review	**1.50**	1.50	1.25	0.83	0.60	0.48	0.48
Share price (x EUR 1.–) 4)							
Year-end share price	**61.50**	40.26	20.485	52.80	36.20	27.13	15.35
Highest share price	**62.06**	41.85	59.95	62.00	36.64	27.40	16.41
Lowest share price	**37.095**	19.085	19.32	34.91	27.13	15.14	10.05
Number of employees							
At year-end	**13,463**	13,482	13,627	11,472	9,837	8,534	7,615
Shares in issue (x 1,000) 4)							
Of nominal EUR 0.05 at year-end	**80,270**	78,772	76,608	70,421	69,582	68,825	62,192

1) *As of 2002 no accrued dividend has been incorporated.*

2) *For 2002 and earlier years, before amortisation of goodwill.*

3) *Unlike preceding years the figures as from the year 1999 have been calculated based upon the weighted average number of outstanding shares.*

4) *As a result of the share split (4:1) in 2005, the historical figures have been restated.*

IFRS 2003	Dutch GAAP 2002	Dutch GAAP 2001	Dutch GAAP 2000	Dutch GAAP 1999	Dutch GAAP 1998	Dutch GAAP 1997	Dutch GAAP 1996	Dutch GAAP 1995
822,372	945,899	909,817	712,934	546,760	578,207	482,096	375,276	296,636
273,372	328,401	331,685	250,132	176,067	197,258	172,346	123,337	99,378
549,000	617,498	578,132	462,765	370,648	380,948	309,750	251,939	197,258
63,272	111,873	98,470	73,697	61,805	61,669	46,195	25,911	12,434
124,056	158,814	142,039	113,269	98,334	97,926	75,781	49,371	32,037
80,480	119,161	105,301	85,596	77,233	74,057	60,670	39,479	26,773
18,872	72,220	61,732	46,024	40,704	37,800	31,084	16,018	7,170
–	–	–	–	–	–	3,630	–	(4,538)
268,801	192,293	163,298	120,526	114,035	108,181	93,479	68,521	64,800
123,983	100,036	89,352	49,008	37,301	61,487	58,220	27,000	24,776
70,888	24,852	11,196	3,686	9,257	6,081	5,763	1,724	3,222
54,004	46,941	43,569	39,572	36,529	36,257	29,586	23,460	19,603
114,852	129,071	(50,514)	92,269	15,066	7,170	6,308	11,571	9,121
1,056,003	793,245	814,772	474,741	380,495	338,021	289,512	216,272	170,122
584	12,706	8,056	6,746	10,573	8,894	7,805	4,447	2,723
431,895	273,520	121,450	120,713	23,234	24,368	17,153	18,741	23,823
211,196	271,698	244,660	101,453	107,909	90,575	77,370	61,260	51,050
9.2	11.8	10.8	10.3	11.3	10.7	9.6	6.9	4.2
2.3	7.6	6.8	6.5	7.4	6.5	6.4	4.3	2.4
8.3	11.7	10.7	9.9	11.0	9.9	10.0	6.4	3.6
17.6	27.4	35.7	45.4	41.0	45.0	44.8	28.5	13.1
20.2	34.6	30.4	22.1	29.3	27.9	27.7	28.9	30.4
2.2	6.1	7.8	8.1	13.1	12.1	10.4	–	–
3.48	4.57	4.17	2.10	2.29	1.91	1.65	1.36	1.11
1.09	1.95	1.86	1.48	1.27	1.30	0.98	0.58	0.27
1.39	2.08	1.98	1.72	1.59	1.56	1.29	0.88	0.58
0.33	1.26	1.16	0.92	0.84	0.80	0.66	0.36	0.16
0.46	0.46	0.40	0.34	0.31	0.28	0.25	0.17	0.08
10.20	10.78	12.53	17.19	9.23	4.99	7.01	3.48	1.96
12.86	16.50	18.91	17.81	9.98	10.99	8.28	3.71	4.14
6.13	9.88	10.75	9.31	4.10	4.06	3.44	1.93	1.45
8,472	6,923	6,953	5,756	5,114	5,136	4,429	4,222	3,968
60,664	59,449	58,679	51,048	50,449	48,682	47,673	46,053	46,044

Glossary

Technical terms

2D Seismic: *Acoustic measuring technology which uses single vessel-towed hydrophone streamers. This technique generates a 2D cross-Article of the deep seabed and is used primarily when initially reconnoitring for the presence of oil or gas reservoirs.*

3D Seismic: *Acoustic measuring technology which uses multiple vessel-towed long hydrophone streamers. This technique generates a 3D model of the deep seabed and is used to locate and analyse oil and gas reservoirs.*

AUV (Autonomous Underwater Vehicle): *An unmanned submersible launched from a 'mother-vessel' but not connected to it via a cable. Propulsion and control are autonomous and use pre-defined mission protocols.*

Construction Support: *Offshore services related to the installation and construction of structures such as pipelines, drilling platforms and other oil and gas related infrastructure, usually involving the use of ROVs.*

DGPS (Differential Global Positioning System): *A GPS based positioning system using territorial reference points to enhance accuracy.*

EM: *Electromagnetic.*

Fugro Pressure Corer (FPC): *The FPC uses a water hammer, driven by the circulating fluid pumped down the drill pipe, to drive the core barrel into the sediment.*

Gas hydrates: *mixture of semi-solid methane gas and water molecules that are created by water pressure and cold temperatures found deep in the ocean.*

Geophysics: *The mapping of subterranean soil characteristics using non-invasive techniques such as sound.*

Geoscience: *A range of scientific disciplines (geology, geophysics, petroleum engineering, bio stratification, geochemistry, etc.) related to the study of rocks, fossils and fluids.*

Geotechnics: *The determination of subterranean soil characteristics using invasive techniques such as probing, drilling and sampling.*

Glonass: *Global Navigation Satellite System.*

GPS: *Global Positioning System.*

Gravity: *Precision gravity measurements to detect geological and other anomalies.*

LiDAR: *a measuring system based on laser technology that can make extremely accurate recordings from an aircraft.*

Multi client data: *Data collected at own risk and expense and sold to several clients.*

ROV (Remotely Operated Vehicle): *Unmanned submersible launched from a vessel and equipped with measuring and manipulation equipment. A cable to the mother-vessel provides power, video and data communication.*

Seismic: *Acoustic measurement of seabed characteristics and stratification with the objective of detecting oil and gas. These measurements are conducted using specialised vessels equipped with powerful acoustic energy sources and long receiving streamers (hydrophones) to measure (sub) seabed acoustic echoes.*

Starfix: *DGPS positioning system, specifically for use offshore. This system is intended for the professional user and, in addition to a high degree of accuracy, is equipped with a wide range of data analysis and quality control possibilities.*

Survey Services: *Services related to the measurement, management and mapping of locations, objects and operations, most of which involve a substantial navigation and positioning component.*

Financial terms

Cash flow: *The profit for the period attributable to equity holders of the company plus depreciation, amortisation of intangible fixed assets and minority interest.*

Debt (on 'Private Placement' covenants): *Long-term loans including obligations arising from leasing agreements.*

Dividend yield: *Dividend as a percentage of the (average) share price.*

EBIT: *Result from operating activities.*

EBITDA: *Result from operating activities before depreciation and amortisation.*

Gearing: *Loans and borrowings plus bank overdraft minus cash and cash equivalents, divided by shareholders equity.*

Interest cover: *Result from operating activities (EBIT) compared with the net interest charges.*

Invested capital: *The capital made available to the Company, i.e. Group equity plus the available loans and the balance of current account deposits/withdrawals.*

Net profit margin: *profit as a percentage of Revenue.*

Private Placement: *Long-term financing (10 – 15 years), entered into in May 2002 via a private placement with over twenty American and two British institutional investors.*

Return on invested capital: *The profit (before profit appropriation) including minority interest and interest charges as a percentage of the average invested capital.*

Solvency: *Shareholders' equity as a percentage of the balance sheet total.*

Colophon

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For complete information, see www.fugro.com.

Cautionary Statement regarding Forward-Looking Statements

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