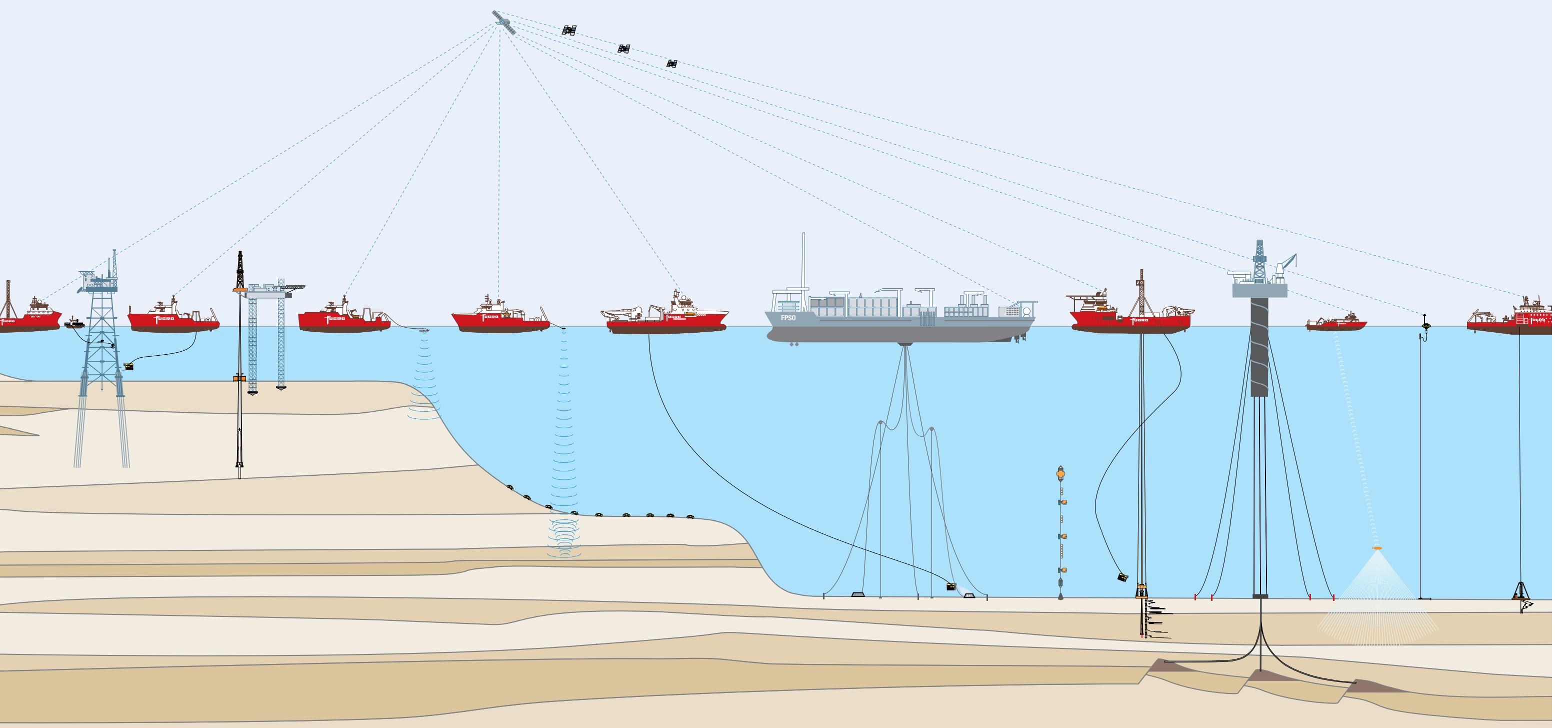
ANNUAL REPORT 2014

FUGRO N.V.



FUGRO AROUND THE WORLD

We operate where our clients operate and that is why Fugro has strategic locations around the globe. We have a firm base in the Netherlands, where we started in the 1960s as the first independent soil investigation and foundation engineering company in the country, and over the past 53 years we have spread our wings across the world. Whether we support clients on the Asian, American, African, European or the Australian continent, our clients can always expect the same high standard of professionalism, well-trained teams, high quality services based on modern, often proprietary technology.

In the 'theme' section of this report, we explain what we do in the five regions of the world: Europe, the Americas, Asia-Pacific, Middle East & India and Africa. For each region, we highlight a specific project that clearly demonstrates the key of what Fugro is about: providing independent, vital earth and engineering data, information and advice required for the design, construction and maintenance of large land and marine infrastructure, industrial installations and buildings. See pages 54-63.

Cautionary statement regarding forward-looking statements

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

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. 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'.

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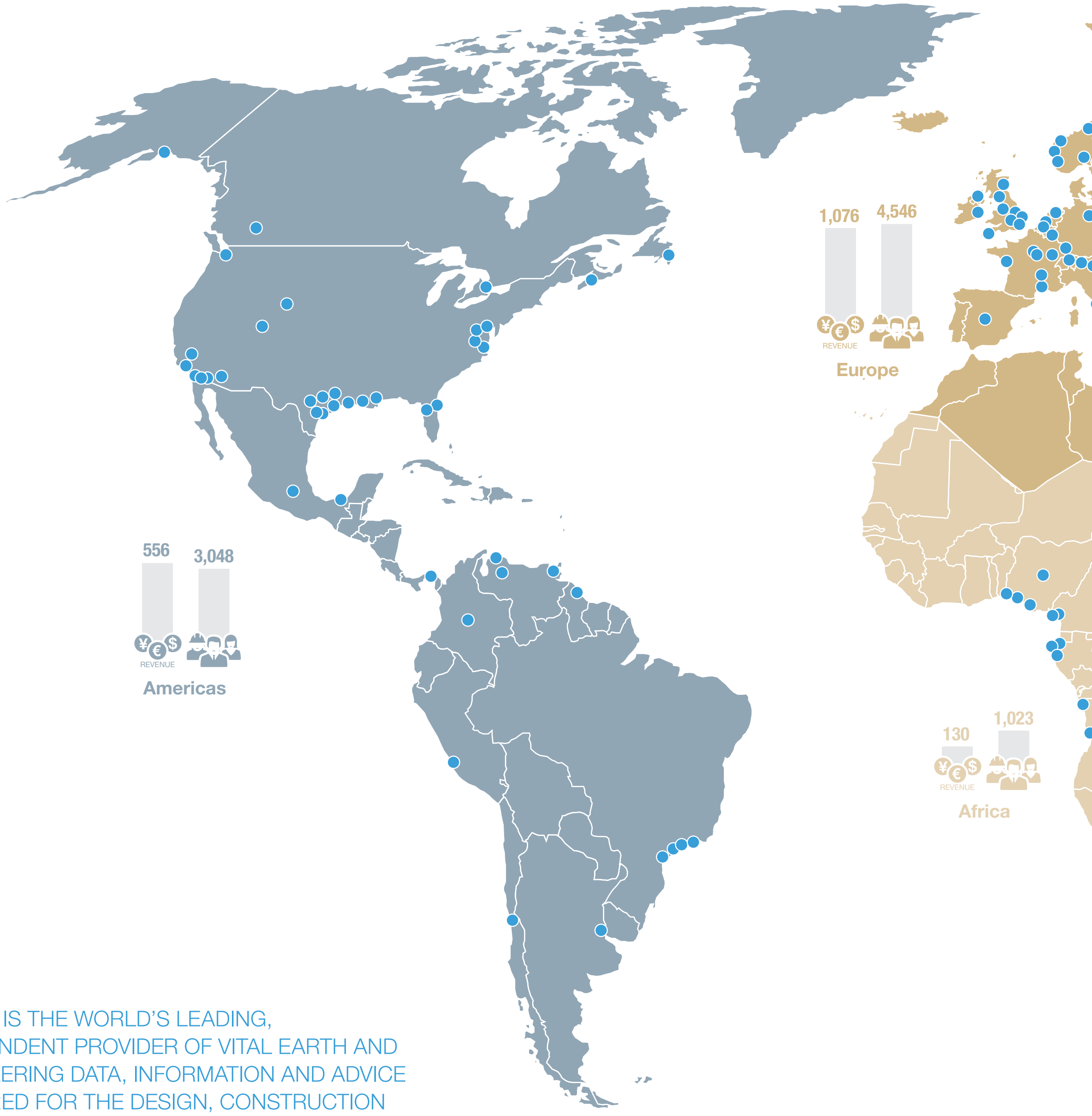
FUGRO AT A GLANCE

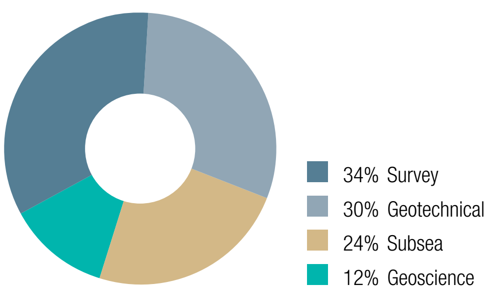


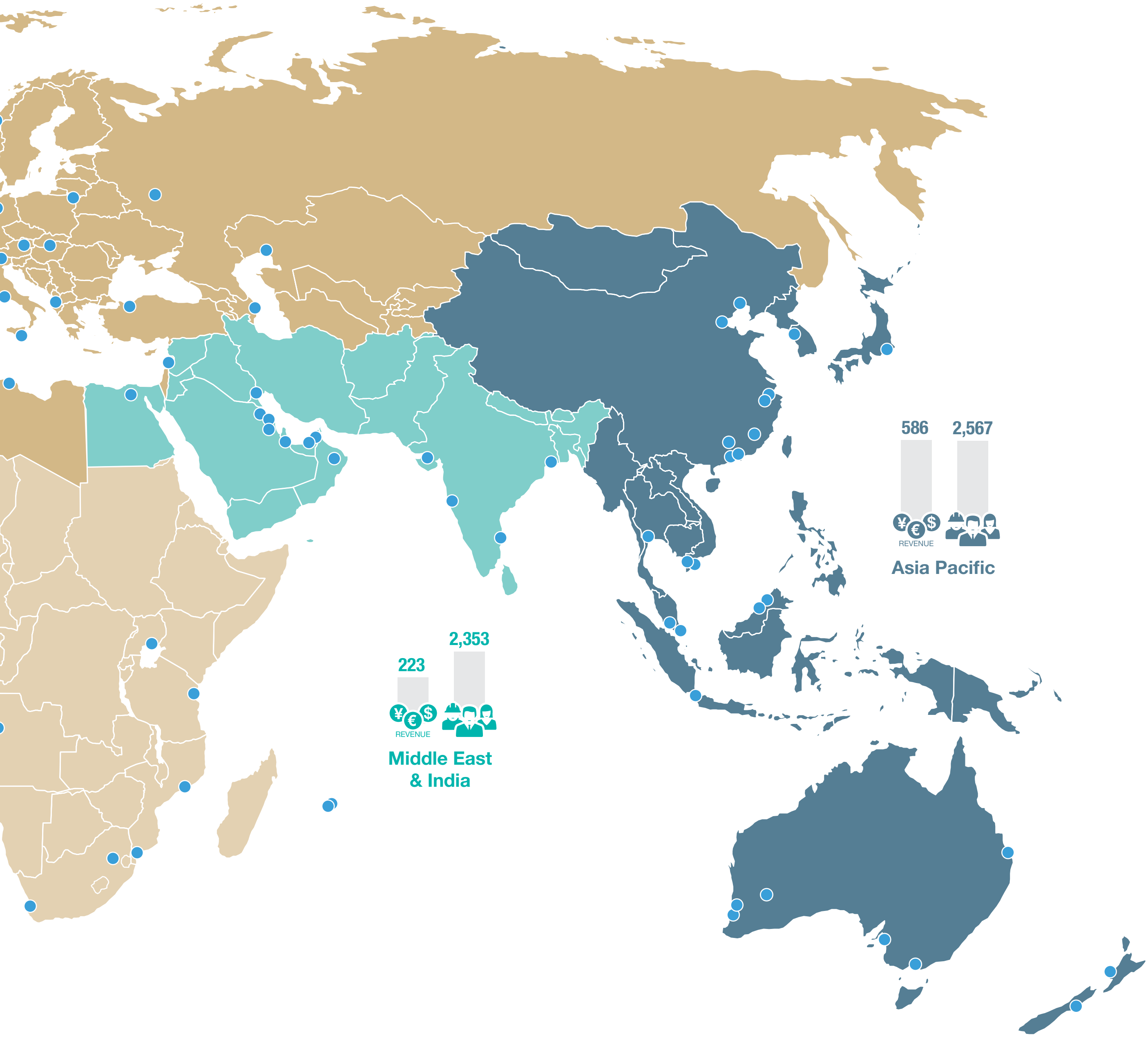
FUGRO IS THE WORLD'S LEADING, INDEPENDENT PROVIDER OF VITAL EARTH AND ENGINEERING DATA, INFORMATION AND ADVICE REQUIRED FOR THE DESIGN, CONSTRUCTION AND MAINTENANCE OF LARGE LAND AND MARINE INFRASTRUCTURE, INDUSTRIAL INSTALLATIONS AND BUILDINGS.

Fugro has a staff of approximately 13,500 employees and provides its services around the globe from 225 offices in over 70 countries. Fugro has organised its activities into 4 divisions: Geotechnical, Survey, Subsea Services and Geoscience.

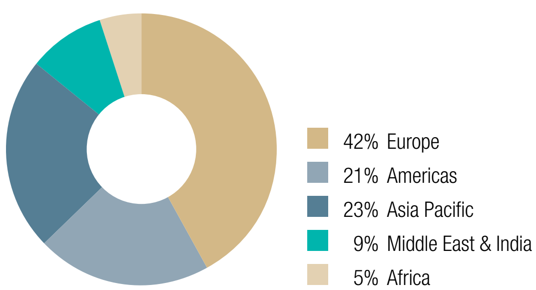
The company was founded in the Netherlands in 1962 and has been listed on Euronext Amsterdam since 1992.

Revenue by division

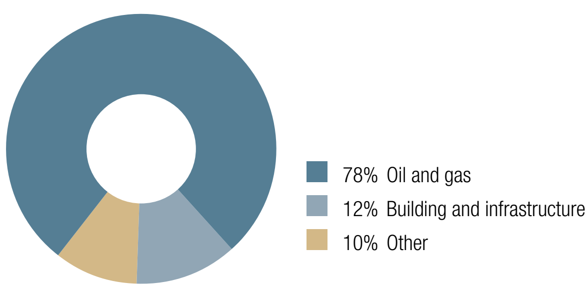




Revenue by region



Revenue by market segment



HIGHLIGHTS 2014

GENERAL

- Fugro has decided to focus on its core geotechnical and survey activities.
- Restructuring Seabed Geosolutions in progress and Fugro actively seeking options to reduce its stake.
- Process underway to find partner to create a strong subsea services player. Options include a divestment of (part of) the subsea business.
- Rapid deterioration in oil and gas market, which covers 78% of Fugro's business, due to increased capital discipline by clients and significant drop in oil price.
- The infrastructure market, which covers 12% of Fugro's revenue, continued to be healthy on a global basis, supporting results in Fugro's onshore operations.
- Performance improvement measures have been accelerated and are on track.

FINANCIAL

- Revenue of EUR 2,572.2 million; year-on-year growth at constant currencies of 5.9%.
- EBITDA excluding impairments and one-off write-offs of EUR 372.7 million.
- EBIT of EUR 81.4 million, excluding impairments and one-off write-offs, which represents a margin of 3.2% compared to 11.0% last year.
- EUR 336.7 million positive cash flow from operating activities; cash flow before financing of EUR 42.4 million.
- Solvency of 43% and net debt/ EBITDA (under amended definition) of 2.2 per year-end.
- Total impairments and write-offs of EUR 630.0 million, the majority related to the Geoscience division.
- Due to the poor 2014 results and to strengthen the balance sheet, Fugro will not pay a dividend for the year 2014.
- Backlog of the Geotechnical and Survey divisions decreased 7.9% on a currency comparable basis, in line with market developments.
- Onshore geotechnical performed well with 7.3% growth at constant currencies. Based on 2 acquisitions and organic growth, Fugro is now the market leading geotechnical player in Africa.
- Offshore geotechnical suffered from the weak oil and gas market, with the revenue mix shifting to lower margin shallow water work for wind farm development.
- Survey also impacted by weakened oil and gas market. The geospatial activities were restructured from a data collector into a high end solutions provider.
- Subsea Services successfully realised the next step in its multi-year margin improvement programme.
- In Geoscience, Seabed Geosolutions continued to be severely loss making; restructuring and corrective measures are underway. Multi-client sales suffered from the oil and gas market decline.

KEY FIGURES

Reported[1] (x EUR million)	2014	2013
Revenue[2]	2,572.2	2,424.0
- Reported growth	6.1%	
- Currency comparable growth	5.9%	
EBITDA[3] excl impairments and write-offs	372.7	545.5
EBIT	(548.6)	267.0
EBIT excl impairments and write-offs	81.4	267.0
EBIT margin	(21.3)%	11.0%
EBIT margin excl impairments and write-offs (%)	3.2%	11.0%
Net result	(457.6)	224.2
Net result (incl discontinued operations)	(458.9)	428.3
Backlog next 12 months	1,575.5	1,723.5
Cash flow from operating activities	336.7	365.4
Cash flow before financing	42.4	836.7
Capex	280.2	253.4
Capital employed	2,230.6	2,638.6
Return on capital employed (%)	1.3%	8.3%
Net debt/EBITDA[4]	2.2	1.5
Earnings per share	(5.65)	2.77
Earnings per share (incl discontinued operations)	(5.67)	5.29
Dividend per share for year under review	0.00	1.50
Number of employees (at year-end)	13,537	12,591

Excluding multi-client	2014	2013
Revenue (x EUR million)	2,496.3	2,307.2
- Reported growth	8.2%	
- Currency comparable growth	7.8%	
EBIT margin excluding impairments and write-offs (%)	3.7%	10.5%
Return on capital employed (%)	1.5%	9.0%

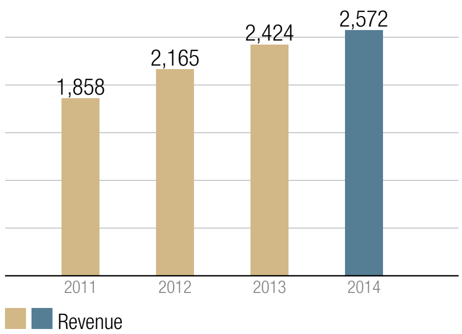
1 Refer to the glossary for an overview of definitions.

2 2013: excluding multi-client sales in January 2013 (EUR 13 million) which were reported as discontinued.

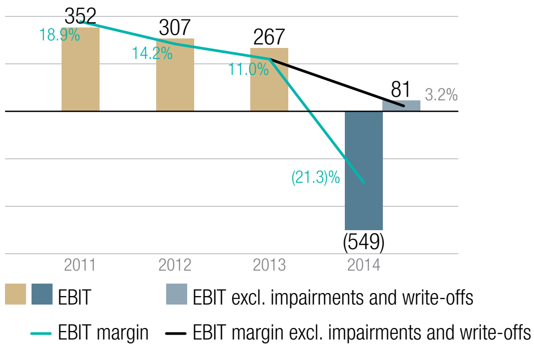
3 EBITDA is EBIT before depreciation, amortisation (including amortisation on the multi-client library) impairments related to goodwill, intangibles and property, plant and equipment.

4 Net debt/ EBITDA for 2014 according to adjusted definition, 2013 as reported last year.

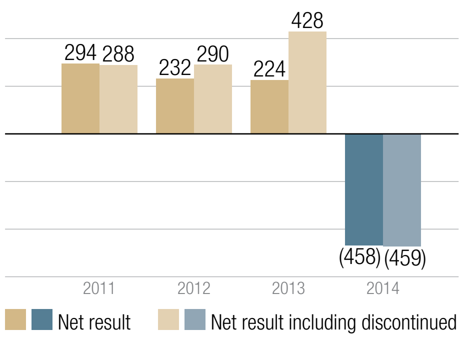
Revenue (x EUR million)



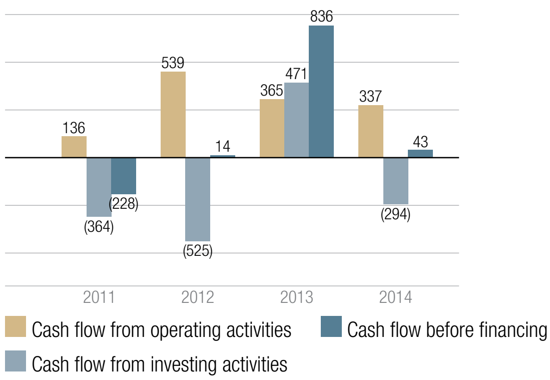
EBIT (x EUR million)



Net result (x EUR million)

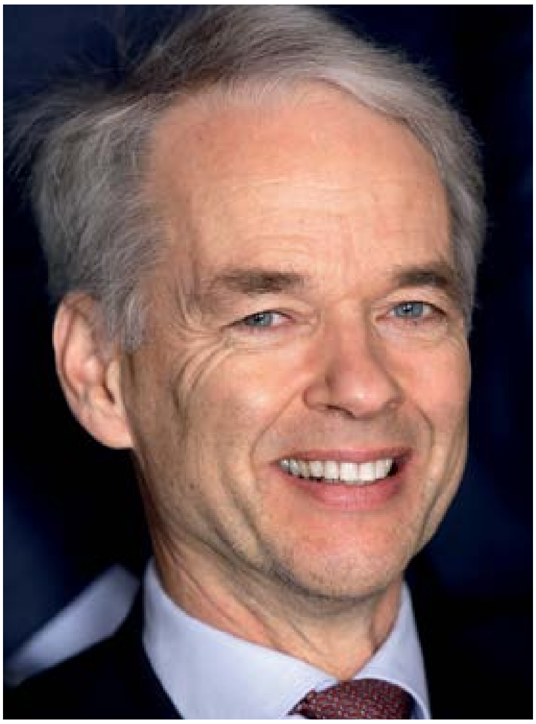


Cash flow (x EUR million)



2011 before adjustment multi-client data library

MESSAGE FROM THE CEO



"ON THE FOUNDATION OF BEING AN INDEPENDENT SERVICE PROVIDER WE HAVE BEEN ABLE TO BUILD OUR GEOTECHNICAL AND SURVEY ACTIVITIES INTO PILLARS OF STRENGTH ON WHICH WE CAN CONTINUE TO BUILD GOING FORWARD"

Dear reader,

The oil and gas market, after a long period of stability, rapidly deteriorated during the year. This has led to a disappointing 2014, as Fugro depends on the oil and gas market for close to 80% of its revenue. In the first half of the year the major oil companies began to push through capital discipline programmes. In the second half of 2014 the oil price went into a steep decline, exacerbating the situation. This has led to poor results in all business areas exposed to the oil and gas market and large impairments, as previously communicated. In particular, large losses and impairments were incurred in Seabed Geosolutions. In our infrastructure markets, which are mostly non-oil and gas related, we continued with good performance and solid strategic growth in the emerging economies.

In the second quarter we initiated measures to reduce costs and improve performance, and these were stepped up through the year as the oil and gas market weakened. These measures are on track. In the second half year we achieved an EBIT margin of 9.3% in our Geotechnical, Survey and Subsea Services divisions combined compared to 7.0% in the first half of 2014 and mid-single digit guidance provided at the publication of the 3rd quarter trading update.

STRATEGY

Strategy must contribute to performance improvement, and must complement the measures we are taking. In the current market we cannot maintain the growth focus of our 'Growth through Leadership' strategy. At the capital markets day in October 2014 we announced that we have redirected our strategy to 'Building on Strength'. There is no doubt that on the foundation of being an independent service provider we have been able to build our geotechnical and survey activities into pillars of strength on which we can continue to build going forward. Hence, we have decided to focus on these activities.

We have taken the decision to actively seek options to reduce our stake in the Seabed Geosolutions joint venture. For Subsea Services, the process is underway to find a partner to create a strong subsea services player. Options include a divestment of (part of) the subsea business.
In addition, we have decided to exit the light well services market by divesting the Synergy. These processes are well underway. Once completed, our portfolio will comprise our survey and geotechnical activities.

The second part of our strategy is focused on improving our organisation to enhance our long term performance. In 2014 we completed the set-up of the regional organisation, improved financial controls, set-up a dedicated and independent internal audit department and launched several performance improvement programmes. This includes delivery excellence programmes in the divisions, organisational simplification and strengthened emphasis on standardisation.

The anticipated portfolio changes create further opportunity for streamlining the organisation, reducing cost and improving client focus.

MEASURES

We are reducing headcount by around 6% for total Fugro (750 employees) by restructuring and a hiring freeze. In the Survey division the aerial mapping business line was transformed to an asset light business model. We closed 8 local offices and by January 2015 we completed the restructuring of our airborne fleet from 26 to 7 aircraft. In the offshore geotechnical business line we are reducing the fleet, and we will have reduced capacity by 25% from 12 vessels at the start of 2014 to 9 by the second quarter of 2015. In the Subsea Services division the Asia ROV business was downsized. In Seabed Geosolutions management has been replaced and project management strengthened, and the organisation is being restructured with an overhead cost reduction target of 30%. The implementation of measures is continuing into 2015 and will be further stepped up if dictated by market developments. In particular, we have created the option to further reduce the geotechnical and survey fleets with limited cost impact as part of our contingency plans.

We are also implementing measures targeted at improving the balance sheet. We initiated a programme to improve working capital focused on accounts receivable, which is already producing tangible results. In addition we plan to monetise certain assets by selling the Synergy vessel and entering into sale/ charter back agreements for two new vessels. Further, we have decided to reduce our investment programme by postponing the vessel renewal and expansion programme until the market improves and we have restored the balance sheet. In light of the poor results and to strengthen the balance sheet, we have, unfortunately, also decided to not propose a dividend over 2014.

MARKET LEADERSHIP

Fugro has achieved global market leadership in the offshore survey and geotechnical markets, and holds strong or leading positions in many of its onshore regional or local markets. Market leadership is the key strategic driver for Fugro and the main reason for the long term success and strength of our survey and geotechnical activities, as market leaders enjoy superior financial performance and are the most resilient in case of downturns. Fugro's market leadership is predicated on our purpose to provide independent services which give us access to all clients that are active in our markets.

The majority of our clients (including oil and gas companies) are developers, owners and operators of large infrastructure, industrial installations and buildings, on- and offshore. The site investigation data, information and advice Fugro provides are vital to the costing and design of their construction and installation projects. We are an independent service provider that has no further commercial or other interests in the projects of our clients. They can fully rely on the integrity and impartiality of the results and advice we provide, the confidentiality of data and results we keep on their behalf, and are assured there is no conflict of interest with respect to other parties involved in their projects.

Similarly, Fugro provides a broad range of quality control, inspection and monitoring services during and after construction and installation. Clients must be assured there is no conflict of interest with the project construction and installation contractors.

Finally, in turnkey integrated contracts with the end clients, Fugro also provides services directly to the designers and construction and installation contractors involved in such turnkey projects. In such cases, the contractors depend on Fugro to deliver its services confidentially, equally and to the same standards irrespective of the design and construction contractors that are involved.

PRIORITIES FOR 2015 AND BEYOND

Our plan for 2015 and beyond is clear: focus on profitability, cash flow and strengthening of the balance sheet. We will continue to execute on the cost reduction and performance improvement programmes introduced in 2014. Additional contingency plans are ready and we will act and implement them in case of any further market deterioration. Our focus on performance improvement and cost reduction will not compromise our efforts to improve safety performance.

Strategically, our objective is to focus on our geotechnical and survey activities where we enjoy market leading positions on basis of being an independent service provider. We intend to reduce our stake in Seabed Geosolutions, find a partner to create a strong subsea services player, where options include a divestment of (part of) the subsea business and exit the light well intervention business. The planned portfolio changes will leave Fugro with a smaller, more focused organisation.

A SPECIAL MENTION

In 2014, Gert-Jan Kramer stepped down from the Supervisory Board. He has had a long and successful history with Fugro, first as CEO from 1983 to 2005, and then as Supervisory Board member. On behalf of all my Fugro colleagues, I would like to take this opportunity to thank him for his contributions over his more than 30 year tenure with Fugro.

Fugro is a great company, working across the globe with market leading positions built on being an independent service provider and a vast reservoir of expertise and experience of our staff. I am looking forward to working with Team Fugro on achieving our goals and building on our strengths to create an ever better company.

Paul van Riel
Chairman of the Board of Management
Chief Executive Officer

PROFILE

WHO WE ARE

Fugro is the world's leading, independent provider of vital earth and engineering data, information and advice required for the design, construction and maintenance of large land and marine infrastructure, industrial installations and large buildings.

The world around us is changing rapidly. The world population continues to grow. All these people need to live and work and they aspire to at least reasonable living standards resulting in economic growth. Our climate is changing so we will need to protect low lying coastal areas where the majority of the world's population lives. The world needs more and more energy. To mitigate climate change, this must increasingly come from renewables, but energy from fossil fuels will dominate for years to come. Fugro provides services that are essential for developing and maintaining infrastructure and installations related to fossil and renewable energy development and production, general civil infrastructure, and large industrial installations and buildings. We operate on- and offshore. With our services, we deliver a vital contribution to the world around us.

Our vision and mission

We create value by acquiring and interpreting earth and engineering data and providing associated consulting and advisory services to support clients with vital data, information and advice for the design, construction, installation and maintenance of their large infrastructure, industrial installations and buildings. Fugro is an independent service provider and has no further commercial or other direct interests in the projects of our clients. Our clients can fully rely on the integrity, impartiality and confidentiality of results and advice provided by Fugro and are assured there is no conflict of interest with respect to other parties involved in their projects. We also support clients with the integrated inspection, repair, replacement and maintenance of their subsea infrastructure, and collect seabed geophysical data.

We operate around the globe, predominantly in the oil and gas, sustainable energy and infrastructure markets, both offshore and onshore. We strive to be the preferred partner

OUR VALUES

Leadership - We aim for leadership in our markets, based on an impartial and independent position in the relation with our clients and other parties in the supply chain.

Client focus - We proactively seek to understand client needs to meet their requirements and strive for win-win relationships. We keep clients informed with accurate information in a timely manner.

Delivery Excellence - We strive to deliver results safely, on time and on budget and to meet or exceed client requirements. Delivery excellence is at the heart of achieving customer loyalty.

Teamwork - We recognise the immense strength of teamwork in achieving extraordinary results. We share information, knowledge, ideas and results transparently with our colleagues.

Respectful Behaviour - Regardless of background, gender, political orientation or position, we treat people with integrity and respect. We value ideas and performance on merit.

Communication - We promote open, constructive debate and feedback. We seek to understand before being understood and have an obligation to provide feedback effectively and regularly.

Safety - Safety first, in everything we do. Each of us is entitled to stop unsafe activities and we are personally accountable for our own safety and collectively responsible for each others'. We understand the risks associated with our work, are trained in the safety requirements and work accordingly.

No Surprises - When a significant problem or issue occurs, we will immediately inform a supervisor or management. Management is focused on solutions. Each of us will do what we can to prevent reoccurrence.

Laws, Standards & Norms - Each of us is responsible for learning about and adhering to the laws, standards, rules and guidelines applicable to our work. We are a good corporate citizen within the communities where we work.

of our clients by safely and consistently delivering quality services with teams of employees that apply world class, innovative and often proprietary technology and that perform to high standards of professionalism and integrity.

We are the market leading service provider in most segments in which we operate, and we aim for leadership overall. We use our position, extensive expertise and know-how and capabilities to generate superior value for our customers and returns for our shareholders.

WHAT WE DO

We map the Earth's surface, near sub-surface and infrastructure, perform site investigations to determine engineering properties of soil, collect environmental, oceanographic and meteorological data, undertake foundation and construction material testing, and provide long term monitoring solutions.

We acquire, process and analyse the data we collect, and provide specialist consultancy and advisory services to support clients with vital, independent data and information for the design, construction and maintenance of their large infrastructure, installations and buildings. In addition we provide subsea integrated inspection, repair, replacement and maintenance services and collect seabed geophysical data.

Value to our clients

We de-risk our clients' major investment decisions, by supplying them with independent high quality technical data, information and advice required to design, construct, install and maintain their infrastructure, installations and large buildings in a safe, reliable and efficient manner. Our services are essential to our clients.

Our work covers offshore oil and gas platforms and related subsea installations and infrastructure at all water depths, offshore wind farms, on- and off-shore pipelines and cables, harbours, waterways, airports, bridges, tunnels, railways, dykes, power lines, large buildings, refineries, industrial plants and mines.

In addition we support clients with integrated inspection, repair, replacement and maintenance services for their subsea infrastructure, and we provide high-quality seabed seismic data for offshore oil & gas field development and enhanced production of existing fields.

We operate as an independent service provider and have no further commercial or other direct interests in the projects of our clients. Our clients can fully rely on the integrity, impartiality and confidentiality of results, information and advice provided by Fugro and are assured there is no conflict of interest with respect to other parties involved in their projects.

Fugro provides its services across the globe from a large network of 225 offices located in over 70 countries. We strive to consistently deliver our results safely, on time and on budget and to meet or exceed client requirements.

Our market position

We are the global leader in offshore survey, offshore geotechnical and seabed geophysical activities, with particular strength in remote frontier areas such as deep water. In the onshore geotechnical and subsea markets, we hold leading market positions in niche and regional markets.

Our competitive edge is built upon

- Being able to deliver a complete suite of services, from data acquisition through to consultancy and advice
- The breadth and depth of our experience and client track record, with over 50 years of experience
- Our independent position, which assures clients of the integrity, impartiality and confidentiality of our results and that we have no conflict of interest. This gives us access to the full range of clients in our markets.
- The vast expertise and experience of our staff around the world, collecting quality data and transforming data into information, knowledge and advice that is critical to our clients.
- Local presence throughout the world, combined with consistent, standardised service across regions and divisions
- Leveraging a significant base of proprietary technology and knowledgeable, well trained staff
- Capability to take on large integrated survey and geotechnical projects anywhere
- Consistently delivering quality services on time and meeting or exceeding requirements.

Our activities
Our activities are organised into four divisions:

Geotechnical	■ Site investigation ■ Testing of soil, rock, foundations and construction materials ■ Monitoring ■ Consulting and advisory services
Survey	■ Mapping and inspection of the Earth's surface, and installations infrastructure ■ Positioning ■ Construction support ■ Environmental, oceanographic and meteorological services ■ Consulting services
Subsea Services	■ Integrated inspection, repair, replacement and maintenance of subsea infrastructure
Geoscience	■ Seabed seismic data acquisition services and multi-client seismic data library sales

Our people and expertise
13,537 employees
43 laboratories
14 research & development centres
42 consultancy and advisory centres

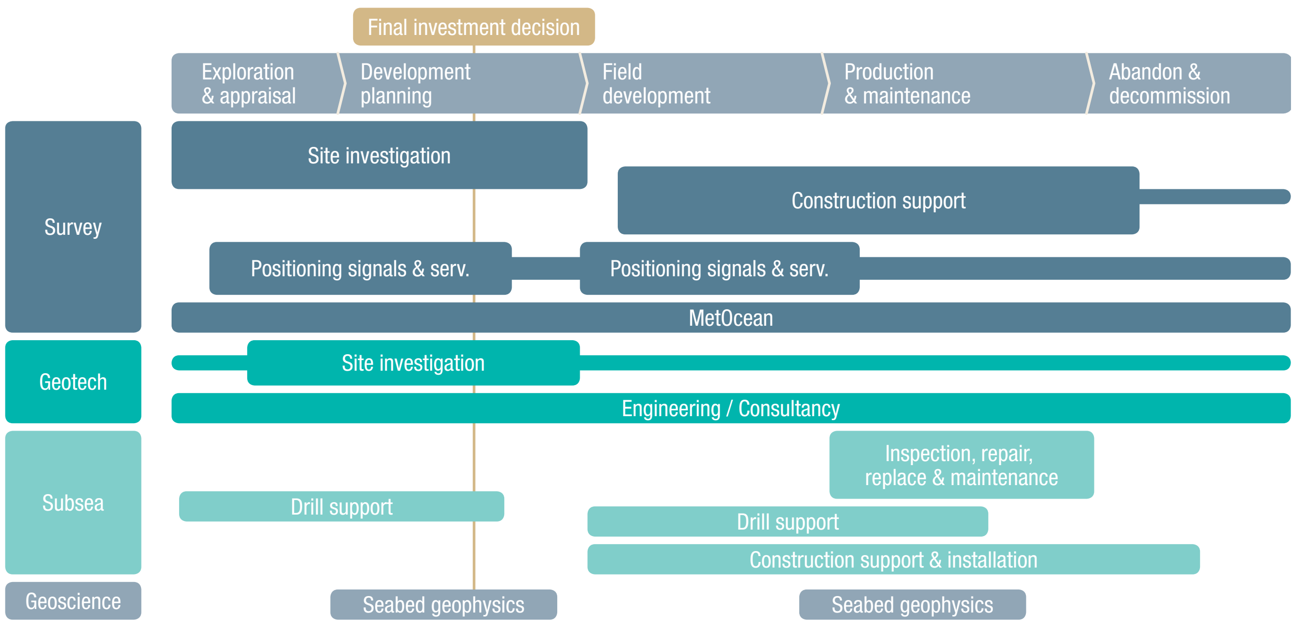
Our resources
54 vessels (of which 33 owned)
100 cone penetration testing (CPT) trucks
330 onshore and 17 offshore rigs
33 jack-up platforms
10 autonomous underwater vehicles (AUVs)
24 aircraft (in process of being sold; reduced to 7 aircraft per January 2015)
144 remotely operated vehicles (ROVs)
29 diving systems
2,194 nodes

OUR CLIENTS

Our main clients offshore are oil and gas companies, construction and installation contractors and wind farm developers. Our main clients onshore and nearshore are oil and gas companies, government agencies, large infrastructure and building developers and construction and installation contractors.

Our clients operate in locations around the globe in varying operating environments. Most of our projects are provided locally, but as many clients are getting larger they are demanding a consistent, standardised level of

EXPOSURE ACROSS FULL OIL AND GAS FIELD LIFE CYCLE



services across divisions and geographies. In addition we are seeing an increase in demand for large, integrated multi-disciplinary projects.

Oil and gas

In the oil and gas market nearly all our revenue is in the upstream segment. Our clients include the global super majors, the NOCs, the independents and the construction and installation contractors. We have a balanced exposure to these client segments, although the size of the NOC client group continues to grow. We provide our services in the upstream oil and gas market across the globe, mostly offshore. Within the upstream oil and gas market, we have a balanced exposure across the entire 'life of field' value chain. We provide services from exploration and the initial feasibility and planning stages of a project, through the development and use of production facilities, to the eventual decommissioning of assets and infrastructure.

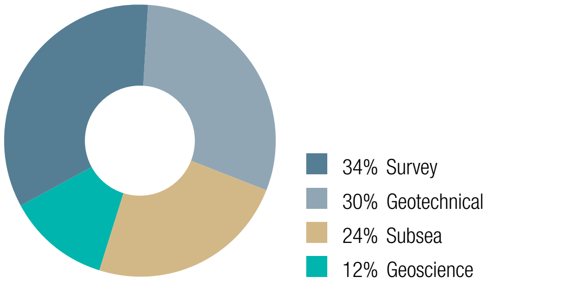
Building and infrastructure

Our main clients are oil and gas companies, government agencies, developers, government agencies, construction and installation contractors and mining companies. We provide data, information and advice to clients across most of the globe to help them optimise the design, construction, installation and maintenance of their large infrastructure, plants and buildings. The majority of work in this client segment takes place onshore, with near shore and offshore work being done for harbours, dykes and power and telecom cables.

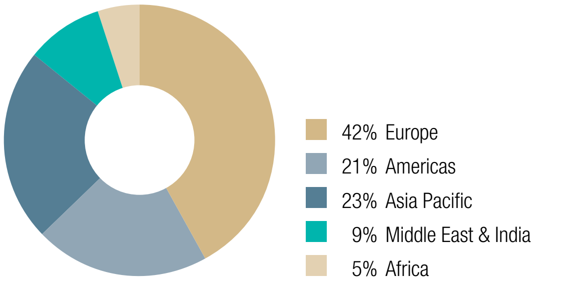
Other market segments

Within our 'other' market segments, sustainable energy is the largest. Our key clients in this market are the wind farm developers in North Western Europe but with potential in other parts of the world. We focus on offshore wind farms, where we are the largest provider of services to optimally locate and design the foundations of wind turbines. In addition we provide power cable routing and specialist construction and installation support services. We also serve clients in mining, the public sector, and water and agricultural markets.

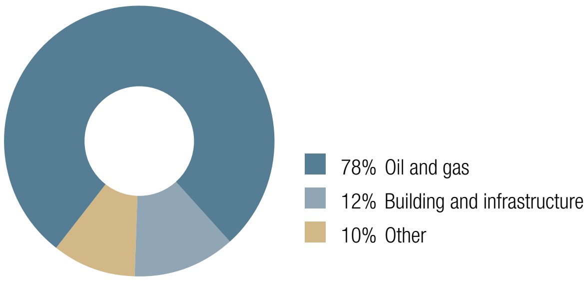
Revenue by division



Revenue by region



Revenue by market segment



GEOTECHNICAL DIVISION

SITE INVESTIGATION, TESTING OF SOIL, ROCK, FOUNDATIONS AND MATERIALS, CONSULTING AND ADVICE

	2014
Revenue (x EUR million)	775
Employees	6,055

PROFILE

Our geotechnical services focus on assessing the geologic conditions and engineering properties of soils and rocks, using mostly in-house developed, proprietary technology. Our skilled geoscientists and geotechnical engineers test and analyse soil samples, process and analyse the data, resulting in a representative ground model. Thus we assess ground risks and provide vital input for the optimisation of design and construction of our clients' large capital projects (such as offshore structures, onshore and offshore plants and pipelines, ports, wind farms, large buildings, bridges and dykes). These services are crucial to ensure the long term performance of our clients' assets by mitigating risk from earth conditions.

The division also provides clients with inspection and foundation and materials testing services to support clients with such services during the construction and installation phase of their project. Post construction monitoring services are provided to help clients manage the integrity of their assets.

Fugro's geotechnical services support clients' projects worldwide, both in onshore and offshore environments. The majority of the revenue from onshore activities (around 60% of divisional revenue) is derived from projects in the infrastructure and oil and gas sectors, with a growing base in mining and water. The largest part of the revenue offshore (around 40% of divisional revenue) is generated in the oil and gas sector and increasingly in the sustainable energy market of wind farm construction.

MARKET POSITION

By globally deploying the world's largest dedicated geotechnical fleet, Fugro is the clear market leader in offshore. We have a particularly strong market share in deepwater environments. Our global presence and ability to execute complex and technically demanding projects globally are key drivers for our succes.

In the onshore market, which is fragmented with many local operators, we have a leading position in many niche markets and emerging regions.

Our competitive edge is built on

- Operating as an independent service provider allowing us to address all possible clients active in our markets.
- Combination of data collection, laboratory testing and advisory services based on a large resource of experienced, expert staff.
- Our broad geographic presence.
- Our technical expertise in particular related to our unique deepwater capabilities.
- Our track record across a diverse customer base.
- Ability to combine with services from the Survey division to offer unique, integrated solutions to our clients.

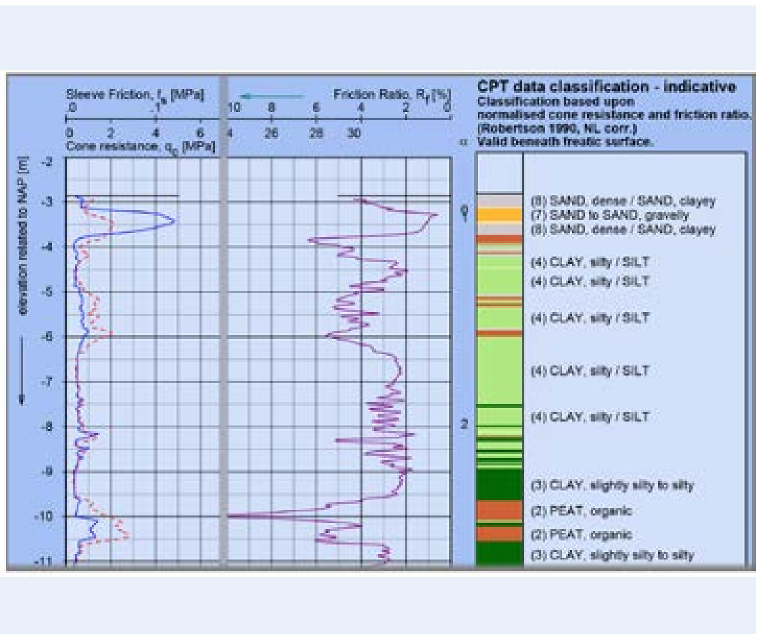
MAIN RESOURCES

6,055 employees, 40 laboratories, 38 consultancy and advisory centres, 3 research & development centres, 11 vessels (of which 9 owned) (expected to be reduced to 9 vessels by the second quarter of 2015), 330 onshore and 17 offshore drilling rigs, 100 cone penetration testing trucks and 33 jack-up platforms.

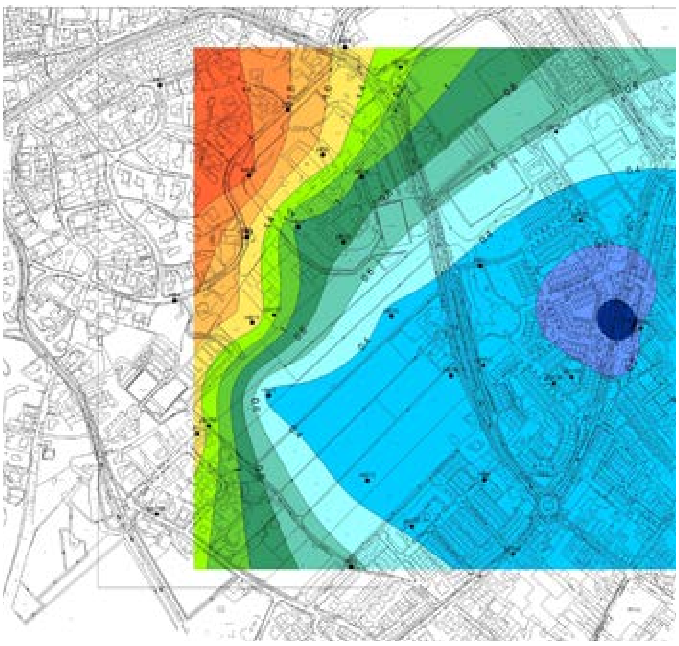
Analysing a soil sample in one of our 40 laboratories.

ACTIVITIES

	Our services	Value to our clients
Site investigations	Data collection (in up to 3,000 metres water depth) through sampling and borehole tests (down to around 100 metres into the earth)	The data and related advice are of critical importance in terms of cost efficient design and long term performance of large capital construction projects
Specialist services	Laboratory testing of soil samples, Foundations and construction materials testing, Monitoring, Pavement inspection, Water management, Environmental engineering	
Geoconsulting services	Foundation advice for large infrastructure industrial installation and building construction and installation projects. Geohazard (flooding and earth- quakes) studies	



Typical cone test graph, showing soil types after data analysis.



Groundwater levels in Noordwijk (the Netherlands).

SURVEY DIVISION

MAPPING OF THE EARTH AND INFRASTRUCTURE, MONITORING AND CONSULTING

	2014
Revenue (x EUR million)	888
Employees	4,892

PROFILE

The Survey division offers an extensive range of measurement, positioning and mapping services, mainly offshore. Data and measurements from various sensors and from various sources are processed, analysed and integrated by our specialists into comprehensive reports, including detailed maps and charts, describing natural and man-made features on the surface of the Earth, on the seabed and shallow geological features below the Earth's surface.

This data is enhanced with environmental, oceanographic and meteorological information. The final reports and maps and charts are vital when considering projects that aim to utilise the Earth's natural resources and for the efficient design, construction, installation and maintenance of large infrastructure, industrial installations and buildings. Other services include positioning and construction support survey services during construction and installation, and a range of post construction monitoring services to support clients with maintaining the integrity of their assets.

The majority of our activities are carried out for clients in the oil and gas sector (including construction and installation contractors).

MARKET POSITION

With our global presence, technological market leadership , large resource of expert staff and range and quality of service, the Survey division is one of the top-three players globally in all its business lines. We are the market leader in offshore mapping, construction support and positioning and have strong regional positions in the onshore market.

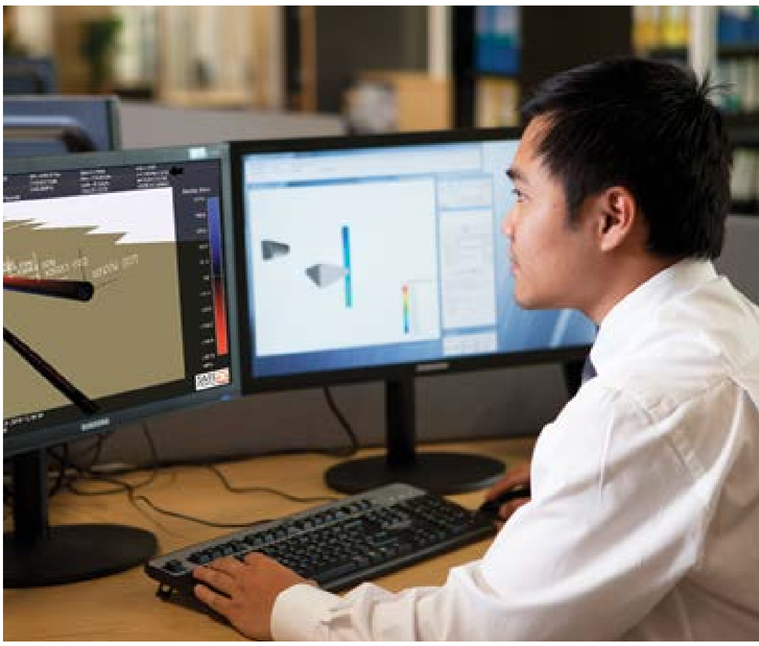
We are the only market player able to offer the full range of survey services across all geographies. Innovation is key to maintaining this strong market position. One focus area is faster delivery of data through automated data processing and thus to more cost effective operations for the client.

Our competitive edge is built on:

- Our independent position, assuring clients of the integrity, impartiality and confidentiality of our results and allowing us to serve all available clients.
- Our unmatched scale in geography, experience and expertise of our staff and assets.
- Our proven research and development capabilities.
- Our track record as reliable partner for oil and gas companies.
- Our ability to combine with services from the Geotechnical division to offer unique, integrated solutions to our clients.

MAIN RESOURCES

4,892 employees, 4 consultancy centres, 10 research & development centres, 3 laboratories, 22 vessels (all fully owned), 10 autonomous underwater vehicles (AUVs), and 24 aircraft (in the process of being sold; reduced to 7 aircraft per January 2015).

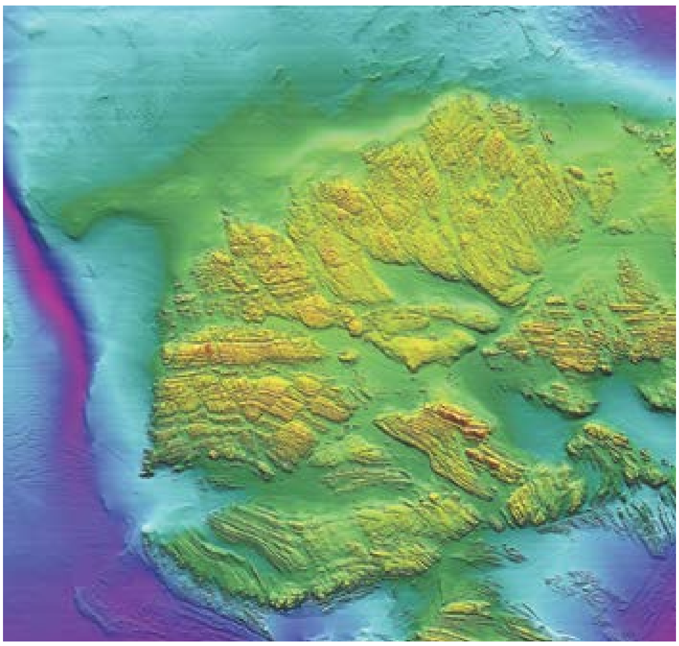


Pipeline survey data analysis, Wallingford, United Kingdom.

ACTIVITIES

	Our services	Value to our clients
Geophysical site surveying	Mapping and inspection of the seabed, shallow geological features below the Earth's surface and subsea infrastructure, such as rig sites, subsea installations and pipelines	Reduces project cost and risk by facilitating route and project design for offshore developments, related to rig moves and the placement of infrastructure such as production facilities, pipelines and offshore wind farms
Positioning	High precision, real-time satellite positioning signals, with an accuracy of just a few centimetres	Supports safe and reliable offshore (construction) operations, especially in harsh environments, by precise positioning of vessels, production platforms and subsea infrastructure
Construction support	Subsea survey, measurement and intervention services, such as acoustic underwater positioning	
Metocean and enviromental	Data on regional and local weather patterns, ocean currents, waves, tidal streams and environmental impact studies	Ensures safe and effective offshore operations and the identification of the best times for carrying out activities
Geospatial	Mapping of the natural and built environment from the air (aerial mapping) or on land (land surveys)	Supports infrastructure and installation development, maintenance of infrastructure (such as power networks) and resource exploration and development

3D mapping of power lines, Australia, for asset management.



Processed bathymetry (depth) data of seafloor, South Pacific.

SUBSEA SERVICES DIVISION

INSPECTION, REPAIR, REPLACEMENT AND MAINTENANCE OF OFFSHORE INFRASTRUCTURE

	2014
Revenue (x EUR million)	608
Employees	1,998

PROFILE

We execute inspections and carry out interventions on subsea infrastructure, from shallow water to more than 3,000 meters water depth, and provide support for exploration drilling, and field construction. Services are provided throughout the lifecycle of the oil or gas field, but mainly during the development and production phase.

Our fleet consists of a number of multi-capability vessels which can self-sufficiently execute complex inspection, repair and maintenance activities in remote locations on subsea infrastructure. This is augmented by in-house engineering and tooling capability which allows us to deliver a high quality and reliable service to our clients.

The division frequently makes use of the mapping and positioning services of the Survey division to provide a packaged solution.

The client portfolio comprises oil and gas companies, subsea installation contractors and renewable energy clients.

MARKET POSITION

Fugro is one of the largest subsea service providers, operating one of the largest fleets of ROVs in the world. In specific key regions and services Fugro has leading positions, most notably in Brazil (inspection, repair and maintenance services), the North Sea (excluding Norway) and the Middle East (ROV services).

The market for subsea services has expanded significantly over the past decade. This is a result of the search for, and development of, new oil and gas provinces as a replacement for aging onshore reservoirs, leading to an increase in offshore field development and production. The result is a dynamic market place, with attributes which vary according to geographic region. Fugro Subsea Services is positioned as a global operator with great depth of in-house technical competence and a reputation for reliable execution. Our fleet and services offering positions us to increasingly benefit from clients' operating budgets as well as their capital expenditure budgets.

Our competitive edge is built on:

- Our comprehensive set of capabilities (tooling, ROV technology, diving, engineering)
- Our ability to deliver services and deploy assets across a wide variety of geographic regions
- Our track record as a reliable service provider executing projects where, when and as planned.

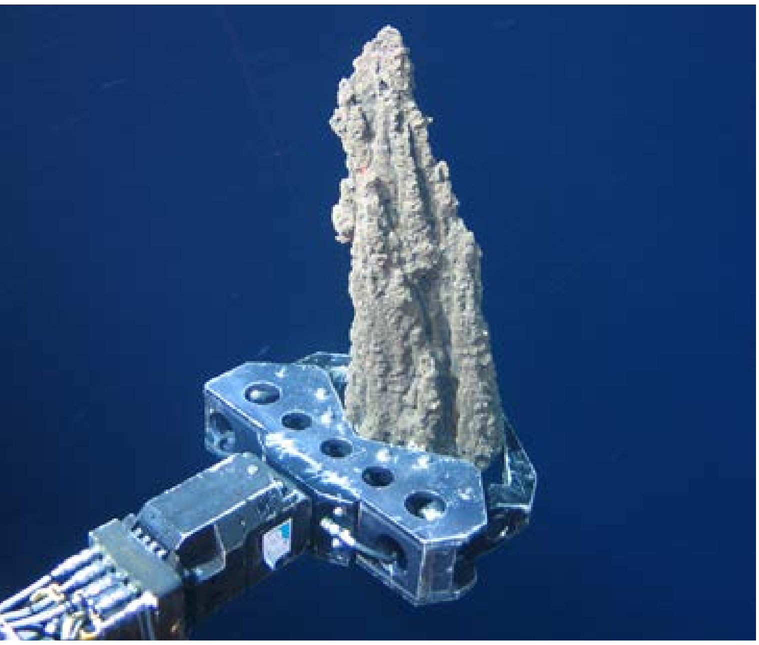
MAIN RESOURCES

1,998 employees, 19 support vessels (of which 2 owned and 9 on tri-partite agreements in Brazil), 144 remotely operated vehicles and 29 diving systems.

Diver testing the cathodic protection of an offshore platform, Middle East.

ACTIVITIES

	Our services	Value to our clients
Inspection, repair, replacement, maintenance	Extensive range of inspection and engineering services in water depths up to over 3,000 metres Executed by remotely operated vehicles (from Fugro's vessels, client vessels or their offshore structure) and/or divers (up to 300 metres deep)	Fugro's tooling and engineering capabilities, provide clients with 'one stop shop' leading edge services
Light construction support & installation	Installation of subsea infrastructure like flow lines, umbilicals, manifolds, spools and subsea tie-ins	Safe, highly flexible and cost effective solutions, reducing overall project risk for the client
Drill support	ROV based support of clients' exploration, completion and work-over drilling campaigns	Provides real time monitoring and both planned and unplanned intervention when required at the wellhead, ensuring the safety and effectiveness of operations



ROV in the process of taking sample using its mechanical arm.

Fugro's ROV course at the custom-built facilities in Abu Dhabi combines theory and practice.

GEOSCIENCE DIVISION

SEABED SEISMIC DATA ACQUISITION SERVICES AND MULTI-CLIENT SEISMIC DATA LIBRARY SALES

	2014
Revenue (x EUR million)	301
- of which Seabed	225
- of which multi-client	76
Employees	334
- of which Seabed	333
- of which multi-client	1

The Geoscience division, through its 60% ownership of the Seabed Geosolutions joint venture with CGG, provides high-quality seismic data for the development of offshore oil & gas fields and enhanced production from existing fields.

The division also licenses data from a large, global 2D and 3D multi-client seismic data library.

SEABED GEOSOLUTIONS: PROFILE

Seabed Geosolutions was formed on 16 February 2013 as a joint venture between Fugro (60%) and CGG (40%), by merging Fugro's and CGG's seabed data acquisition businesses. Fugro has a controlling interest in this business.

The company collects geophysical data on the seabed through an array of imaging technologies that can be used in shallow areas and areas where obstructions at the surface such as infrastructure do not allow for streamer based data acquisition or where data of particularly good quality is required, such as in complex subsalt areas.

SEABED GEOSOLUTIONS: MARKET POSITION

With its global footprint, Seabed Geosolutions is the largest seabed geophysical data acquisition service supplier with the broadest range of technology solutions.

The market in which Seabed Geosolutions operates is seeing a quick evolution of technology. It is characterised by large contract sizes, which benefit can be offset by uncertain timing of project start-up. The long term opportunity to increase the size of the market as an alternative to conventional streamer based data acquisition is significant.

Seabed Geosolutions' competitive edge is built upon:

- Only seabed data acquisition company that operates globally and provides the full range of nodal and cable solutions
- Superior data quality in obstructed areas inaccessible to streamer based seismic data acquisition vessels

SEABED GEOSOLUTIONS: MAIN RESOURCES

333 employees, 1 research & development centre, 2 vessels (both chartered), 2,194 OBN (ocean bottom nodes), 420 km of ocean bottom and shallow water cables.

MULTI-CLIENT LIBRARY: PROFILE

We provide non-exclusive licensing of our seismic database, which contains about 1.8 million kilometres of 2D seismic data and more than 135,000 kilometres of 3D seismic data. These data sets cover both mature and frontier areas and are available for many world regions, with a focus on Australia and Norway.

Fugro has non-exclusive marketing and sales agreements in place with CGG (for the majority of the 3D library) and TGS (for the majority of the 2D library). Fugro is focused on realising the value of the existing data library, as Fugro is not collecting new data, following the divestment of the majority of the activities in its geosience division to CGG in January 2013. Fugro continues to invest only in re-processing of the existing data to improve data quality, selecting best in class processing solutions. The revenue is expected to taper off over the coming years, as is normal for aging libraries.

Deployment of ocean bottom nodes.

ACTIVITIES

	Our services	Value to our clients
Ocean bottom nodes	4D imaging (including processing and interpretation) through individual nodes placed on the seabed in water depth up to 3,000 metres	Supports the optimisation of the recovery rate during the development and production phases of oil and gas fields, by providing high quality data on hydrocarbon prospects, reservoir characteristics and potential geohazards
Ocean bottom cables	4D imaging through nodes attached to a cable placed on the seabed in water depth up to 500 metres	
Multi-client data library	Non-exclusive licencing of 2D and 3D high quality marine seismic data	Supports oil & gas exploration. By using multi-client data instead of acquiring seismic data on an exclusive basis, the client reduces costs and thus access barriers for challenging areas

Ocean bottom cable about to be deployed in the Middle East.

Preparing ocean bottom nodes before deployment.

TRENDS

MARKETS

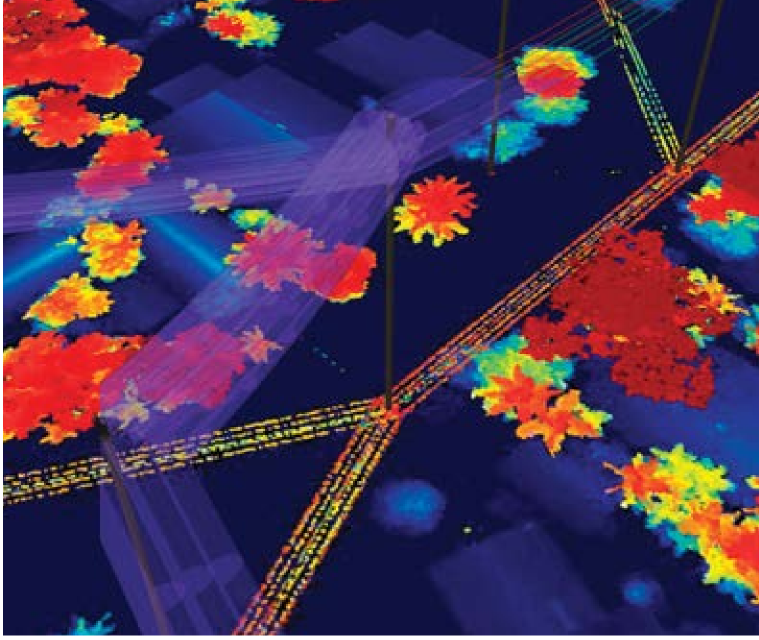
Oil and gas

The energy markets are going through profound changes. The share of oil and coal in the world energy mix is slowly being replaced by gas and renewable energy resources. Within oil and gas, North American shale is playing an increasingly significant role.

On a global scale, growing population, urbanisation, industrialisation and economic growth will continue to drive energy demand, in particular in areas with growing economies. While the share of renewable resources in the energy mix is rapidly growing, in absolute terms oil and gas will remain a key and growing energy resource for years to come. The oil and gas industry, in addition to having to meet demand growth, must also contend with increasing rates of depletion of producing reservoirs.
To counter depletion, every year several million barrels of new oil production must be put on line. Demand growth and depletion will continue to drive long term growth of exploration, development and production expenditure. With most 'easy oil' already in production, shale oil being costly to develop and also resource constrained, development of new fields and production in deep water and other frontier offshore areas is required to meet demand.

Though the underlying long term trend for the oil and gas market is strong, the market is subject to volatility. Early in 2014 the industry started to move from a phase with emphasis on reserve replacement into a phase with emphasis on capital discipline. This was exacerbated by a steep drop in the oil price in the second half of the year, caused by oversupply. Oil companies, in particular the international oil companies and independents, started scrutinising their longer term projects and the exploration and development investments by these companies flattened in 2014 after a long period of growth and will contract in 2015.

This is resulting in project delays, postponements or even cancellations and price pressure. The reduced level of deep water activities has led to a lower level of higher margin activities in all divisions. In particular the pre-final investment decision ('FID') activities have been hit hard. It is expected that the market for oil services companies will remain challenging for some time until the supply - demand balance is restored, due to demand growth and insufficient investment to counter depletion. Some relief is provided in areas where national oil companies (NOCs) dominate as several NOCs have indicated they will limit budget cuts.



3D model used for conductor ground clearance service.

Building and infrastructure

The other important market for Fugro is that of large general infrastructure, industrial installations and buildings.
This market generally follows the development of GDP in a region. With reduced energy costs adding to the financial stimulus programmes, OECD economies should gradually see improvement. In the short term the effect is limited and we expect that in the building and infrastructure market in Europe and North America we will see no or low growth. Many of the emerging economies continue to grow, and provide good opportunities. Within the building and infrastructure market, Fugro is mostly exposed to energy, water, mining and large civil infrastructure projects.

Sustainable energy

Sustainable energy, which is generated from a wide range of resources, is a growing market. Fugro is exposed to several of these resources including hydropower, geothermal, tidal and wind, offshore in particular. Government incentives have been needed to get markets going, but many resources already are or will soon be competitive as technology and production at scale bring down cost. Currently, for Fugro the development of offshore wind farms represents the largest market opportunity. This market segment, which is mostly concentrated in North West Europe, is under some funding pressure but continues to provide reasonable opportunities.

Clients

Many of Fugro's clients are becoming larger and more global. They increasingly push risk towards suppliers and contractors. To a degree, this is offset by a drive to commission larger projects and/or work under global framework agreements.

A further trend on the client side is that clients are increasingly seeking global standardisation of services and solutions as part of their drive to cut costs. This not only concerns technical aspects, but also for example QHSSE (quality, health, safety, security and environment) and legal aspects.

Fugro Voyager enroute to Singapore from India shipyard.

Trends towards using global standardised framework agreements, larger contracts and standardisation of services and solutions is to the benefit to Fugro as it is a leader in nearly all market segments in which it operates. Standardisation is a key element of Fugro's strategy.

Competition

Fugro does not have a comparable peer in the business. Each competitor is active only in a geographic and/ or technology subset of Fugro's markets. Most competitors compete on price as in the majority of its markets Fugro is the clear market leader in terms of technology, quality, safety and reliability. In today's oil and gas market price is increasingly important in winning work, and hence results in price pressure.

In addition to price, there is always the risk that a competitor develops new with technology and/ or solutions that result in a superior service in terms of quality, efficiency or cost. Areas such as robotisation, sensing, positioning and data processing and analysis continue to develop quickly. Even in a downturn many competitors will continue to invest in innovation and small start-ups will continue to emerge, although at a somewhat slower pace until the market picks up.

Markets are expected to be weak for 1 – 2 years at least, which generally leads to consolidation. This could lead to the emergence of larger competitors and/ or provide interesting growth opportunities for Fugro.

Protected local competition, mostly in emerging economies, is another trend which has emerged in the past years. Typically this concerns lower end service providers that get preferential treatment, in many cases to the level of practical or legal exclusion of international service providers. In certain countries the level of services provided by local competitors is improving quickly. Generally, the only avenue to continued business in such countries is through joint ventures and we anticipate growth in the use of joint ventures to maintain a presence in emerging markets.

Technology and innovation

Fugro utilises advanced technology and methods in the majority of its work. We are seeing remarkable developments in various technology fields relevant to Fugro such as sensing, robotisation and cloud based computing. We expect an acceleration in terms of opportunities to use improved or new technologies in many of our activities.

Regulation

There is an inexorable drive, most strongly in the Western world, to implement ever more detailed and more complex regulations. Increasingly, laws are applied transnationally, further adding to complexity. This trend puts a requirement on companies to keep stepping up their procedures, controls and audits. This drives up cost.

STRATEGY AND FINANCIAL TARGETS

STRATEGY

The development of our markets and trends drive our strategy and the financial targets we can achieve. In 2014 we moved into a downturn of the oil and gas market, which may last for some years until the oil supply-demand balance is restored. Hence we cannot maintain our 2013 growth focused strategy. In October 2014 we presented the strategy update ‘Building on Strength’. which is fully focused on restoring profitability, improving cash flow and return on capital employed while protecting Fugro’s strong leadership positions. Fugro’s strategy is built on two pillars, one representing ‘what’ we do (the portfolio of activities), and the second pillar representing ‘how’ we do it (the organisation, focus on strategic drivers, performance improvement programmes, investments and research and development).

Portfolio

The Geotechnical and Survey divisions have a long track record of solid operational and financial performance and will continue to provide a sound core to the company. With its activities Fugro has built up global, market leading positions on the foundation of being an independent service provider. Fugro has decided to continue to build on its strengths of the activities in these divisions, focusing on building out its leadership positions.

Fugro has the following objectives regarding the other divisions:

- Fugro is actively seeking options to reduce its stake in Seabed Geosolutions.
- For Subsea Services, the process to find a partner to create a strong subsea services player is underway. Options include a divestment of (part of) the subsea business.
- The decision has been taken to exit the light well intervention market, as Fugro has only been partially successful in its attempt to enter the light well services market, as extension of high-end geotechnical services. As a consequence, Fugro is pursuing a sale of the Synergy vessel.

Strategic drivers

Fugro has achieved global market leadership in the offshore survey and geotechnical markets, and holds strong or leading positions in many of its onshore regional or local markets. Market leadership is the key strategic driver for Fugro and the main reason for the long term success and strength of our survey and geotechnical activities, as market leaders enjoy superior financial performance and are the most resilient in case of downturns. Fugro’s market leadership is predicated on our purpose to provide independent services which give us access to all clients that are active in our markets.

The majority of our clients (including oil and gas companies) are developers, owners and operators of large infrastructure, industrial installations and buildings, on- and offshore. The site investigation data, information and advice Fugro provides are vital to the costing and design of their construction and installation projects. We are an independent service provider that has no further commercial or other interests in the projects of our clients. They can fully rely on the integrity and impartiality of the results and advice we provide, the confidentiality of data and results we keep on their behalf, and are assured there is no conflict of interest with respect to other parties involved in their projects.

Similarly, Fugro provides a broad range of quality control, inspection and monitoring services during and after construction and installation. Clients must be assured there is no conflict of interest with the project construction and installation contractors.

Finally, in turnkey integrated contracts with the end clients, Fugro also provides services directly to the designers and construction and installation contractors involved in such turnkey projects. In such cases, the contractors depend on Fugro to deliver its services confidentially, equally and to the same standards irrespective of the design and construction contractors that are involved.

The vast majority of our revenues and hence our success in establishing global market leadership are inseparably tied to being an independent service provider as this is a prerequisite for access to the full range of clients in our markets. Being an independent service provider is fundamental to the existence of Fugro.

Further strategic drivers for Fugro include working globally in multiple markets, growth in emerging economies, leveraging of R&D and innovation, development of our staff, achieving delivery excellence and standardisation. In executing on our strategy, we work on implementing these drivers as they support our goal to achieve market leadership and strong long term performance.

Cost reduction and performance improvement measures

In the course of the second quarter of 2014 Fugro started implementing significant measures to improve profitability and cash flow. These measures were stepped up as the market deteriorated.


AUV deployment for seabed survey, Gulf of Mexico.

Group

- Headcount reduction of around 6% for total Fugro (750 employees) in progress by restructuring and a hiring freeze. Most of the reductions will have been implemented by the first quarter of 2015.
- Group wide salary freeze with the exception of high inflation countries.
- Working capital reduction initiative, which has delivered EUR 45 million cash collection improvement ahead of plan, is being expanded.
- Group wide focus on capex reduction, including postponement of vessel renewal programme.
- Implementation of performance improvement initiatives including standardisation and project management and execution.

Geotechnical division

- By the second quarter of 2015 the fleet will be reduced to 9 vessels, from 12 at the start of 2014.
- It has been decided to exit the well intervention market and Fugro is pursuing a sale of the Synergy vessel.
- To delever the balance sheet, Fugro expects to enter into sale/ charter back agreements for two new geotechnical vessels.

Survey division

- The aerial mapping business line has been drastically restructured. Personnel was reduced by 40% of aerial mapping staff. Eight local offices around the world were closed and the restructuring of the airborne fleet from 26 to 7 aircraft was completed in January 2015.
- The survey fleet capacity has been reduced by 7% by terminating or not extending charters.

Subsea Services division

- Stand-alone ROV business in Asia Pacific downsized.
- Downsizing diving activities in Brazil underway.

Seabed Geosolutions

- Leadership changes implemented.
- The organisation is being restructured with overhead cost reduction target of 30%.

Fugro confirms that these measures will contribute to:

- Improvement in EBIT margin by 5 – 6 % points over 2015 - 2016, with the majority of the improvement actions to be finalised in 2015.
- Reduced capital expenditure to a level of EUR 175 – 225 million annually.

In 2015 the company will limit its capital expenditure as much as possible and expects it to be below the mid-term guided range at EUR 175 – 225 million.

The measures will be further stepped up if dictated by market developments. In the Geotechnical division in 2015 the fleet can be reduced by another two vessels at limited cost. Similarly, in the Survey division, vessel capacity can be reduced strongly at limited cost. Staff will be reduced in line with such fleet reductions. In Subsea only one charter is expiring in 2015, which means that any further vessel reductions will come at a larger cost.

Organisation

As part of its strategy Fugro is improving controls and strengthening cooperation and collaboration within the company (characterised as 'Team Fugro'). In 2014 the implementation and staffing of the regional organisations to enhance collaboration and improve delivery of large, integrated projects was essentially completed. Key central support functions (finance, quality health safety security and environment, human resources) were embedded in the regions in order to improve quality and efficiency and to drive standardisation of processes.

We completed the strengthening of the financial organisation in 2014, and now have a dedicated and independent internal audit department and a dedicated group treasury function. At the end of 2014 the implementation of a major upgrade of the consolidation system that supports the new regional organisation was completed and will be the basis of financial reporting going forward. In 2014 we also started a drive to reduce working capital through a reduction in the days of revenue outstanding. In this 'dash for cash' initiative we are using specialist external support. Results from a first group of 10 large operating companies are encouraging, and the initiative is being further rolled out across the group.

Organisational improvements will continue to be implemented, with focus on elements that contribute to profitability. Current initiatives include organisational simplification by the introduction of shared services centres, reduction of legal entities, and the roll-out of a standardised operating company accounting and project management solution.

It is anticipated that the portfolio changes will be made during 2015, leaving Fugro with a smaller, more focused organisation. These portfolio changes will create further opportunity for streamlining the organisation, reducing cost and improving client focus.

Research, development and innovation

Research, development and innovation are core to Fugro's strategy. Its global market position is, to a large extent, dependent on high-performance equipment, technologies, software and business processes. R&D and innovation is an area where Fugro has established a strong tradition since developing electric cone penetration testing (CPT) in the 1960s. Other examples, such as the Star Track high accuracy global positioning system, its in-house designed and built ROVs and work on fibre optic sensing tools demonstrate that Fugro continues to be an innovation leader in the markets in which it operates. Fugro often works closely with clients in its R&D efforts and is increasingly involved with efforts that include universities, technology institutes and other companies. A good example is where Fugro is leading a three year project for the British Energy Technologies Institute in partnership with Sonardyne to develop a carbon dioxide monitoring system using marine robotics. The project aims to provide assurance that CO_2 stored deep below the seabed in carbon capture and storage sites is secure.

As part of its strategy update launched in 2013, Fugro stepped up its R&D and innovation efforts and this is beginning to bear fruit. Purpose-built vessels with own proprietary technology are a good example. They provide Fugro with competitive and safety advantages, especially for deep water work. In 2014 Fugro launched a series of three new, special purpose designed, standardised survey vessels and, similarly, two new geotechnical vessels (second vessel to be delivered in the first quarter of 2015). We expect these vessels will be leaders in their class for years to come. Further, in 2014 the Survey division started rolling out its new OARS remote support positioning system in the Gulf of Mexico, which reduces the need for on-board surveyors and therefore cost for clients. The longer term goal is to use this system wherever the regulatory environment supports this approach. In the Geotechnical division a new solution for standardised processing and analysis of lab data that also supports remote access was rolled out.

Investments

Given the weakening of the oil and gas market, Fugro aims to deleverage the balance sheet as part of the strategy update 'Building on Strength'. Reduced investment levels contribute to this objective, and will be maintained until such time the financial position of the company has strengthened and the oil and gas market improves.

In the mid-term, depending on market development and performance, the company expects to invest EUR 200 - 300 million per year on average:

- Around EUR 75 to EUR 125 million for highly selective replacement and expansion of the vessel fleet with dedicated, specialised vessels and equipment mainly in the Survey division.
- Around EUR 100 million for maintenance and replacement.
- Between EUR 0 and 50 million for disciplined bolt-on acquisitions.
- Around EUR 25 million additional for research and development to uphold our differentiated market positions.

It is expected that investments can be financed from operational cash flow.

In 2015, the company will limit its capital expenditure as much as possible and expects it to be below the mid-term guided range of EUR 175 – 225 million.

Vessel fleet

Purpose-built vessels with own proprietary technology provide Fugro with a competitive advantage, especially for deep water work. New vessels that replace older vessels also add capacity as they are more efficient. In the current market conditions, Fugro has limited its investment plans for new vessels. Chartered vessels provide the company with flexibility and will continue to be an important factor in risk mitigation.

Acquisitions

Fugro has a disciplined acquisition policy, with emphasis on bolt-on acquisitions to strengthen or improve market positions or to obtain special technologies. Fugro usually completes a number of such acquisitions each year. Generally these acquisitions are small to intermediate in size. In the current market circumstances, the budget for bolt-on acquisitions has been reduced. The company will only consider larger acquisitions if it makes strategic and financial sense.

Because acquisitions always involve an element of risk, a thorough and extensive due diligence (with external expertise when needed) is carried out before the final decision to acquire a company is taken. This limits the risk of failure of any acquisition considerably. The evaluation of an acquisition opportunity is not only based on financial criteria but also on the added-value to Fugro, the match with Fugro's activities, services and culture, its growth potential, position in a certain technology niche market or geographical area, and technical and management qualities and risk profile.

FINANCIAL TARGETS

Against the backdrop of the poor oil and gas market circumstances and the strategy update 'Building on Strength', the financial targets for 2017[1] (excluding multi-client) have been updated accordingly:

EBIT margin	**8 – 12%**
Geotechnical division, onshore	8 – 11%
Geotechnical division, offshore	11 – 15%
Survey division	12 – 15%
Subsea Services division	6 – 9%
Seabed Geosolutions joint venture	5 – 10%
Return on Capital Employed	**8 – 12%**

1 The lower end of the range is based on the current challenging market conditions; the higher end of the range assumes a market improvement.

REPORT OF THE BOARD OF MANAGEMENT

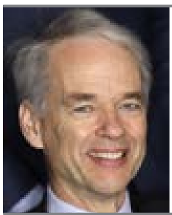
BOARD OF MANAGEMENT

The Board of Management is responsible for the strategy, policies and results of Fugro. The approval of the Supervisory Board is required for important management board resolutions. Managing directors are appointed by the General Meeting. The General Meeting may at any time suspend and dismiss managing directors. A managing director is appointed for a maximum period of four years. The Chief Executive Officer has the ultimate responsibility for the management of the company and its performance.

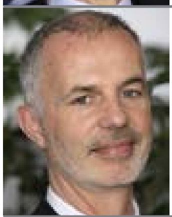
EXECUTIVE COMMITTEE

The Executive Committee comprises the members of the Board of Management and the Director Survey division. The Executive Committee is chaired by the CEO. Meetings of the Board of Management and of the Executive Committee are held jointly.

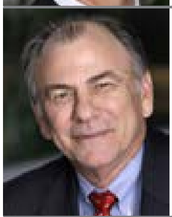
For the purpose of this annual report, where the Executive Committee is mentioned, this also includes the Board of Management unless the context requires otherwise.



name	**P. van Riel** (1956)
function	Chairman Board of Management and Chief Executive Officer
nationality	Dutch
employed by Fugro	Since 2001. Appointed to Board of Management 2006, appointed Chairman of the Board of Management and Chief Executive Officer on 16 November 2012
current term	Until AGM 2018

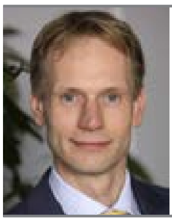


name	**P.A.H. Verhagen** (1966)
function	Chief Financial Officer
nationality	Dutch
employed by Fugro	Since 2014. Appointed to Board of Management per 1 January 2014, appointed Chief Financial Officer on 6 May 2014
current term	Until AGM 2018



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

name	**S.J. Thomson** (1958)
function	Director Subsea Services/Geoscience divisions
nationality	Australian
employed by Fugro	Since 2000. Appointed to Board of Management in 2013
current term	Until AGM 2017



name	**M.R.F. Heine** (1973)
function	Director Survey division
nationality	Dutch
employed by Fugro	Since 2000. Appointed to Executive Committee in 2012

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

SUMMARY

The oil and gas market, after a long period of stability, rapidly deteriorated during the year. This has led to a disappointing 2014, as Fugro depends on the oil and gas market for close to 80% of its revenue. In the first half of the year the major oil companies began to push through capital discipline programmes. In the second half of 2014 the oil price went into a steep decline, exacerbating the situation. This has led to poor results in all business areas exposed to the oil and gas market and large impairments. In particular, large losses and impairments were incurred in Seabed Geosolutions. In the infrastructure markets, which are mostly non-oil and gas related, Fugro continued with good performance and solid strategic growth in the emerging economies.

In the current market the company has decided to redirect its strategy from 'Growth through Leadership' to 'Building on Strength', targeting margin, cash flow and ROCE improvement. Fugro has decided to focus fully on its geotechnical and survey activities. In these activities Fugro holds world leading positions. Fugro has taken the decision to actively seek options to reduce its share in the Seabed Geosolutions joint venture. For Subsea Services, the process is underway to find a partner to create a strong subsea services player. Options include a divestment of (part of) the subsea business. Furthermore, Fugro has decided to exit the light well services market by divesting the Fugro Synergy vessel.

In the course of the second quarter of 2014, Fugro started implementing significant measures to improve profitability and cash flow. These measures were stepped up as the market deteriorated. Headcount is in the process of being reduced by around 6% for total Fugro (750 employees) by restructuring and a hiring freeze. In the Survey division the aerial mapping business line was restructured. In the offshore geotechnical business line Fugro is reducing the fleet by 25% from 12 vessels at the start of 2014 to 9 by the second quarter of 2015. In the Subsea Services division the ROV business in Asia Pacific was downsized. In Seabed Geosolutions management has been replaced and project management strengthened and the organisation is being restructured with an overhead cost reduction target of 30%. The implementation of measures is continuing into 2015 and will be further stepped up if dictated by market developments. In particular, a further reduction of the geotechnical and survey fleets can be implemented with limited cost impact.

Fugro is also implementing measures targeted at delevering its balance sheet. A programme to improve working capital was initiated, focused on accounts receivable and work in progress. There is a group wide focus on capex reduction, including postponement of vessel renewal programme. Also, the company intends to monetise certain assets by selling the Synergy vessel and by entering into sale/ charter back agreements for two new build vessels.

Revenue increased 5.9% year-on-year at constant currencies to EUR 2,572.2 million, driven by Seabed Geosolutions and the Geotechnical and Subsea Services divisions.

Fugro realised an EBIT of EUR 81.4 million, excluding impairments and one-off write-offs, which represents a margin of 3.2% compared to 11.0% last year. All divisions, except Subsea Services, reported a decrease in margins due to weak operational performance, pricing pressure, less high-end work in offshore geotechnical and geophysical survey, and losses in aerial mapping. Seabed Geosolutions experienced unacceptably high losses as a result of low utilisation of ocean bottom nodes and project losses in the ocean bottom cable projects mainly because of project start-up issues and very competitive bidding on one large project.

The poor results and deteriorating market outlook led to total impairments and write-offs of EUR 630.0 million. This was in majority related to the Geoscience division.

Fugro realised EUR 336.7 million positive cash flow from operating activities and cash flow before financing of EUR 42.4 million. The working capital reduction initiative, which has delivered EUR 45 million cash collection improvement ahead of plan, is being expanded.

The company had strong liquidity at the end of 2014. Solvency stood at 43% and net debt/ EBITDA at 2.2 compared to a loan covenant requirement of less than 3.5.

The backlog at the beginning of 2015 is EUR 1,575.5 million. This represents a year-on-year decline of 14.8% on a currency comparable basis, mainly related to the completion of the large Subsea Great Western Flank project in Australia in the second half of 2014. Adjusted for this effect, Fugro's backlog decreased by 8.7%. The onshore geotechnical backlog is strong and overall the backlog is in line with market developments.

HIGHLIGHTS INCOME STATEMENT

Revenue

Revenue per division

(x EUR million)	2014	2013	reported growth	currency comparable growth[1]
Geotechnical	775.0	702.5	10.3%	9.7%
Survey	888.0	899.9	(1.3%)	(1.0%)
Subsea Services	608.4	573.9	6.0%	5.1%
Geoscience	300.8	247.7	21.4%	22.1%
of which Seabed Geosolutions	225.1	120.4	87.0%	85.1%
of which multi-client[2]	75.9	116.8	(35.0%)	(31.8%)
Total	2,572.2	2,424.0	6.1%	5.9%
Total excluding multi-client	2,496.3	2,307.2	8.2%	7.8%

1 reported revenue adjusted for exchange rate effect

2 multi-client sales 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued

Total revenue increased by 5.9% at constant currencies, driven by Seabed Geosolutions and the Geotechnical and Subsea Services divisions. The increase in the Geotechnical division was related to a large Pemex well de-risking project in Mexico and to a lesser degree by acquisitions in onshore and organic growth in both onshore and offshore activities. The revenue decline at Survey was related to the deconsolidation of the joint venture with China Oilfield Services Ltd. Excluding this effect, revenue growth of Survey would have been 1.7% at constant currencies.

The increase in revenue in the Subsea Services division was mainly driven by the large Great Western Flank project in Australia which was completed by year-end. In Geoscience, revenue of Seabed Geosolutions increased due to higher activity in the shallow water and ocean bottom cable (SWOBC) business, partially offset by lower utilisation of the ocean bottom node (OBN) crews. Multi-client sales were significantly lower than last year, as especially oil companies' exploration budgets are under pressure.

Revenue growth 2014 compared to 2013

	organic	exchange rate	acquisitions	disposals/ deconsoli-dations[1]	total
Total	5.1%	0.2%	1.7%	(0.9%)	6.1%
Total excluding multi-client	6.9%	0.4%	1.8%	(0.9%)	8.2%

1 2013 deconsolidation of Chinese joint venture COSL

Revenue by region (x EUR million)[1]

	2014	2013	Reported growth
Europe	1,075.8	1,084.8	(0.8)%
Americas	555.7	530.2	4.8%
Asia Pacific	586.6	510.9	14.8%
Middle East and India	223.5	189.0	18.3%
Africa	130.6	109.1	19.7%
Total	2,572.2	2,424.0	6.1%

1 by revenue of origin

EBIT

EBIT per division

(x EUR million)	2014				2013	
	reported		excluding impairments and write-offs		reported	
	EUR	margin	EUR	margin	EUR	margin
Geotechnical	(17.0)	(2.2%)	54.9	7.1%	97.7	13.9%
Survey	63.4	7.1%	112.1	12.6%	166.2	18.5%
Subsea Services	(36.5)	(6.0%)	19.8	3.3%	12.9	2.3%
Geoscience	(558.5)	(185.7%)	(105.4)	(35.0%)	(9.8)	(4.0%)
- of which Seabed Geosolutions	(354.4)	(157.4%)	(95.9)	(42.6%)	(54.5)	(45.3%)
- of which multi-client	(192.0)	(253.0%)	(10.0)	(13.2%)	25.5	21.8%
Total	(548.6)	(21.3%)	81.4	3.2%	267.0	11.0%

EBIT, excluding impairments and one-off write-offs, amounted to EUR 81.4 million compared to EUR 267.0 million last year. All divisions, except Subsea Services, reported a decrease in margins due to weak operational performance, pricing pressure, less high-end work in offshore geotechnical and geophysical survey, and losses in aerial mapping. The onshore geotechnical activities delivered a solid margin though somewhat below prior year. The EBIT margin of the Subsea Services division increased due to profit improvement initiatives and better performance in the construction support business line. Seabed Geosolutions experienced unacceptably high losses as a result of low utilisation of ocean bottom nodes and project losses in the ocean bottom cable projects mainly because of project start-up issues and very competitive bidding on one large project.

Non-cash impairments and one-off write-offs

(x EUR million)	Geotechnical	Survey	Subsea Services	Geoscience	total
Goodwill	–	38.3	–	175.7	214.0
Intangibles multi-client data library	–	–	–	175.7	175.7
Property, plant and equipment	63.6	4.3	14.7	21.6	104.2
Other intangibles	–	2.0	–	13.1	15.1
Total impairments	63.6	44.6	14.7	386.1	509.0
Restructuring cost	1.6	1.8	–	–	3.4
Onerous contract provision	–	–	40.5	43.3	83.8
Write-off receivables	6.6	2.3	1.2	23.7	33.8
Total	71.8	48.7	56.4	453.1	630.0

The total non-cash impairments and one-off write-offs amounted to EUR 630.0 million:

- Goodwill Seabed Geosolutions: disappointing sales and negative results, due to the deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances (Geoscience).
- Goodwill geospatial services: continued losses for aerial mapping (Survey).
- Intangible assets multi-client data libraries: lagging sales due to delays in licensing rounds and deteriorating oil and gas exploration market (Geoscience).
- Property plant and equipment:
  - vessels: as a result of the decision to divest the Fugro Synergy vessel in challenging market conditions (Geotechnical).
  - trenching equipment: weak backlog and pricing pressure (Subsea Services).
  - other assets: due to expected decline in market circumstances and subsequent underutilisation (Survey and Geoscience).
- Restructuring costs: costs relating to restructuring of aerial mapping (Survey) and Geotechnical.
- Onerous contracts: provisions for long term leases on two Subsea vessels in addition to loss making service contracts in Brazil (Subsea Services) and Seabed Geosolutions (Geoscience).
- Receivables: Additional bad debt provisions for certain customers that were not compliant with long term overdue payment arrangements and in particular a non-trade receivable in the Geoscience division related to insolvency proceedings.

Net result

Result

(x EUR million)	2014	2013
EBIT	(548.6)	267.0
Net finance income/ (costs)	(34.5)	(7.0)
Share of profit/ (loss) in equity accounted investees	(9.6)	4.9
Income tax gain/ (expense)	45.0	(51.1)
Non-controlling interests	90.1	10.4
Net result	(457.6)	224.2
Discontinued operations[1]	(1.3)	204.1
Net result (including discontinued operations)	(458.9)	428.3

1 Related to sale in 2013 of majority of Geoscience division to CGG: addition to provision for tax indemnities and warranties and release of a pension provision in 2014. The 2013 result includes the transaction result on this sale.

FLI-MAP mobilisation to a project near Banff, Canada.

Net finance income/ (costs)

Finance income/ (costs)

(x EUR million)	2014	2013
Interest income	10.0	15.3
Interest expenses	(36.3)	(27.1)
Net change in financial assets	(10.7)	0.5
Exchange rate variances	2.5	4.3
Finance expenses	(44.5)	(22.3)
Net finance income/ (costs)	(34.5)	(7.0)

The higher interest expenses of EUR 9.2 million is resulting from a higher outstanding debt position. The decrease of EUR 11.2 million in net change in financial assets is mainly related to the revaluation of the Seabed warrant.

Share of profit/(loss) of equity accounted investees

The share of profit in equity accounted investees decreased by EUR 14.5 million, resulting in a loss of EUR 9.6 million (net of tax). This was related to operating losses in an equity accounted investee reported by Seabed Geosolutions and a loss in a geotechnical joint venture held in the Americas, partially offset by a profit in the joint venture with China Oilfield Services Limited. Up to August 2013, the results of this joint venture were fully consolidated.

Income tax (expense)/gain

Tax

(x EUR million)	2014	2013
Tax before impairments and one-off write offs	(35.7)	(51.1)
Tax on impairments and one-off write offs	80.7	–
Total tax	45.0	(51.1)
Effective tax rate	7.6%	19.3%

The income tax gain is EUR 45.0 million, which is mainly a result of the reported EBIT loss. The effective tax rate for 2014 amounts to 7.6% (gain on a loss) compared to 19.3% (on a profit) last year. This is impacted by the loss in Seabed Geosolutions with limited tax credits and the non-deductibility of the goodwill impairments in the Netherlands and the United Kingdom.

Non-controlling interest

The loss attributable to the non-controlling interests of Fugro's subsidiaries amounted to EUR 90.1 million compared to EUR 10.4 million in last year. The higher loss is mainly related to Seabed Geosolutions, in which CGG has a 40% interest.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

Goodwill and other intangible assets

The carrying amount of goodwill was EUR 575.5 million at year-end 2014, compared to EUR 725.4 million at year-end 2013. The decrease was mainly related to impairments for an amount of EUR 214.0 million. Additions to goodwill amounted to EUR 31.3 million and were mainly a result of four acquisitions. In addition, there was a positive effect of EUR 15.9 million of foreign exchange rates on the balance sheet for the goodwill.

Multi-client data libraries

The net book value at the end of 2014 amounted to EUR 147.5 million (31 December 2013: EUR 366.4 million); of this decline EUR 175.7 million was caused by impairments, EUR 69.5 million by regular (straight line and sales related) amortisation and EUR 8.2 million by positive currency effects, partly offset by EUR 20.9 million additions related to internally developed assets. Of the net book value, 81% is related to 3D data.

The impairment of the multi-client library was due to a reduced sales outlook following the deterioration of the oil and gas market. Should sales and the sales outlook come down further, this might lead to further impairment.

Since the divestment of the majority of the Geoscience division in 2013, Fugro's investment in the marine streamer seismic multi-client libraries is limited to reprocessing and special processing to update and enhance the sales potential of the data sets in the library.

Multi-client data library

(x EUR million)

	Sales		Book value at year-end	
	2014	2013[1]	2014	2013
Norway	47.5	88.0	42.7	109.9
Australia	17.1	19.7	87.8	175.9
Rest of the world	11.3	21.7	17.0	80.6
Total	75.9	129.4	147.5	366.4

1 multi-client sales 2013 includes sales in January 2013 (EUR 13 million) which were reported as discontinued

Working capital

Working capital as a percentage of full year revenue improved from 17.0% to 16.4%.

- Trade and other receivables increased by EUR 109.0 million on the back of higher revenue (19.5% revenue growth in the fourth quarter).
- Improvement in days revenue outstanding from 109 days to 103 days driven by the working capital improvement initiative that resulted in accelerated cash collection. This 6 day improvement is equivalent to EUR 45 million reduction in working capital.
- Trade and other payables increased by EUR 104.0 million on the back of higher revenue and related increased project activity as well as higher capital expenditure.

Working capital

(x EUR million)	2014	2013
Working capital	423.1	411.4
Working capital as a % of full year revenue	16.4%	17.0%
- Inventories	34.3	27.6
- Trade and other receivables	976.5	867.5
- Trade and other payables	(587.7)	(483.7)
Days revenue outstanding (DRO)	103	109

(Return on) capital employed

(x EUR million)	2014	2013
Capital employed	2,230.6	2,638.6
ROCE %	1.3%	8.3%

Capital employed decreased from EUR 2,638.6 million to EUR 2,230.6 million per year-end 2014. This decline is mainly driven by the non-cash impairments and one-off write-offs for an amount of EUR 557.0 million (after tax), partly offset by an increase in property, plant, and equipment related to the delivery of three new build vessels, additional equipment purchases, and the new geotechnical office in the Netherlands.

Return on capital employed (excluding impairments and one-offs) was 1.3% in 2014 compared to 8.3% in 2013. The decline mostly relates to the lower net operating profit after tax.

Capital expenditure

Capital expenditure

(x EUR million)	2016 committed	2015 committed	2014 realisation	2013 realisation
Maintenance capex (required)	80.0	80.0	92.7	78.9
Capex major assets (including assets under construction)	10.0	45.0	187.5	174.5
Total capex	90.0	125.0	280.2	253.4

Capital expenditure increased by EUR 26.8 million compared to the same period last year. It mainly consisted of capital expenditures for vessels, ROVs, equipment and the new geotechnical services office in the Netherlands (Nootdorp). Three new Survey vessels started operations during the course of 2014.
Currently, committed capex for 2015 is EUR 125.0 million. The capex for major assets is mainly for commitments for fleet renewal and expansion and related equipment. In 2015, the company will limit its capital expenditure as much as possible and expects it to be below the mid-term guided range of EUR 175 – 225 million.

Committed fleet renewal/expansion

	Type of vessel	Expected/ actual start operations
Fugro Aquarius	Subsea	Q2 2015
Fugro Americas	Survey	Q1 2015
Fugro Scout	Geotechnical	Q2 2015
Fugro Venturer	Survey	Q2 2016

Cash flow

Cash flow

(x EUR million)	2014	2013
Net cash from operating activities	336.7	365.4
Net cash flow from investing activities	(294.3)	471.3
Cash flow before financing	42.4	836.7
Net cash from financing activities	33.2	(635.2)
Net cash movement	75.6	201.5

- Cash flow from operating activities was positive EUR 336.7 million though EUR 28.7 million below last year fully driven by lower profit for the period, partly offset by EUR 127.4 million more cash from improved working capital management.
- Cash outflow from investing activities of EUR 294.3 million, mainly related to capital expenditure and acquisitions for EUR 63.9 million partially offset by repayment of one installment of the vendor loan to CGG. Last year, the cash proceeds from the sale of the majority of the Geoscience division (EUR 792.8 million) were part of the cash flow from investing activities.
- This year, cash outflow from financing activities related to payment of dividends (EUR 54.7 million) and anti-dilutive stock dividend repurchase of own shares (EUR 74.3 million), offset by increased borrowings (EUR 157.6 million). Last year proceeds from the majority of the divestment of the Geoscience division were used for debt reduction and dividend payments.

Financial position
Net debt to EBITDA was 2.2 per the end of the year; compared to the adjusted covenant requirement of below 3.5. The fixed coverage ratio, for which the adjusted covenant requirement is > 2.0, stood at 2.9.

Liquidity and solvency remain strong. The solvency ratio stood at 42.6% per the end of the year, well in excess of the 33 1/3% per the lender agreement. In the course of the second half of the year, the pressure on EBITDA created a situation of tightness under the net leverage and fixed charge cover covenants, under the revolving credit facility and US private placement notes. Fugro agreed with its lenders on a temporary adjustment of these covenant ratios and on an amendment of the definitions, providing the company with additional headroom. Maximum net leverage has been increased up to and including March 2015, and the minimum fixed charge cover has been lowered up to and including March 2016. For more details on the covenants and the temporary adjustments, see appendix 5.

Certain additional conditions have been agreed with the lenders for the duration of the relief period. Dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels, based on the amended definitions. The majority of any divestment proceeds will be applied to debt reduction.

Dividend
Due to the disappointing results and in order to strengthen the balance sheet, Fugro will not propose a dividend over the year 2014.

Foreign currency

Exchange rates (versus Euro)

	2014 Year-end	2014 Average	2013 Year-end	2013 Average
US dollar	0.82	0.76	0.73	0.75
British pound	1.28	1.25	1.20	1.18
Australian dollar	0.68	0.68	0.65	0.72
Norwegian kroner	0.111	0.119	0.120	0.127

As a result of the fluctuations in average exchange rates during the year, the net foreign exchange effect in the profit and loss was EUR 2.5 million positive (EUR 4.3 million positive in 2013). The currency translation difference related to foreign operations had a positive effect of EUR 152.5 million on equity per 31 December 2014 (31 December 2013: EUR 207.3 million negative). The majority of the translation difference relates to the US dollar, Australian dollar, Norwegian kroner and British pound.

BACKLOG

Backlog per division for next 12 months

(x EUR million)	2014	2013	reported growth	currency comparable growth[1]
Geotechnical	486.1	495.5	(1.9%)	(8.3%)
Survey	586.3	599.0	(2.1%)	(7.5%)
Subsea Services	282.9	419.6	(32.6%)	(37.3%)
Geoscience (Seabed Geosolutions)[2]	220.2	209.4	5.1%	(6.4%)
Total	1,575.5	1,723.5	(8.6%)	(14.8%)

1 reported revenue adjusted for exchange rate effect

2 for Seabed only contracts in-hand are included. The 2013 numbers have been adjusted accordingly

The backlog for the next 12 months is down 14.8% on a currency comparable basis, mainly related to the completion of the large Subsea Great Western Flank project in Australia in the second half of 2014, the completion of a large offshore well intervention geotechnical project in Mexico and more Survey contracts in non-consolidated joint ventures. Adjusted for the Great Western Flank project, Subsea Services' currency comparable backlog decreased by 12.5% and Fugro's backlog decreased by 8.7%. The onshore geotechnical backlog is strong and overall the backlog is in line with market developments.

Of this backlog, 67% comprises awarded orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 33% relates to projects that are highly likely to be awarded. This is comparable to last year. Under the current market conditions confirmed work can, however, be subject to further delays and scope reductions and even cancellations.

OUTLOOK

We expect the oil and gas market to remain challenging for some period of time. The infrastructure and offshore hydrographic non-oil and gas markets continue to provide good opportunities and should support achieving satisfactory results in these segments.

In 2014 Fugro started to implement a range of cost reduction measures and stepped up its performance improvement programmes for its oil and gas activities. In addition, capex is curtailed strongly. Contingency plans are in place to further reduce costs and vessel capacity, in case markets deteriorate beyond current expectations.

Fugro expects to generate strong cash flow before financing in 2015.

The mid – term outlook for 2017, as communicated on 29 October 2014, is unchanged.

EMPLOYEES

At the end of 2014 the number of employees was 13,537 (2013: 12,591). In a number of operating companies reductions in staff were implemented during the year. The net effect of these reductions and new hires in the operating companies where market conditions were favourable, was an addition of 946 employees. This includes an increase of 587 staff through acquisitions, mainly related to the Geofor acquisition. The average number of employees for the year was 13,492 (2013: 12,509), an increase of 7.9%. Fugro also works with a large group of experienced and long serving freelance workers who are deployed on a project basis. The use of freelance workers provides Fugro with the flexibility to respond to variations in manpower requirements. Fugro mainly employs local employees and deploys a small number of expatriates.

Employees	2014	2013
Europe	4,546	4,528
Americas	3,048	3,056
Asia Pacific	2,567	2,336
Middle East & India	2,353	2,187
Africa	1,023	484
Total (at year-end)	13,537	12,591
Total (average)	13,492	12,509

ACQUISITIONS

Roames

The Australian company Roames specialises in high-resolution mapping services and solutions for the electric power distribution sector. With this acquisition, Fugro acquired advanced technology that can be used to build improved, cost efficient 3D mapping solutions also for additional business areas, and internationally. This acquisition supports the repositioning of Fugro's geospatial business line (part of the Survey division) to becoming a solutions provider as opposed to a data acquisition provider. Roames generated revenues of EUR 8.0 million in 2014.

RailData

RailData (the Netherlands) is specialised in the measurement of absolute and relative position of railway tracks. The acquisition fits with the strategy of the Survey division to build market share in corridor mapping. RailData generated revenues of EUR 1.4 million in 2014.

Earth Resources

Earth Resources is a drilling contractor providing specialised exploration drilling for mining operations and water wells and geotechnical drilling. The company is based in South Africa and is also active in other countries in Africa. In 2014, the company generated revenue of EUR 1.2 million.

Geofor

Geofor is an onshore/ near shore geotechnical company which delivers drilling services and has highly specialised engineers and geologists in the fields of geotechnical consulting, hydrology, and land survey. With this acquisition, Fugro strengthened its presence in the Central Africa region and the French speaking African countries. The company has over 25 years of experience in infrastructure and water supply projects. In 2014, the company generated revenue of EUR 26.1 million.

JOINT VENTURES

To an increasing extent, Fugro operates in certain parts of the world through partnerships and joint ventures. Fugro sees a trend whereby working in partnerships and joint ventures will become more and more important as the necessity to provide local content increases. At year-end 2014 Fugro had a share in 39 entities of which seven are consolidated as Fugro has a controlling interest, and 32 are not consolidated, and are presented on the share of profit/ loss of equity accounted investees in the profit and loss statement. In order to give more clarity about joint ventures the following information is provided.

Joint ventures and partnerships in which Fugro has a controlling interest

The consolidated joint ventures and partnerships are included in the financial statements for 100% and the part which belongs to the partner and/or other shareholder(s) is shown as 'non-controlling interest'.

The net loss in 2014 is mainly due to the loss in Seabed Geosolutions.

Joint ventures 2014; controlling interest

(x EUR million)	100% basis	Included in financial statements
Revenue	274.2	274.2
Net loss	(299.7)	(299.7)
- Attributable to owners of the company	–	(209.6)
- Attributable to non-controlling interest	–	(90.1)

Joint ventures and partnerships in which Fugro does not have a controlling interest

These joint ventures and partnerships are included in the financial statements on the line 'Share of profit/ (loss) of equity accounted investees' and in the consolidated statement of financial positions on the line 'Investments in equity-accounted investees'.

Joint ventures 2014; non-controlling interest

(x EUR million)	100% basis	Included in financial statements
Revenue	76.9	–
Share of profit/ (loss) of equity accounted investees	5.4	(9.6)

Geotechnical site investigation, the Netherlands.

GEOTECHNICAL DIVISION

Key figures

(amounts x EUR million)	2014	2013
Revenue	775.0	702.5
- reported growth	10.3%	
- currency comparable growth	9.7%	
EBIT	(17.0)	97.7
EBIT excluding impairments & write-offs[1]	54.9	97.7
EBIT margin excluding impairments & write-offs[1]	7.1%	13.9%
Depreciation and amortisation of (in-)tangible fixed assets	55.9	44.4
Capital employed	779.6	675.2
Backlog next 12 months	486.1	495.5

1 see page 30 for explanation on impairments and write-offs

General highlights

- Onshore activities reported a solid performance in the traditional infrastructure and energy markets. The growth was driven by the Middle East and the emerging Caspian and African markets where resources are being repositioned while the traditional markets in Hong Kong and Americas performed solidly.
- The offshore activities endured a weak performance that resulted from project delays, cancellations in the oil and gas market and shallow water wind farm work with lower margins that formed a larger part of the revenue mix.
- The Fugro Synergy conducted a deep-water well de-risking program on a year-long contract for Pemex in Mexico. This first-off project experienced operational issues but completed drilling to over 700 meters below seabed in 3,000 meters of water depth.
- In Africa, Earth Resources and Geofor were acquired mid-2014 to grow Fugro's local presence and gain critical mass in the growing sub-Saharan region. This fits with Fugro's strategy to develop business in the emerging economies worldwide.
- The division is continuing to strengthen and grow its global geoconsulting practice to better position its services for early involvement in large complex projects.
- Backlog for the next 12 months is EUR 486.1 million which is 8% below last year on a currency comparable basis, in part related to the completion of the large Pemex project. The onshore geotechnical backlog is strong and the offshore geotechnical backlog is satisfactory in view of the market developments.

Financial performance

- Onshore revenue grew by 7.3% at constant currencies to EUR 452.3 million, driven by growth in the Middle East, Africa and Caspian regions. Of the total revenue growth, 3.8% was related to the acquisitions in Africa. The margin was lower than last year mainly due to amortisation of capitalised backlog related to the Geofor acquisition and less jack-up barge projects globally.
- Offshore revenue increased by 13.3% at constant currencies to EUR 322.7 million which was driven by the large Pemex project using the Synergy. The business reported weak overall results due to operational issues on the Pemex project, unfavourable revenue mix with a low volume of high margin deep-water work, lower margins on shallow water wind farm work, weather setbacks in the first quarter leading to uncompensated downtime and cancelled projects in Russia.
- Capital employed at year-end was EUR 779.6 million and 15% higher than 2013 due to the acquisitions in Africa and the capital expenditures for the new build vessels Fugro Voyager and Fugro Scout.

Performance improvement and cost reduction measures

- The offshore business is being realigned globally in line with the current market trends. One chartered vessel has been terminated in the third quarter of 2014 and two more charters will be terminated early 2015. By then, the fleet will be reduced to 9 vessels, from 12 at the start of 2014.
- It has been decided to exit the well intervention market. As a consequence, Fugro targets a sale of the Fugro Synergy vessel.
- To improve cash flow and delever the balance sheet, Fugro is underway with sale/ charter back agreements for the new vessels Fugro Voyager and Fugro Scout.
- The investment programme has been significantly reduced by postponing the build of two replacement vessels.
- Contingency plans can be executed if the market further deteriorates. The fleet can be reduced by another two vessels at limited cost and staff would be reduced accordingly.

Land surveying, Nigeria.

SURVEY DIVISION

Key figures

(amounts x EUR million)	2014	2013
Revenue	888.0	899.9
- reported growth	(1.3%)	
- currency comparable growth	(1.0%)	
EBIT	63.4	166.2
EBIT excluding impairments & write-offs[1]	112.1	166.2
EBIT margin excluding impairments & write-offs[1]	12.6%	18.5%
Depreciation and amortisation of (in-)tangible fixed assets	65.0	60.1
Capital employed	621.7	632.4
Backlog next 12 months	586.3	599.0

1 see page 30 for explanation on impairments and write-offs

Business highlights

- Weak market demand, increased competition and project delays in particular in Europe and North America for high-end geophysical surveys in the pre-FID oil and gas segment.
- Positioning, metocean and construction support showed a continuing good performance.
- The R&D organisation has increased its focus on innovative solutions to help customers improve their efficiency.
- The underwater search program for the missing Malaysia Airlines flight MH370 started with the Fugro Equator gathering a bathymetric survey data of the search area. In the meantime, two more vessels have become involved in the search, including the deployment of the most modern and recently acquired autonomous underwater vehicle.
- Three new survey vessels were added to the fleet (Fugro Proteus, Pioneer and Frontier). They have immediately been deployed on projects and the performance of this new type of versatile survey vessel is very good.
- Two acquisitions (Roames and RailData) were completed and fully integrated to support the restructuring of the geospatial business line around client applications.
- To strengthen its position in Africa, the division expanded its office in Angola with warehouse and laboratory facilities, and new offices in East Africa and Ghana, in conjunction with the Geotechnical division.
- On a currency comparable basis, backlog for the coming 12 months is down by 7.5%, partly due to the transfer of contracts to non-consolidated joint ventures. The backlog is satisfactory in view of the challenging market circumstances.

Financial performance

- Currency comparable revenue declined by 1.0% driven by low vessel utilisation and low production in aerial mapping, terrestrial surveys and geophysics in North America and Europe. In addition, the joint venture with China Oilfield Services Limited was deconsolidated per 23 August 2013; when adjusting for this, currency comparable revenue growth would have been 1.7% positive.
- The subdued revenue development and pricing pressure in some of the business lines and the losses in aerial mapping resulted in the strong decline in margin. The margin (excluding impairments and write-offs) in the second half of the year was 1.6 percentage points higher than in the first half of the year, related to the low utilisation of assets in the first quarter.
- Capital employed decreased by 2% mainly due to the goodwill impairment on geospatial services.

Performance improvement and cost reduction measures

- The loss making aerial mapping business has been drastically restructured. Around 250 FTE were made redundant (40% of aerial mapping staff) and 8 offices were closed.
- The divestment of the aircraft fleet has been completed. The fleet has been reduced from 26 at the end of 2013 to 7 by the end of January 2015. This completes the transformation to an asset light business model.
- The survey fleet capacity has been reduced by 7% by terminating or not extending charters.
- In the light of the current market conditions, Survey strongly reduced further fleet expansion and renewals.
- The division has contingency plans in place. Vessel capacity can be further reduced at limited costs should market conditions deteriorate further.

SUBSEA SERVICES DIVISION

Key figures

(amounts x EUR million)	2014	2013
Revenue	608.4	573.9
- reported growth	6.0%	
- currency comparable growth	5.1%	
EBIT	(36.5)	12.9
EBIT excluding impairments & write-offs[1]	19.8	12.9
EBIT margin excluding impairments & write-offs[1]	3.3%	2.3%
Depreciation and amortisation of (in-)tangible fixed assets	51.4	53.2
Capital employed	578.5	584.4
Backlog next 12 months	283.0	420.0

1 see page 30 for explanation on impairments and write-offs

General highlights

- The business is being reoriented to generate a greater share of its revenue from client's opex budgets relative to capex budgets.
- The fleet is gradually converging towards a backbone of vessels capable of carrying out IRRM (inspection, repair, replace and maintenance) activities across regions.
- The workclass ROV fleet has achieved a level of 95% own-built, contributing to increased capital efficiency and effectiveness.
- At the end of the second quarter the division was confronted with two significant incidents: an engine room fire on the largest vessel in the fleet and a strike of 3 diving crews in Brazil. Both incidents were resolved early July.
- The relatively poor vessel utilisation in the first quarter was partially offset in the fourth quarter with overall utilisation for the year ending at a level similar to last years'.
- Performance in Europe over the full year was good with strong construction support activities.
- The large Great Western Flank (GWF) project for Woodside in Australia was successfully completed, while the Shell Malaysia inspection, repair and maintenance program is now fully operational.
- The backlog for the next 12 months is down 37.3% at constant currencies, which can be largely explained by the completion of the exceptional GWF project. Excluding this project, the backlog decline is 12.5% at constant currencies. In general, the backlog weakened in line with the deteriorating offshore market.

ROV deployment for 3D profiling in 'Iceberg alley' Newfoundland, Canada.

Financial performance

- Revenue increased by 5.1% at constant exchange rates mainly driven by the GWF project.
- When adjusting for the impairments and write-offs, EBIT for the year increased from EUR 12.9 million (2.3% margin) million to EUR 19.8 million (3.3% margin). The last three quarters showed a solid recovery from a poor first quarter on a seasonally adjusted basis. Additionally, the fire and diver's strike ultimately had a combined negative effect on EBIT of EUR 8 million.

Performance improvement and cost reduction measures

- Steady progress was made with the profit improvement plan. Ongoing profit improvement activities emphasise contract and project management.
- Continued low utilisation of the stand-alone ROV fleet in Asia Pacific led to downsizing of these operations in the fourth quarter.
- Downsizing diving activities in Brazil underway.

GEOSCIENCE DIVISION

Key figures

(amounts x EUR million)	2014	2013
Revenue[1]	300.8	247.7
- Reported growth	21.4%	
- currency comparable growth	22.1%	
Revenue[1]	300.8	247.7
- of which Seabed Geosolutions[2]	225.1	120.4
- of which multi-client	75.9	116.8
EBIT	(558.5)	(9.8)[3]
- of which Seabed Geosolutions	(354.4)	(54.5)
- of which multi-client	(192.0)	25.5
EBIT excluding impairments & write-offs[4]	(105.4)	(9.8)[3]
- of which Seabed Geosolutions	(95.9)	(54.5)
- of which multi-client	(10.0)	25.5
EBIT margin excluding impairments & write-offs[4]	(35.0%)	(4.0%)[3]
- of which Seabed Geosolutions	(42.6%)	(45.3%)
- of which multi-client	(13.2%)	21.8%
Depreciation and amortisation of (in-)tangible fixed assets	118.9	120.8
- of which Seabed Geosolutions	49.0	29.8
- of which multi-client	69.5	88.4
Capital employed	250.7	746.7
- of which Seabed Geosolutions	87.0	359.6
- of which multi-client	150.8	347.7
Backlog next 12 months (Seabed only)[5]	220.2	209.4

1 multi-client sales 2013 exclude the sales in January (EUR 13 million) which were reported as discontinued

2 Seabed Geosolutions: 100% consolidated basis; started operations on 16 February 2013

3 includes EUR 18.5 million for sale of technology licence

4 see page 30 for explanation on impairments and write-offs

5 includes only contracts in hand; 2013 numbers adjusted accordingly

General highlights Seabed Geosolutions

- Market conditions were tough for seismic activities, although development budgets, which represent the largest part of the Seabed market, were less affected than exploration budgets.
- During the period under review, 3 SWOBC (shallow water and ocean bottom cable) crews were active in United Arab Emirates, Malaysia and Mexico. In Malaysia, an extension was awarded to a running contract, keeping the crew occupied into the second quarter of 2015.
- Significant EBIT losses, including an onerous contract provision, were incurred on the Pemex project in Mexico because of very competitive bidding, delays and project execution issues.
- OBN (ocean bottom node) activity was minimal with both the Case Abyss and Trilobit crews facing unplanned idle time. The modular Trilobit crew has been demobilised until market conditions improve, and the Case Abyss crew is expected to start in March 2015 with the recently awarded Petrobras contract in Brazil.
- Good backlog for the next 6-9 months with projects ongoing for Pemex, Petronas and ADNOC. The recently awarded Petrobras project is expected to start early 2015.
- Fugro is seeking a divestment of its stake in Seabed Geosolutions, following a review of strategic options.

Financial performance Seabed Geosolutions

- Revenue of Seabed Geosolutions almost doubled from EUR 120.4 million to EUR 225.1 million. This is mostly related to higher activity in the SWOBC business in which two projects have been generating revenue compared to no activity in 2013.
- Unacceptably high EBIT losses, mainly due to project losses on certain OBC projects (mobilisation delays, cost overruns and low production and very competitive bidding on one large project) and under-utilisation of ocean bottom nodes and technical issues.
- The challenging market conditions and project losses have triggered impairments and one-offs and onerous contract provisions of EUR 258.6 million in total.
- The decline in capital employed mainly relates to the impairments taken during the period under review.

Performance improvement and cost reduction measures

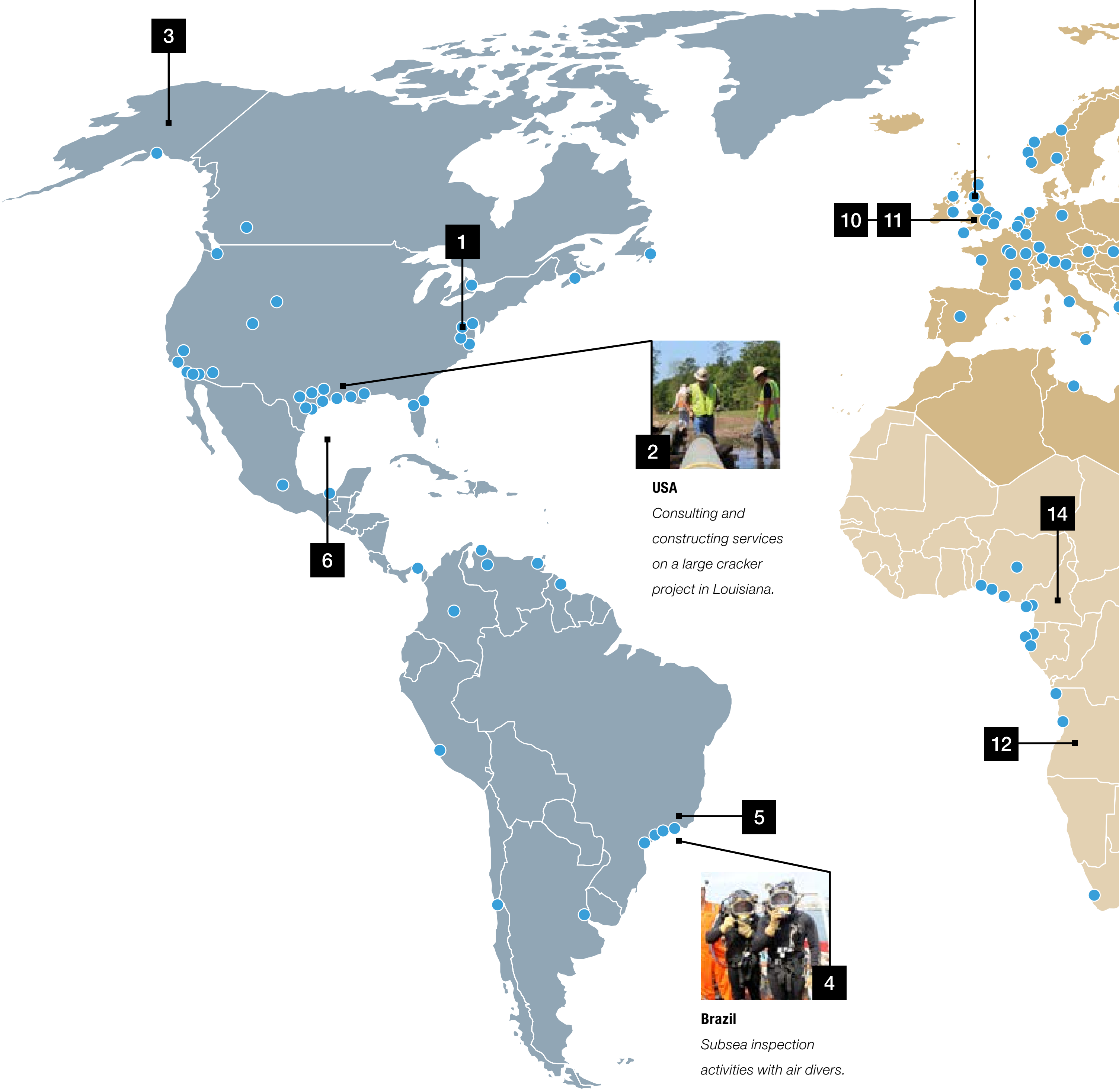
- Leadership changes have been implemented.
- Operational improvement programs on all field activities.
- Project management has been strengthened significantly with new senior project management with required experience and expertise.
- Further business restructuring to reduce overhead costs by 30% underway.
- Improved and highly selective tendering with focus on margins.

Multi-client data library

- Client interest for the seismic data library was hampered by the general decline of the exploration market and by delays in exploration licencing rounds.
- Multi-client sales were significantly lower than last year, despite strong Norwegian sales in the first quarter relating to previous year's 22nd licencing round.
- In Australia the Phoenix South-1 discovery resulted in improved sales in the fourth quarter. Fugro has a 10% indirect interest in this significant discovery.
- The EBIT loss from multi-client activities was caused by relatively low revenue, combined with linear and forced amortisation on top of sales amortisation.
- The impairment charge of EUR 175.7 million was related to the lagging sales and deteriorating exploration market.

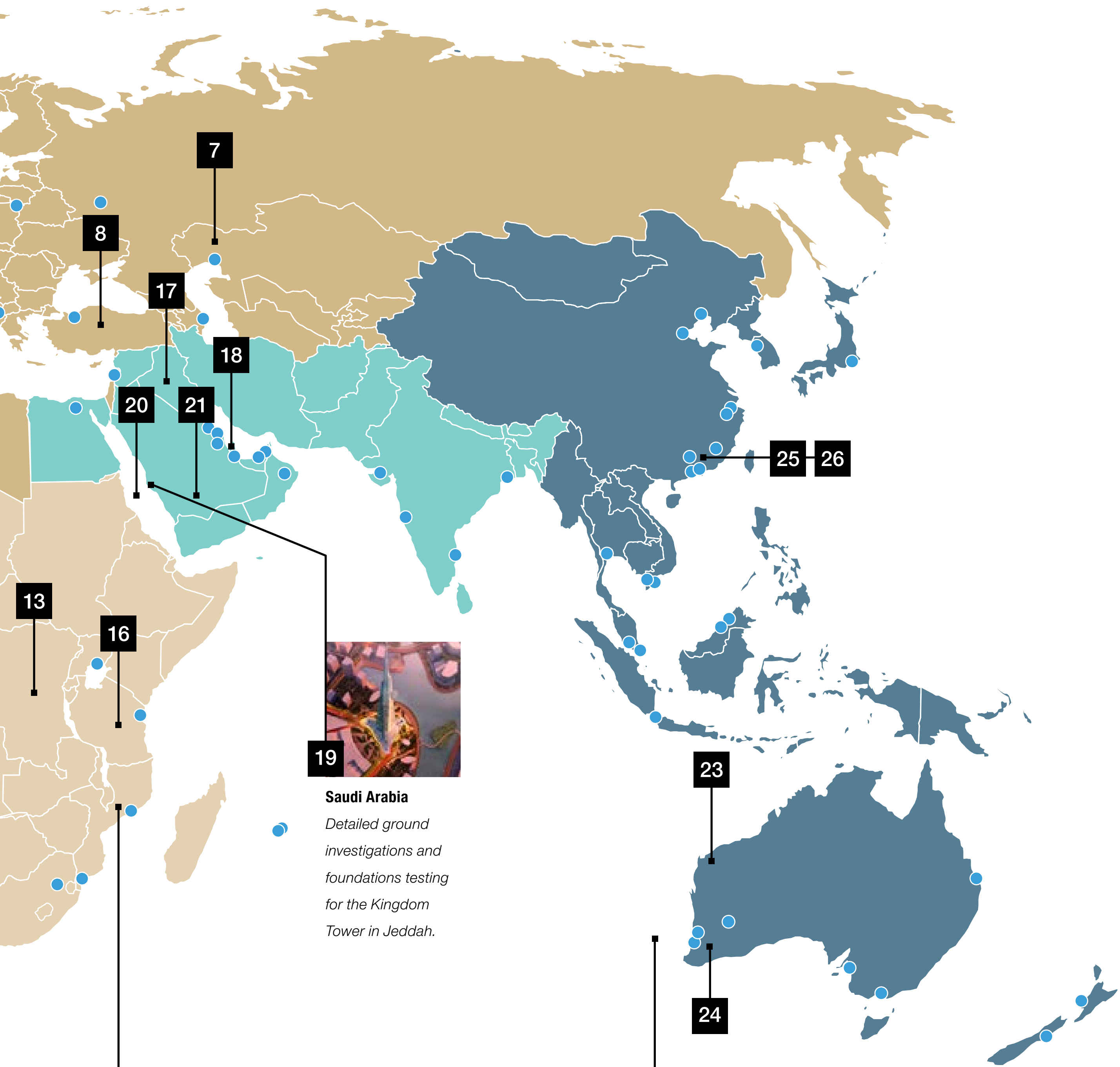
OVERVIEW IMPORTANT CONTRACTS

United Kingdom
Largest seabed investigation for an offshore wind farm.

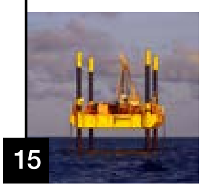


USA
Consulting and constructing services on a large cracker project in Louisiana.

Brazil
Subsea inspection activities with air divers.



Saudi Arabia
Detailed ground investigations and foundations testing for the Kingdom Tower in Jeddah.



Mozambique
Geotechnical and multi-year metocean programs.

Australia
Search for missing Malaysia Airlines airplane MH370.

OVERVIEW IMPORTANT CONTRACTS (CONTINUED)

AMERICAS

01 United States of America Fugro has been awarded a contract as part of the Compass PTS joint venture. The significant contract was awarded by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA). It will provide design and engineering support services to define flooding risk potential and mitigation throughout the country.

02 United States of America Fugro has provided geotechnical services consisting of field investigations, laboratory testing and detailed design and construction consulting and advisory services on a large cracker project in Louisiana for a major international chemical company. In 2014, Fugro was retained to provide additional consulting and construction quality control services on soil, concrete, asphalt and steel.

03 United States of America Fugro has provided site screening studies, geohazard assessment, geotechnical and geophysical evaluation for a large LNG project in Alaska over the last 3 years. The results of the field site investigations and laboratory testing were integrated to provide preliminary geotechnical design and construction recommendations.

04 Brazil Fugro and Farstad secured a 2-year contract with a possible 2-year extension to operate the air diving DP-2 vessel Far Swift, in combination with a light diving boat. With this new concept, both vessels can perform a range of subsea inspection activities, also accessing locations that are difficult to reach by larger vessels. This leads to an increase in the efficiency of operations.

05 Brazil Seabed Geosolutions was awarded an ocean bottom node contract by Petrobras, starting at the beginning of 2015, with a second phase in 2016. Both phases will last approximately 5 months.

06 Mexico Pemex awarded a large contract to Seabed Geosolutions for ocean bottom cable seismic work in one of the oil company's most important producing areas, the Ku Maloob Zaap oil field and the light crude oil fields of the Bay of Campeche in the Gulf of Mexico. Data collection and operation started in July 2014 and are expected to be finalised in the third quarter of 2015.

EUROPE

07 Kazakhstan Fugro's joint venture with the engineering company KGNT continued its site investigations and surveys for a major petrochemical facility expansion at the TengizChevrOil project on the east coast of the Caspian Sea. In addition, Fugro secured a contract for onshore geotechnical services at the Petrofac refinery in Karachaganak, and a contract for onshore survey work for a Kazakhstan refinery.

08 Turkey Fugro has started work on a long term engineering contract for geotechnical investigations and design consulting services for the earthwork operations needed for construction of a third international airport in Istanbul, which is planned to be the largest in the world, with a 150 million passenger annual capacity.

09 United Kingdom Fugro was contracted by DONG Energy for the Hornsea Project One offshore wind farm, one of the largest seabed site investigation campaigns in the history of the offshore wind industry. Site investigation with Fugro's geotechnical vessels, and testing at Fugro's laboratory facilities and integrated reporting will support construction and installation of the project infrastructure at the site.

10 United Kingdom Fugro was awarded a contract by BP for the provision of subsea wellhead and riser monitoring services. The contract will support the redevelopment of the Schiehallion field, west of Shetland, where 25 wells are to be drilled over the next seven years. Data from Fugro's subsea motion monitoring pods will be integrated with data from the existing Fugro environmental monitoring system.

11 United Kingdom Fugro was awarded two large integrated contracts for field development expansion work in the North Sea. One was undertaken for E.ON in their Tolmount field and the other for Chevron's Captain field. Activities included geophysical, geotechnical and environmental survey acquisition at both developments, along with laboratory testing.

AFRICA

12 Angola Fugro was contracted by Chevron for geophysical and geotechnical site surveys for the Greater Longui area project. The surveys relate to installation of a remote wellhead platform, a gas gathering and processing platform and new flow lines.

13 Congo Fugro has been contracted for support services with work-class ROV systems to support 2 drilling units and one support vessel for Total.

14 Gabon Fugro has been awarded a contract to provide air diving services for Van Oord, as part of mooring inspection and maintenance services to Shell.

15 Mozambique Geotechnical and multi-year metocean programs and an AUV survey are continuing for the deep water development areas and pipeline corridors to shore, while further geotechnical and survey data acquisition, laboratory and consulting work are planned for facilities and infrastructure onshore.

16 Tanzania Under a contract from BG Group, Fugro undertook geophysical and geotechnical surveys related to LNG site and route selection. The onsite work was executed during early 2014 with laboratory testing and final integrated reporting completed during the fourth quarter.

MIDDLE EAST & INDIA

17 Iraq Fugro was awarded a one year contract, plus an optional one year extension, by the Basrah Gas Company for the provision of geotechnical site investigations and topographic services. All associated testing and reporting will be performed at Fugro's local laboratory. The work will support the planned engineering and construction of an onshore LNG plant, new pipelines, and anticipated expansion of gas compression facilities. In February 2015 the contract was extended for another three years.

18 Qatar Fugro continues to supply survey, geotechnical and consulting services to the Public Works Authority in support of their investments in the construction of infrastructure, including railways, subways, road networks, port, airport and housing in preparation for the 2022 FIFA World Cup.

19 Saudi Arabia Fugro completed detailed ground investigations and foundations testing for the Kingdom Tower in Jeddah which, at a height of over 1,000m, will become the world's tallest tower. In 2010, Fugro already provided the necessary information to optimise the foundation design. Following the award of the main piling works in 2013, Fugro was appointed as the foundations testing specialist for the permanent piles.

20 Mediterranean Sea / Red Sea / Indian Ocean Fugro was awarded the AAE-1 transcontinental submarine communications cable route survey, over 19,000km in length, running from Southern Europe to Indochina. AAE-1 is to be one of the first telecommunications cables connecting Asia, Middle East, Africa and Europe.

21 Saudi Arabia Saudi Aramco contracted Fugro for a major survey to map the Red Sea west coast of Saudi Arabia. The project involves 3 airborne bathymetric LiDAR systems and 5 multibeam bathymetric survey vessels, including the new Fugro Proteus. The work involves extensive data processing and data integration, and will continue well into 2015.

ASIA PACIFIC

22 Australia The Australian Transport Safety Bureau (ATSB) has awarded Fugro several contracts to search for the missing Malaysia Airlines aircraft MH370, which is assumed to have gone missing off the west coast in March 2014. Since June, Fugro has been deploying specialist vessels, equipment and expertise in the deep-water search. At the start of 2015, Fugro has 3 vessels working in the search, fitted with specialist deep tow survey systems and an AUV. The search is expected to take up to 12 months, but will of course end if the missing aircraft is found beforehand.

23 Australia Fugro completed the geotechnical site investigation phase for an LNG mega-project offshore Western Australia. The work included seabed testing, sampling and rotary boreholes in water depths down to 1,350m and was performed from Fugro's new geotechnical drilling vessel Fugro Voyager.

24 Australia Fugro was awarded two contracts by Woodside for engineering and project management services for completion of the Xena tie-in and removal of a flexible riser, as part of the Persephone development on the North West Shelf Australia.

25 Hong Kong Fugro is conducting a major nearshore geotechnical and environmental ground investigation programme and associated lab testing in the waters near the Hong Kong International Airport at Chek Lap Kok into early 2015 to provide data for the design and construction of the planned airport extension. This follows earlier site investigation work undertaken by Fugro around the airport.

26 Hong Kong Fugro was awarded a ground investigation contract by the Civil Engineering and Development Department of the government as part of an innovative scheme to rehabilitate a former quarry site, converting it into green areas to be used for public housing, open spaces and related community facilities. It includes drilling, in-situ testing and laboratory testing of soil and rock samples and integrated reporting.

CORPORATE SOCIAL RESPONSIBILITY

CSR APPROACH AND AMBITIONS

Fugro is committed to conducting its business ethically and contributing to sustainable development. This requires balancing short and long term interests of stakeholders and integrating economic, environmental and social considerations into decision-making.

Fugro's services enable clients to make responsible use of the Earth and its resources. Fugro assists in the development and utilisation of energy and natural resources, including water. We support the development and maintenance of general civil infrastructure and large buildings. Technical data, information and advice are made available to clients who design, construct, install and maintain large infrastructure, industrial installations and buildings so that they may do so in a cost effective, efficient, sustainable and safe manner.

Clients take important decisions for their projects on the basis of the information provided by Fugro. Fugro adds value to the data it collects by optimally combining expertise, equipment and technology. Fugro's staff make the difference in an increasingly competitive marketplace. Fugro's global presence, with strong local hiring and development programmes, takes advantage of diversity by ensuring that employees are in most cases local and therefore understand challenges and complexities from a local point of view.

Fugro is an independent service provider. This means that clients can trust Fugro to provide data, information and advice impartially and to their best interest. Clients can rely on Fugro there will be no conflict of interest situations with respect to other parties working on their design, construction and installation projects. Fugro, being a leading global supplier of geotechnical and survey services, makes an important societal contribution by being an independent services provider. Fugro's data, information and advice supports major investments in large infrastructure, industrial installations and buildings. Being independent ensures that clients are able to take key, informed and optimal decisions based on impartial data, information and advice provided in their best interest.

Safety is key to all our operations, and therefore an essential element of Fugro's corporate social responsibility (CSR) approach. Fugro management takes a proactive approach towards creating a safe working environment for all employees and is accountable for promoting continued safety education and training, assigning responsibility for all aspects of the HSSE policy (health, safety, security and environment), continuously reviewing potential areas of improvement, and ensuring thorough evaluation of every incident. Our approach is that all incidents and accidents are preventable.

Another important aspect of Fugro's CSR approach is respect for the environment. The demand for energy is increasingly being met by renewables such as solar, wind, biomass and tidal energy, creating new opportunities for Fugro. Reducing the environmental impact of Fugro's own operations is also an essential part of its CSR approach. The largest environmental impact relates to fuel consumption of its fleet of vessels and aircraft and energy consumption and use of materials at office locations. As a consequence, these are the areas that we focus on, for example in new vessels and buildings.

CSR organisation

The Corporate Social Responsibility agenda is set by the Board of Management and CSR is an intrinsic part of day-to-day operations. The CSR coordinator reports directly to the Chairman of the Board of Management, in order to promote and coordinate this agenda. The individual operating companies are responsible for local implementation of relevant practices within the policy framework set by the Board of Management.

CSR policy assurance

Fugro's CSR efforts are an integral part of Fugro's operations, and embedded in:

- **Code of conduct** Fugro's code of conduct, which was revised in 2014, provides the translation of Fugro's values into its day to day business activities. The purpose of the code is to provide guidance and support in order to conduct business ethically, comply with the law, and maintain Fugro's reputation. The OECD Guidelines for Multinational Enterprises were closely considered when drafting the code, covering topics like anti-corruption, human rights, competition and anti-trust and intellectual property. Every employee and thus every operating company is expected to support Fugro's values and related focus on business integrity, compliance with all applicable laws and regulations, respect for a healthy and safe workplace and the environment. The code is applicable to all employees, subcontractors and other business partners. It has a clear link to Fugro's whistleblower procedure which guides and encourages employees to speak up in case of an observed irregularity.
- **Business Partner Code** As Fugro aims to promote responsible behaviour throughout the supply chain, its Business Partner Code requires suppliers and sub-contractors to comply with Fugro's code of conduct, and conduct their business in an honest and ethical manner.

Deployment of deep tow scanner in search for the missing airplane MH370, Australia (source: ATSB; photo by ABIS, Chris Beerens, RAN).

- **Procedure to check agents** To enforce compliance with its anti-bribery and anti-corruption policies (as included in the code of conduct), an enhanced procedure to check the agents used by Fugro was developed in 2013 and implemented in the first half of 2014. This procedure includes a review of existing and new agents by an independent third party and a web-based self-assessment.
- **Fugro's health, safety and environmental management system** This establishes and defines the corporate vision, policy and principles for Fugro's HSSE management system, with which all our operating companies have to comply.
- **OHSAS 18001** All key operating companies (those with a relatively high safety risk profile) operate in accordance with this standard, which encompass the world's best recognised occupational health and safety management systems standard, for implementing occupational health and safety management systems, or equivalent certification. By the end of 2014, 93% of the key operating companies were certified or were close to certification.
- **ISO 14001** Fugro has set itself the goal of implementing a certified environmental management system (ISO 14001 or equivalent) for all its key operating companies. By the end of 2014, 81% of the key operating companies were certified or were close to certification.
- **Agreements with government authorities** Fugro complies with the legal regulations in the countries in which it operates.
- **Guidelines and standards within the sector** Many Fugro operating companies belong to professional trade organisations and adhere to the relevant guidelines and standards that the profession has set for itself.

Fugro actively seeks the opinions and ideas of its stakeholders through regular consultations. This includes use of customer satisfaction surveys, peer reviews, internal and external audits, shareholders' meetings and meetings with works councils in order to maintain an open dialogue with society.

Fugro is considering compliance with the Global Reporting Initiative (GRI) guidelines in order to further strengthen its CSR reporting efforts.

FOCUS AREAS, KEY DRIVERS AND ACHIEVEMENTS 2014

People

Focus areas	Key drivers	Achievements 2014
Providing a safe, secure and healthy working environment	Fugro strategy update 2013-2014.	Implementation of a regional HSSE support infra-structure in line with the new regional organisation.
	Corporate HSSE strategy (2014-2017): ■ Continuous improvement in HSSE standards and performance.	11% reduction in number of lost time injuries and 40% reduction in lost man days.
	■ Development of strong HSSE leadership and commitment throughout all management levels.	Rollout of 'Managing Safely in Fugro', an in-house course for managers and supervisors, with accreditation by Institution of Occupational Safety and Health (IOSH).
	■ Involvement of employees to ensure that HSSE is given equal priority as other business requirements.	Development of in-house e-learning course 'Working Safely in Fugro', mandatory for all employees not being supervisors/managers. To be rolled out in 2015.
	■ Taking the lead on HSSE matters relating to industry specific risks.	Recognition by external organisations, resulting in various HSSE awards.
	■ Ensuring that HSSE accountability and intervention is accepted and implemented at all levels.	Continuation of the successful iPower™ campaign, with focus on: ■ Hazard recognition and Intervention ■ Personal protective equipment.
Diversity and maximising local involvement	Focusing on hiring, training and development of local staff.	Growth in Fugro Iraq powered by local talent.
	Launching of global training centre in UK.	Fugro Brazil hires only local staff in 2014 and nationalises key management position.
		Staff representing multiple nationalities attend offshore survey training in the UK.
Ongoing personal development	Developing bespoke management and leadership development programmes.	Fugro launches new three tiered leadership and management training programme.
	Global HR focusing policies and programmes on employee professional development.	Launch of new internal performance review and appraisal programmes and new policy on simplifying intercompany transfers for development purposes.
	Prioritising internal training and development.	New records for Fugro Academy for course enrolments, unique participants, and activity levels.
	Maintaining relationships with universities to support staff development and recruitment efforts.	Fugro and the University of Plymouth receive award for innovation and collaboration.

Environment

Focus areas	Key drivers	Achievements 2014
Contributing to the renewables and sustainable infrastructure markets	Active participation through availability of technology, expertise and knowledge.	Completion of support services for one of the world's largest offshore wind farm (Gwynt Y Mor, North Wales). Provisioning of services and expertise to demonstration project of the Department of Energy (USA), off Virginia coast, to stimulate development of offshore wind farms in USA.
Reducing the environmental impact of our own operations	Certified environmental management system (ISO 14001 or equivalent) for all key operating companies. Further implementation of environmental planning systems on board vessels. Anticipating environmental management systems in the design of new vessels.	81% of Fugro's key operating companies are certified or close to certification (ISO 14001 or equivalent). Good progress ship energy efficiency management plan. Application of advanced hull coating, replacing conventional 'biocide' paint coatings. Completion of new office/warehouse building in the Netherlands according to LEED requirements.

Society

Focus areas	Key drivers	Achievements 2014
Supporting diverse activities	Representation and participation at local level.	Financial support for cultural heritage. Support for local environment and community initiatives.

PEOPLE

Healthy and safe working environment

Focusing on employee health and safety is an integral part of operational management as every employee is entitled to a safe work place. Fugro firmly believes that incidents can be prevented and has therefore implemented an HSSE management system at all levels of the organisation.

Fugro promotes visible leadership and sense of responsibility throughout its organisation, in particular with respect to safety. Senior managers have an important role in influencing health and safety. They set the policies and procedures, and decide on organisational objectives and priorities. In addition, senior managers have an obvious and important role in developing a positive health and safety culture by the example they set and the actions they take. At the same time it is clear that safety is the responsibility of every individual employee.

Fugro has a group-wide HSSE strategy (2014-2017).
Key activities in 2014 included:

- Roll out of 'Managing Safely in Fugro' in both the UK and the Netherlands via various pilot courses. This training has been developed for (middle-) management and supervisors and will be rolled out throughout the company over the next three years. The course is IOSH accredited.
- Appointment and implementation of regional HSSE managers, ensuring adequate and consistent (cross-divisional) HSSE support at the regional level.
- Introduction of 3 new leading safety performance indicators:
  - Management commitment and involvement - measured by number of senior management project and site visits.
  - HSSE competency and training - measured by number of successful completion of the IOSH certified HSSE training for supervisors ('Managing Safely in Fugro').
  - HSSE compliance - measured by overall score on the corporate HSSE audits benchmark .
- Development and company-wide roll out of iPower™ phases 7 and 8, focused on hazard identification and intervention and on personal protective equipment respectively.
- Providing guidance regarding the ebola outbreak in West Africa, with information sessions in Houston and Leidschendam.
- Organisation of the QHSE forum & awards event in Aberdeen (February) and first Dutch safety day in Leidschendam (November), interactive and informative sessions. These sessions, led by senior management, provided an excellent opportunity for everyone to get engaged and boost safety awareness within Fugro.

iPower™ Continued

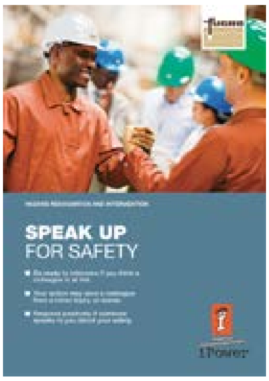
Fugro promotes and encourages employees' involvement in health and safety. The groupwide iPower™ campaign has made an important contribution towards achieving this over the last two years. Fugro has therefore extended the iPower™ campaign throughout 2014 and beyond.

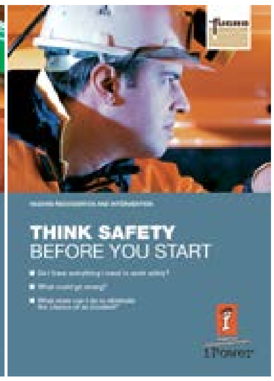
The objective of iPower™ is to encourage all employees to take responsibility for their own safety and that of their colleagues. It focuses on behaviour to complement the systems approach. The aim of the 2014/2015 campaign is to:

- Reinforce and promote people's 'self-responsibility' for health and safety, including an obligation to 'look out' for their colleagues.
- Communicate specific HSSE messages about any issue that has impacted Fugro's incident rate.
- Assist Fugro to move from a reliance on documented HSSE management systems to motivating employees to work safely and modify their behaviour, coupled with visible leadership.
- Get senior managers to engage with their employees by personally delivering the message.

iPower™ is emphasised at quarterly intervals via a series of short safety messages which also gives management the opportunity to enter into an open discussion with employees about behaviour and attitudes in the workplace.

Whereas iPower™ 7 was focused on hazard recognition and intervention, iPower™ 8 centers on what employees can do to protect themselves against the various risks by using personal protective equipment.





Fugro received two safety awards in Hong Kong.

Statistics show that Fugro's HSSE efforts in the past few years has been effective, with a further improvement in performance being recorded during the year under review. The numbers of lost time injuries and lost man days decreased in 2014 by 11% and 40%, respectively. Over the past five years, the total decrease was more than 50% and 70%, respectively.

At the same time there is an industry wide trend of a levelling off in the rate of improvement. Fugro is addressing this with an increased focus on behaviour next to continued systems based improvement.

Fugro works with safety indicators in line with the standards appropriate for the sectors in which it operates, with the aim to achieve an LTIF (lost time injury frequency) of less than 0.5 per million man hours worked (benchmark set by the international Association of Oil and Gas Producers).

The success of Fugro's safety policy is also recognised by external organisations, as evidenced by the various awards Fugro employees received in 2014:

- In March, Fugro Geotechnical services in Hong Kong received two safety awards from the Hong Kong Airport Authority; one for 'role model safety behaviour' and another for 'accident preventive measures'. Later that year, the same operating company also received an appreciation letter from the governmental Geotechnical Engineering Office (GEO) of Hong Kong for high safety performance in one of the major ground investigation projects and its efforts to create a positive safety culture throughout the project. In June 2014, Fugro was recognised by client McDermott Caspian contractors Inc for its excellent safety performance on the Chirag oil project. During the project Fugro Caspian attained zero injuries to personnel over 170,000 working hours.
- Fugro itself also awards prizes to operating companies that have distinguished themselves. Fugro Survey Middle East was awarded the 2014 Golden SAM ('safety always matters') for its consistent HSSE performance.

Diversity and maximising local involvement

Fugro is active in over 70 countries and works mostly with local staff and suppliers. This diversity has a positive effect on its operational activities as Fugro benefits from knowledge of local business procedures, legislation and traditions. Therefore, wherever possible, Fugro recruits local staff and provides them with opportunities to attend training courses on a local and international level.

Safety performance indicators

	Lost time injury frequency (x million hours)	Total recordable case frequency (x million hours)	Total lost work days
2009	1.71	4.59	2,143
2010	1.50	4.13	1,970
2011	1.29	3.68	2,131
2012	0.81	2.58	1,518
2013	0.81	2.17	820
2014	0.74	2.67	503

In Brazil, like in most countries, Fugro employs mostly local personnel.

Examples of achievements:

- Fugro is the premier geotechnical, and survey services provider in Iraq. With offices in Basra and Baghdad, and a workforce numbering 160 people, Fugro Iraq provides services to clients from the oil & gas sector, major contractors, infrastructure developers and government entities. Fugro has implemented training programmes to increase the skills of the Iraqi workers with a long term view of building the organisation within the country. Fugro Iraq has a strong and experienced workforce of local staff (95% of the total workforce). All of the projects in Iraq are currently executed by Iraqi staff members who have been trained by experienced Fugro personnel.
- Fugro Brazil had a busy recruitment year in 2014: 224 new employees were hired; all of these were recruited locally. In addition, Fugro Brazil signed a cooperation agreement with the Public Ministry of Labour to promote the employment of disabled staff in the job market.
- The recently opened training centre in Gweek, Cornwall, United Kingdom, hosted a full schedule in 2014 and dozens of delegates, representing many nationalities, were represented on the training courses. Delegates from Europe, Singapore, Indonesia, Brazil, Azerbaijan, South Africa and Angola attended the offshore survey training courses.

Ongoing personal development

With an emphasis on developing own internal talent, Fugro's Global HR team, in partnership and cooperation with in-house training provider Fugro Academy, has committed to building programs and creating opportunities that focus on personal development of employees. This is a key business driver as it helps to build a competent staff with clear advancement and professional development opportunities in the organisation. In this way, Fugro is building a workforce that will also be able to meet its long-term requirements. As part of this commitment, Fugro maintains close contacts with universities on a global basis.

Examples of programmes and policies focusing on employees' personal development:

- All operating companies are involved in the global 'Partnership for Growth' initiative. This is a global HR initiative seeking to encourage employees' personal development, with the objective to match individual career ambitions to the organisation's ambitions and targets. In 2014, Partnership for Growth launched a new group-wide standard in performance review and appraisal. The system, called Performance and Personal Development, version 2 (PPD v2) revised and built on the existing structures of the initial PPD system which was launched in 2011. It is currently being implemented globally and it offers an administratively simplified set of tools and enhances the opportunities for managers and employees to have meaningful discussions about individual career development. In addition, the global HR team launched an updated policy on intercompany transfers. The goal of this policy is to make transparent and simplify how staff can identify, apply for, and transfer to different jobs within Fugro on a worldwide basis.
- In partnership with the University of Plymouth in the United Kingdom, Fugro was recognised with a Times Higher Education Award for the university's development of a distance learning academic degree programme in hydrographic surveying. The programme was launched in summer 2012 and interest has continued to grow to the extent that over 400 delegates, including over 40 Fugro staff, are now taking this programme globally. The award recognised the innovative and collaborative approach taken by Fugro and the University of Plymouth in addressing a global need for ongoing education of marine personnel.

Fugro academy

By the end of 2014, Fugro Academy has been operating for eight years since its inception. In that time, the range and depth of courses available to staff has continued to grow, with a mix of classroom training and e-learning courses being offered, dependent on the subjects being taught. Fugro Academy was conceived as a virtually managed training organisation and continues to operate successfully with this model. Under this approach, experienced training staff deliver training at operating company facilities around the globe.

For example, prior to initial field deployment, Fugro provides specific technical and HSSE training to all employees, new and old, and much of this comes through Fugro Academy. Ensuring that all staff are familiar with the working environment and Fugro systems and processes is key to their successful integration into field teams and operations. Fugro Academy also continues to develop and provide e-learning courses to staff across the organisation so that all staff can benefit from training, irrespective of time and location. Many of the classroom courses are supplemented,

Fugro piloted two new leadership and management courses in 2014.

either before or after, by e-learning to reduce the time needed in the classroom. Most e-learning material is created internally using a mix of dedicated e-learning professional authors and experienced technical staff. Specialised 2D and 3D modelling software allow interactive courses to be made for complex equipment and processes, allowing staff to be familiarised and trained in systems prior to encountering them in real life.

The major developments in 2014 regarding Fugro Academy were:

- Fugro Academy has set new records for course enrolments, unique participants, and activity levels. In 2014, Fugro staff enrolled in 85,710 Fugro Academy courses (both classroom and e-learning) with a 99% course completion ratio. Since 2007, Fugro Academy has had more than 283,449 course enrolments with a 97% completion rate.

Fugro Academy

	Enrolments	Completions
2007	504	353
2008	2,077	1,532
2009	7,560	6,692
2010	30,074	28,447
2011	50,286	48,422
2012	57,504	55,642
2013	49,784	49,659
2014	85,710	85,331

- In 2014, internal management and leadership development programmes were relaunched. Major steps forward were taken in this area including a selection process to select a new vendor partner to assist Fugro in this effort, and the design and development of the new programmes, with the aid of management, human resources and training and development staff. Fugro piloted two new leadership and management courses in 2014: 'Growing My Team' and the mid-level program 'Growing My Managers'. Conceptual design for the senior level program 'Growing My Business' also began in 2014.

ENVIRONMENT

Contributing to the renewables and sustainable infrastructure markets

The growing demand for energy is increasingly being met by renewables such as solar, wind, biomass and tidal energy. New major infrastructure and building projects increasingly need to take environmental issues into account. Reduction of fossil fuel consumption and carbon emissions is therefore increasingly significant in determining the nature of the projects carried out around the world. With its technology and its employees' expertise and knowledge, Fugro has an important role to play in this respect. The demand for sustainable energy and sustainable infrastructure and construction create a range of new opportunities in new markets.

Projects relating to renewables and sustainable infrastructure:

- Fugro assisted with the construction phase of one of Europe's largest wind farms Gwynt Y Mor, off the coast of North Wales. After some unexploded ordnance (UXO) was discovered on the seabed close to one of the turbines, Fugro mobilised survey vessels at short notice to undertake detailed surveys of the seabed to look for further UXO. At the same time the survey looked at the scour around some of the turbine foundations. Fugro was on site providing relief drilling services to aid with the foundation pile installation and also we deployed one of our Q1400 cable trenching units to bury array cables. The system has unique jetting and cutting capabilities which enable us to bury cables in a variety of seabed soil conditions.
- In the United States Fugro provided geotechnical drilling, laboratory testing, consulting and reporting services to one of the demonstration projects awarded funding by the Department of Energy to stimulate the offshore wind market. A programme of work to survey the turbine foundations and export cable route including the landfall was performed from a jack-up platform off the coast of Virginia. Fugro used its local office to provide local knowledge, supported by the extensive knowledge gained from the offshore wind industry in Europe.
- In the Netherlands, Fugro and partners started the development of the dyke data service centre, a platform built around a national database for the storage of monitoring data in and around dykes and water barriers. IT technologies such as electronic sensors are increasingly used for the monitoring and control of water barriers. This technology advancement requires storage of vast (digital) data sets that is collected for this purpose.

Vessel being outfitted with advanced hull coating, which should lead to lower fuel consumption.

Reducing the environmental impact of our operations
Fugro has set itself an objective of promoting energy savings in its activities and increasing the use of sustainable materials. As well as reducing the impact we have on the environment, this will also generate major cost-savings. Fugro works as a service provider and does not own or operate any production facilities. Therefore our own operations have a relatively low impact on the environment. The largest environmental impact of our operations relate to fuel consumption by our fleet of vessels, vehicles and aircraft and energy consumption and use of materials at our office locations. As a consequence, these are the areas that we focus on.

Examples of projects focused on reducing consumption of energy and materials in 2014 (relating to the ship energy efficiency management plan, covering around 20 of Fugro's vessels):

- Pilot of the economic speed model: a model that advises the crew and operator what the most economically favourable speed is during transit, taking into account the fuel consumption and charter rate versus the vessel capabilities. When applied, this model determines the most economic speed for the vessel along the transit route.
- Advanced hull coating (Thorn-D®): An innovative new form of hull coating, which makes use of fibres on a plastic film attached to the hull, replacing conventional 'biocide' paint coatings. As a pilot, one vessel has been outfitted with this material. This should reduce bio-growth on the hull, pollution and drag, and in turn will lower fuel consumption.
- Fuel flow meters are a necessity for monitoring accurate fuel consumption. Vessels will be fitted throughout 2015.
- Options for implementing on-board performance management systems (fuel flow feedback vs. power output) available on the market have been evaluated. Through performance management systems, the fuel consumption information obtained with fuel flow meters can be coupled with power output diagrams of the engines, weather and current information, satellite imaging and much more, to provide the most accurate advice for the crew. Outcome of the evaluation is that Fugro may develop/set up its own in-house performance management system.

In October, two large Dutch operating companies moved into their brand new offices in the Dutch town of Nootdorp, less than 10 km from the Fugro headquarters in Leidschendam. The new TechCentre is a state-of-the-art green building with solar panels, thermal wells and a grey water collection system and paperless offices. It is anticipated that the building will soon be awarded with a platinum LEED certificate, which will be the first award of its kind in the Netherlands for a combined office/industrial building complex.

Fugro has set itself the goal of having a certified environmental management system (ISO 14001 or equivalent) for all its key operating companies. By the end of 2014, 81% of the key operating companies were certified or were close to certification. Compliance audits are carried out, both internally and by external agencies.

SOCIETY

Fugro's operating companies aim to be good corporate citizens by the way in which they contribute directly or indirectly to the general well-being of the communities within which they work. Managers and their staff are encouraged, where and when appropriate, to get involved in the local community, support charitable and cultural events and support trade and academic bodies whose aim is to improve the effectiveness of the industries in which Fugro operates.

Supporting social initiatives
The company encourages employees to become actively involved in CSR. Most of the projects supported by Fugro are initiated by local operating companies, and range from voluntary work (for example participation in 'Clean India Mission', a national campaign by the government of India, educational activities for students and school children), sponsoring in kind (for example via participation in charity sports events like sponsor walks and internships for students in for example Norway) to donations to local hospitals and other charities (for example related to multiple sclerose, cancer relief and children in need). In South Africa, Fugro supports The Homestead project, which helps street children.

In Angola, Fugro sponsors a soccer team for boys between 6 and 13 years.

Fugro seeks to preserve and promote accessibility to valuable local heritage, and therefore supports many different initiatives around the world, particularly in the area of arts and culture. By sponsoring the Concertgebouw Amsterdam, Fugro contributes to the latter's mission to enable as many people as possible to experience world-class classical music. Fugro also provides financial support to the Hermitage art foundation in Amsterdam, Museum Beelden aan Zee, the Mineralogisch-Geologisch Museum in Delft, the Hoge Veluwe national park, all in the Netherlands, and to the 'Holland' sea tugboat.

Scientific partnerships

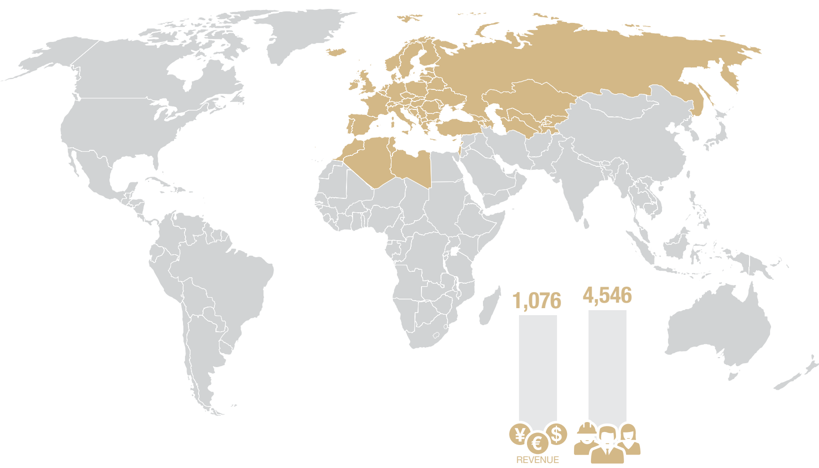
A significant part of Fugro's technology is developed in close cooperation with its clients. Moreover, in joint research and development activities with universities, institutes, and other companies, Fugro combines the strengths of its market knowledge and operational experiences with leading research insights and technological developments.
This way, Fugro supports the further development of technology, standards and methods that are both efficient and good for the environment and society.

Statistics (for more detailed information, see www.fugro.com)

- Relationships with universities & other institutes: at least 120 (amongst others with University of California, Berkeley (United States), University of Oxford (United Kingdom), University of Cambridge (United Kingdom), Ifremer (Institut français de recherche pour l'exploitation de la mer, France), IFP (Institut Français du Pétrole, France), TNO (geological Survey of the Netherlands), Marin (maritime research institute the Netherlands) Delft University of Technology (the Netherlands), Deltares (institute for applied research in the field of water and infrastructure), University of Singapore, University of Western Australia ("Fugro chair in Geotechnics").
- Scientific publications: estimated at around 100 per year.
- Involvement in funded research programmes with partners: currently around 25, amongst others in the field of offshore wind, subsea mining, remote geotechnical seabed surveys, positioning, sedimentation risks in coastal environments and real-time dike monitoring.
- Internal research and development projects: 150.

FUGRO AROUND THE WORLD

Europe



Shortly after the company was established in the Netherlands in 1962, Fugro's first order was confirmed: a cone penetration test of 50 km of motorway in Belgium.

Acting as a consultant to the North Sea oil and gas industry in the 1970s saw us expand into other European countries as the oil and gas sector became the most important cornerstone of Fugro's business. Further expansion has led us to have a presence across the whole continent and into Asia with development also taking place in emerging markets such as Kazakhstan and Azerbaijan, which are managed from Europe.

As well as our activities in the oil and gas market, we are the largest provider of offshore wind farm services and are also involved in sustainable energy projects onshore. We help clients optimise the design, construction and maintenance of infrastructure and other installations and carry out environmental surveys.

NORTH SEA PIPELINE INSPECTION

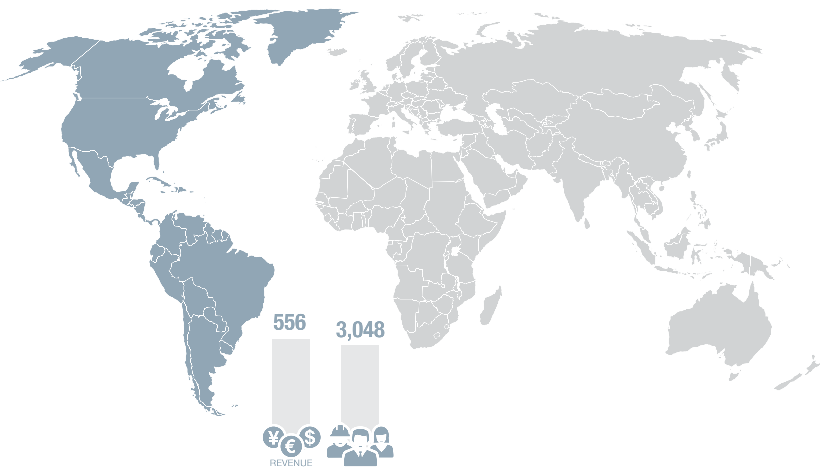
The bottom of the North Sea is a maze of oil and gas pipelines, as well as power and telecommunication cables. To determine the integrity of this infrastructure and when and where maintenance is needed, these pipelines must be regularly inspected. For many of the oil and gas companies active in the North Sea region, Fugro, as an independent service provider, is the preferred survey company to carry out these inspections. As a result, Fugro has become the main pipeline inspector of a significant part of the infrastructure beneath the surface of the North Sea and every year we survey around 10,000 km of pipelines in all sectors.

Various techniques are used depending on the requirements of our clients. The inspection survey can be carried out using side scan sonar, multibeam echosounder and sub-bottom profilers that are mounted in a vessel's hull or towed behind a survey vessel. In deeper water so-called remotely operated vehicles (ROVs) or remotely operated towed vehicles (ROTVs) with sensors and cameras are deployed to execute the inspections. The collected data are sent to the survey vessel via an umbilical connection.

The measurements and images that we collect show whether the inspected pipelines are intact, if they are still buried, where they are exposed and if there is any free space under or damage to the pipelines.

Instead of traditional hard copy reports, today we produce user-friendly HTML generated reports with integrated digital video of the pipelines.

Americas



The Americas region includes some of the world's largest reserves of oil, natural gas and other natural resources. Fugro serves these industries from offices in the US, Canada, Mexico and South America.

Following significant acquisitions in 1987 and 1991, we established a solid position in North America, helping governments and diverse industries meet their commercial objectives and environmental responsibilities. We provide technical data, detailed interpretation and project expertise for energy and resource exploration, development and production, infrastructure development and long-term integrity management.

Our expansion in the region mirrors its industrial and economic development, particularly in the energy, technology, mining and construction sectors. Expanding our presence in the Americas, we invested in a new operational base in Brazil in 2010 to meet the growing market demands. Here we undertake large complex site investigation projects and inspection, repair and maintenance programmes onshore and offshore, in particular in deep water.

ENVIRONMENTAL SITE SURVEY IN URUGUAY

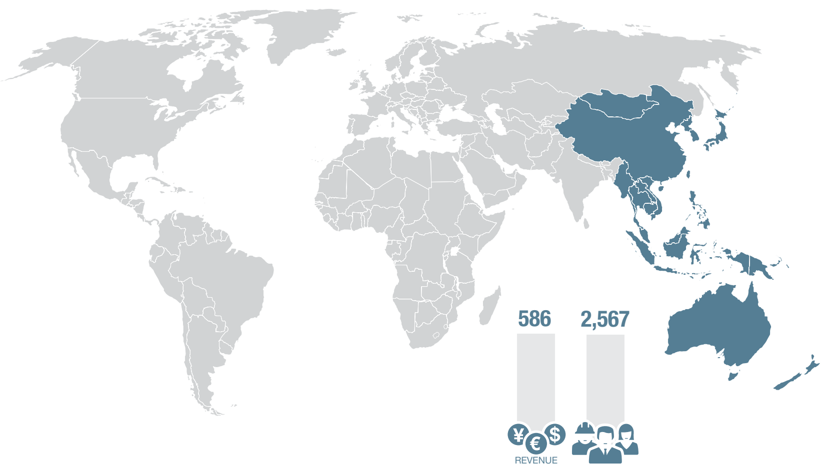
For major onshore and offshore infrastructure projects, installation and construction contractors are required to meet strict environmental regulations that limit the effect their work has on the (marine) environment. On behalf of government bodies and installation and construction contractors Fugro conducts independent surveys of the conditions of work sites before construction begins, in order to determine the environmental baseline and produce the mandatory environmental impact assessment reports.

Off the coast of Uruguay, we undertook a major integrated multi-discipline site survey. The initial workscope comprised an offshore meteorological and oceanographic measurement programme to characterise wind, wave and current conditions in the dynamic offshore environment to support planned exploration and provide baseline data for future developments. It was expanded to include a physical, chemical and technical analysis of the seabed, as well as a survey of the marine environment.

For the physical, chemical and geotechnical site surveys, two methods were used. With a multibeam echosounder and sub-bottom profiler we collected data to determine the best locations for taking geotechnical core samples and heat flow measurements. The data also accurately mapped the underwater landscape and seabed morphology and characterised shallow subsurface geological conditions. The second method involved taking soil samples for geochemical analysis and heat flow measurements from the locations identified using the geophysical data we acquired.

Fugro's new multi-purpose survey vessel, the Fugro Brasilis, provided the operational platform for conducting all aspects of the field work, and demonstrated her capabilities well in the harsh South Atlantic environment.

Asia-Pacific



With a presence since the 1960s in this challenging region of diverse cultures and climates, Fugro has repeatedly demonstrated its often unique ability to undertake combined multi-disciplinary site investigation programmes, and inspection, repair and maintenance services. Our knowledge and resources have supported numerous energy projects and contributed to the development and commercial success of many countries in the region.

From offices in Singapore and Hong Kong Fugro provides independent geotechnical engineering expertise and specialist site investigation services, supporting the offshore oil and gas industry and the region's growing infrastructure sector. In Australia, Fugro is market leader in survey and geotechnics and our acquisition of Advanced Geomechanics in 2013 allows us to further grow our geoconsultancy business.

The subsequent acquisition of Roames, a company specialising in 3D mapping solutions, supports the repositioning of Fugro's geospatial business line to focus on providing tailored geospatial information solutions.

GROUND INVESTIGATION IN HONG KONG

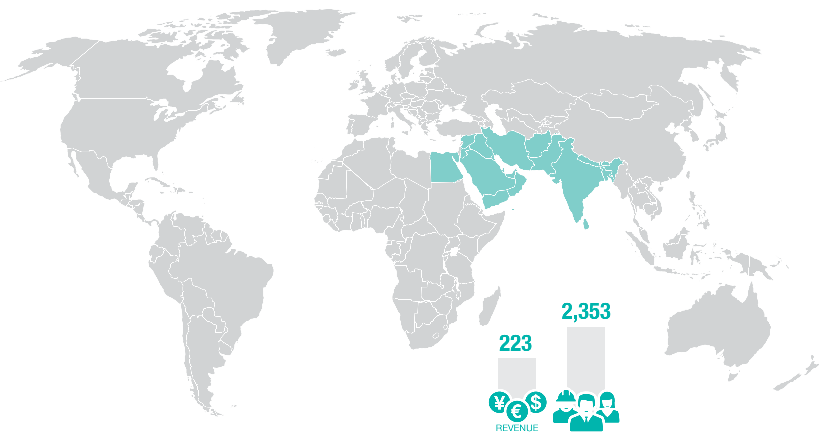
The design, construction, maintenance and operation of major infrastructure call for reliable and accurate data. Fugro has the technology and expertise to collect and analyse the appropriate data to develop a feasible, structurally sound and safe design and construction plan.

When Hong Kong International Airport considered a possible expansion with a third runway to be built on reclaimed land, it selected Fugro as independent service provider to carry out the necessary ground investigation. The work included drilling, geotechnical testing, soil and water sampling, geophysical surveys, reporting and water quality monitoring at over 300 locations in the waters north of the present airport.

Much of the work was related to investigating the engineering properties for preliminary design and environmental assessments of the proposed third runway systems.

Working within a few hundred metres of the runways of one of the world's busiest airports requires careful planning. The ongoing field works involve five vessels working around the clock for much of the contract period. We also carried out extensive laboratory testing in our Hong Kong facilities, including triaxial extension tests, which had not been previously been performed in Hong Kong outside a university research environment.

Middle East & India



Fugro established its first office in the United Arab Emirates in the 1970s and today we have a presence across the Middle East, providing a range of geotechnical and geophysical survey, mapping, inspection, testing, positioning, diving and consultancy services, and remotely operated vehicles (ROVs).

Our fundamental understanding of the unique geology and geography of the region enables us to deliver innovative solutions and economical advice to clients that include national and international oil and gas companies, governments, municipal works departments and construction companies.

Fugro's presence in India began in 1995 and our base in Navi Mumbai provides survey solutions and geotechnical services. We apply our expertise in water management in projects that result from erosion of the land surface and flooding. Our specialised geotechnical and material testing services are well suited to the needs of the residential, industrial and infrastructural sectors, where vertical growth requires stronger and deeper foundations.

RED SEA NAUTICAL CHARTS

The United Nations requires every country to issue nautical charts of their territorial waters for safe navigation. Fugro has carried out surveys for numerous governments in order to compile such charts.

In the Red Sea off the Saudi Arabian coast, we are involved in a programme of hydrographic survey works. The data is used for a variety of purposes, including the compilation and development of nautical charts to aid the safe navigation and to support oil and gas exploration activities in the area.

For this Red Sea bathymetry survey, Fugro utilised a combination of multibeam echosounder (MBES) and airborne LiDAR bathymetry (ALB) systems. The deeper areas – up to around 40 metres – were surveyed using the MBES system mounted on survey vessels. Fugro flew over shallower waters with small aircraft equipped with in-house developed ALB technology.

The collected data were processed at the operating sites, onboard the vessels and in the project production centre. Our experienced survey staff then generated the final compilation of merged MBES and ALB datasets for the client. Six different Fugro teams from Europe and the Middle East worked together on this project, each bringing their own specialised technology and expertise to the job.

The Red Sea survey was the maiden project for the recently delivered Fugro Proteus. She is one of the most advanced offshore coastal survey vessels ever built.

Africa

Working in Africa since the 1960s, Fugro initially acquired pre-engineering data for land-based foundation design in Nigeria and provided positioning services for seismic companies in Gabon and Congo. Since then, organic growth and acquisitions have led to expansion so that today we have offices, vessels and representation across this fast developing continent.

The vast scale and diversity of Africa challenges our expertise and capabilities and we meet that challenge with expertise and resourcefulness. We recently established our first fully certified geotechnical laboratory and permanent surveying and positioning services centre in the region. With the recent acquisition of Geofor and Earth Resources and the establishment of new offices in Angola, Mozambique, Tanzania and Uganda, we have strengthened our presence and leadership position in Africa.

By integrating our cross-divisional capabilities, we support onshore and offshore energy, mining and infrastructure projects with strategically placed local expertise and technical resources.

LUANDA GEOTECHNICAL LABORATORY

Fugro has a global network of more than fifty independent geotechnical, construction materials and marine environment laboratories. Having dedicated testing facilities enables us to safeguard the quality and reliability of survey results for our clients. All of our laboratories use state-of-the-art equipment to perform testing, analysis and reporting to local and internationally accepted standards. At these facilities we process soil and rock samples, construction materials and marine samples according to industry-recognised certifications.

In 2014, we opened a new geotechnical laboratory in Sonils Base in Luanda, Angola. The laboratory is one of Fugro's most modern testing facilities and it is equipped to perform all standard geotechnical testing, complemented with high-end special testing. Its capabilities range from geotechnical classification tests to state-of-the-art effective stress, consolidation and shear strength testing.

Following completion of the installation in December 2014 we began our first testing project. Early in 2015, we will introduce cone penetration test (CPT) surveying to complement Fugro's onshore geotechnical services. The laboratory and CPT testing capability will form a solid base to further develop our geotechnical services in Angola and Western Africa.

Fugro employs a local team of Angolan professionals in the new laboratory, all of whom have undertaken our in-house technical and HSSE (health, safety, security and environmental) training in Fugro's European laboratories.

RISK MANAGEMENT

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

Risk appetite and key risk areas

Risk category	Fugro's risk appetite	Key risk areas	Risks covered on page
Strategic	For strategic risks, acceptable risk levels vary depending on the subject at hand, where expected rewards have to justify the risk. Generally the appetite is between 'above average' to high.	■ Market leadership ■ Innovation and technology ■ Organic growth plus M&A in emerging and frontier markets	65 65 66
Operational	Operational risks are handled with a moderate risk appetite. However, all risks related to QHSSE are subject to low risk appetite.	■ Capacity management ■ Project management ■ QHSSE management	67 67 68
Financial	Financial risk appetite is low, with the intent to limit financial risks and maintain long-term solvency.	■ Capital risk	68
Compliance	Compliance is subject to a very low risk appetite as Fugro strives for a 100% compliance with legal and regulatory requirements.	■ Compliance	68

Sensitivity Analysis

	Change	Impact	On	Assumption (based on 2014 financials before impairments and one-offs)
Revenue (volume)	+ 1%	EUR 14 million	EBITDA	Flat net revenue own services
Revenue (price)	+ 1%	EUR 26 million	EBITDA	No change to cost base
Operating expenses	+ 1%	EUR (22) million	EBITDA	No change to revenue
Vessel utilisation	+ 1%	EUR 8 million	EBITDA	Equal contract terms
Days of revenue outstanding	+ 1%	EUR 8 million	Working capital	All other conditions remaining equal
Euro versus US dollar	+ 10%	EUR (8) million	Net profit	Stable revenue and margin in USD
Euro versus British pound	+ 10%	EUR (3) million	Net profit	Stable revenue and margin in GBP
Euro versus Australian dollar	+ 10%	EUR 2 million	Net profit	Stable revenue and margin in AUD
Euro versus Norwegian krone	+ 10%	EUR (4) million	Net profit	Stable revenue and margin in NOK
Interest rate	+ 100 bp	EUR 2 million	Financial charges	Average net debt 2014
Net debt	+ 100 million	EUR 2 million	Financial charges	Stable interest rates

RISK APPETITE AND SENSITIVITY

Fugro's risk management policies aim to identify, assess and manage risks in accordance with the company's risk appetite in different risk categories.

The table 'Sensitivity Analysis' illustrates the impact of changes in Fugro's financials, exchange rates or its interest rate on EBITDA, working capital and net finance income/(costs). The impact is based on the 2014 results before impairments and one-offs.

Fugro is aware of the risks it can be confronted with and has an internal control framework in place to manage risks and maintain internal controls.

INTERNAL CONTROL

The first level of the control environment consists of the employees that perform the day to day activities in the business operations, and their management. They have the obligation to obtain an appropriate level of understanding regarding their roles and responsibilities and carrying them out correctly and completely. They are owner of all risks related to their business operations and are expected to manage these by maintaining internal controls and executing risk and control procedures.

The second level consists of regional and divisional management and the company's support functions such as corporate controlling, tax, human resources, insurance and legal. These functions carry out various risk management and compliance activities to help build and/or monitor the first level controls.

Finally the third consists of the independent internal audit department which provides the line management, the Executive Committee and the audit committee with information about the structure, existence and effect of the system of internal control.

Responsibilities

The Executive Committee has the overall responsibility for Fugro's risk management and internal control systems. 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 monitoring of and compliance with the internal control systems. Management is bound by clear authorisation restrictions regarding representation. Management is also responsible for identifying and assessing strategic, operational, financial and compliance risks. A structured risk management process allows Fugro to take risks in a controlled manner. 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 way of working. Clarity and transparency are essential for assessing and evaluating risks. These are fundamental characteristics of the Fugro culture.

Internal control self-assessment

In 2014 the corporate controlling department initiated an internal control self-assessment (ICS) process that will lead to five self-assessments in 2015 followed by a more extensive roll-out in 2016, based on a scoping of risks, size (revenue) and regional spread. These self-assessments are aimed at increasing awareness of Fugro's overall internal control framework. They are focused on financial reporting, consistency in the use of standards and the effectiveness of controls, ultimately leading to an enhanced control environment. This process will evolve in the coming years, depending on evaluation of the new process and demands from internal or external stakeholders.

STRATEGIC RISK

Fugro's strategy 'Building on Strength' builds on eight strategic drivers. These strategic drivers have associated risks, for which Fugro has risk management measures in place.

Market leadership

Fugro strives to develop and maintain leadership positions in each of its markets with a specific growth ambition in emerging and frontier markets. This requires investments, including acquisitions. Continued analysis of market developments and in-depth knowledge of all Fugro's markets are aimed at making informed investment decisions, in order to realise healthy returns. Hard commitments to multi-year investment plans are limited. Fugro's market leadership is founded on the company being an independent service provider. If this status is lost, market leadership cannot be maintained.

Innovation & technology

Focus on innovation and technology enables Fugro to provide the best possible solutions to its clients. There is a risk that investments relating to research and development will not deliver new technologies and market opportunities or that competitors develop similar or better solutions, thereby deteriorating Fugro's competitive edge. By working closely with clients and understanding their needs, Fugro will be able to effectively invest in research and development resources. Furthermore, working with universities, technology institutes and other high tech companies gives Fugro the opportunity to leverage third party technology and R&D, resulting in increased effectiveness.

People

Fugro's employees deliver Fugro's services around the globe. Fugro requires well trained and for a large part highly educated employees. As Fugro continues to provide more high-end services as part of its strategy, the share of employees with higher degrees continues to grow. Not being able to recruit or retain qualified personnel is a risk that can impact both current and future operations and results. Fugro pays close attention to the development of its employees, through training, development, career opportunities and by focusing on improving retention.

All staff must adhere to Fugro's values, which cover behaviour, safety and compliance with laws and regulations.

Delivery excellence

Delivery excellence is consistently delivering results safely, on time, on budget and meeting or exceeding the clients' requirements. Increased contract size and complexity result in higher financial and execution risks. The project management handbook provides company-wide procedures for the preparation and execution of projects. Project managers receive additional training through the Fugro Academy and the project management function has been enhanced.

Standards

Standards are key to achieving high-quality results safely and consistently around the globe. Fugro's corporate handbook for senior management contains instructions regarding many business aspects, including risk management. This should limit the risk that people are unaware of applicable standards or do not apply them for other reasons. Most of Fugro's operating companies work in accordance with the relevant certificates such as ISO 9001, OHSAS 18001 or equivalent. Compliance audits are carried out internally, by clients and by external agencies.

Multi-market exposure

Fugro operates in multiple markets to achieve resilience against market volatility. Working in multiple markets exposes Fugro to an increased amount of risk and different kinds of risk. Nevertheless, approximately 80% of the Fugro business is exposed to oil and gas markets which makes the company vulnerable to the risk of declining oil prices. The remaining 20% of the business is mainly related to infrastructure, building, water and mining projects.

Organic growth plus M&A

Fugro complements organic growth with highly selective mergers and acquisitions. In most cases acquisitions serve to obtain special technologies, or to strengthen or improve market positions. Acquisitions always involve an element of risk. Therefore thorough and extensive due diligence (with external expertise when necessary) is carried out before any company is acquired. Acquisitions in emerging and frontier markets are considered to have a higher risk profile, specifically regarding compliance with Fugro's code of conduct. In those cases Fugro, in addition to the regular due diligence, checks on compliance by the selling party, in addition to obtaining applicable representations and warranties.

Global coverage

With its global reach, Fugro is uniquely positioned to support its global clients locally. In addition, it mitigates exposure to local economic volatility. However, this does require Fugro to operate in areas where its offshore operations may be vulnerable to acts of piracy. In addition, Fugro has exposure in countries with geopolitical risk where political systems may be unstable, or Fugro is required to work in joint ventures with local partners. Fugro is very selective and aims to work in areas where its people and assets are safeguarded, for example through working with reliable and reputable partners. Fugro's security procedures include routinely updated assessments of no-go or high risk countries or areas. In no-go areas, travel is prohibited. In high-risk areas, special procedures are followed.

OPERATIONAL RISK

Activity portfolio

Although Fugro's activities show a high degree of cohesion, they also target diverse markets, clients and regions. A high proportion of the activities, around 80%, is related to the oil and gas industry and as such Fugro is significantly exposed to declines of the oil price. The other activities are dependent on developments in the infrastructure and building, water and mining markets. The impact of positive and ne gative economic effects is reduced by:

- Cohesion between a broad range of services provided to different markets.
- Broad geographical spread.
- Fugro's position as an independent service provider to a diverse base of clients.
- Strong market positions.
- In the oil and gas market, exposure to the full value chain from exploration through development and production to commissioning.
- Size of the group.

Jack-up platform Skate III near Antofagasta, Chile.

Client base
Some of Fugro's contracts are awarded on the basis of long-term preferred supplier agreements. Typically, any single client does not account for more than around 5% of the total annual revenue. Having a large number of clients supports Fugro's independence and improves its stability.

Price changes
Fugro is, to a degree, sensitive to oil price changes and sudden changes in exchange rates, although it can adapt relatively quickly due to the general short term duration of its projects. Fugro's budgets are, for around 80%, based on the expected investments by the oil and gas industry. In the course of 2014, the rapidly declining oil price and increased capital discipline of oil companies especially impacted pre-FID spending on large capital projects. This negatively influenced demand for Fugro's services in the oil and gas market.

Capacity management
The fact that Fugro deploys specialist equipment implies the risk of capacity under-utilisation. Fugro is constantly alert for signals that indicate changes in market conditions so it can react quickly and appropriately. A deteriorating market may result in award and start up delays, impacting backlog, revenue generation and asset utilisation. Some of Fugro's survey and geotechnical activities take place at the start of a project or investment cycle of a client. 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 and project delays can lead to temporary shortfalls in revenue due to under-utilisation of capacity.

The weather and the availability of vessels are key factors for offshore activities in particular. Weather influences are calculated into the budgets and tend to average out over the year. However, extended periods of poor weather can impact annual revenue.

Increasing contract size results in less predictable award and project scheduling, which hampers optimal resource and asset utilisation. At the same time, the exchange of manpower and equipment between the various business units can improve utilisation. Part of the staff is appointed on a temporary basis or works on a freelance basis, providing Fugro with a certain flexibility to respond to variations in manpower needs.

In terms of the vessel fleet, Fugro strives for a balance between owned and chartered vessels. Chartering increases operational leverage but on the other hand allows for a natural wind-down of the fleet at limited costs in case of prolonged weak markets.

Project management
Good project management is essential for satisfactory project execution, especially as contract size and complexity of projects are increasing. Lack of management or control, either because of time or knowledge constraints, can cause serious damage to a project and Fugro's reputation, and may result in (financial) penalties. Therefore projects and contracts with a value or risk exceeding a specified amount must be approved in accordance with the applicable authorisation matrix, which is updated regularly by the Executive Committee.

Information and Communication Technology (ICT)
Fugro relies on a range of ICT systems (including hardware, software and network connections) to manage its business, support operations and deliver many of the advanced technological solutions which help to differentiate the company in the market place. Fugro actively develops proprietary hardware and software to support its range of specialist services. Consequently, malfunctioning of Fugro's ICT systems, due to either an outside attack or other internal system instabilities, may result in a delay of projects or a negative impact on Fugro's reputation.

Fugro's global ICT infrastructure is designed to fit the needs of a decentralised global organisation in a reliable and secure manner. At a global level, the interface between every operating company's LAN to that of any other Fugro company and the 'outside world' is monitored and controlled by a dedicated team of ICT security specialists. Fugro's ICT systems are constantly monitored for evidence of contamination by viruses or 'malware'. Access to client data and other confidential information and access from Fugro's WAN to 'social network' sites is limited for security reasons. The ICT security team operates independently from the ICT support staff in the operating companies.

QHSSE management

Fugro recognises that the industries in which it works expose employees to safety and security risks and is therefore committed to preventing these risks from turning into accidents. This is fueled by the belief that all accidents are preventable.

Fugro has a group-wide QHSSE strategy. Management at all levels is expected to focus on safety issues, and actively motivate, influence and guide employees' individual and collective behaviour. Every employee and contractor is expected to abide by the 'Golden rules of QHSSE', based on the premise that safety is the responsibility of every individual. Employees receive regular safety training and many of Fugro's processes have and continue to be analysed to identify possible risks and improve safety.

Catastrophes

Fugro operates globally and thus runs the risk of a major (natural) disaster impacting the ability to sustain operations or recover operational costs. Catastrophes are mostly of an external nature and cannot be foreseen. Fugro will respond to catastrophes as and when they occur. Procedures for immediate notification of incidents and a policy regarding accidents and injuries are in place. For the main processes and IT systems, proper back-up and restore procedures are in place.

FINANCIAL RISK

Capital risk

Fugro is exposed to the risk of breaching the covenants with its lenders, which could lead to penalties, higher interest payments or demands for (partial) repayment of debt. In order to maintain its funding and avoid any potential breach, Fugro was able to agree additional headroom for the two main financial covenants with its lenders for a defined relief period (see note 5.51.4 in the financial statements for detailed information). Negative developments impacting global liquidity could affect the ability of Fugro to raise or refinance debt in the capital markets or could lead to significant increases in the cost of such borrowing in the future.

Interest rate

Future interest rate risks are limited to bank loans, particularly in relation to its revolving credit facility. Fugro's objective is to limit the effect of interest rate changes on the results by borrowing a material part of its funding requirements with term debt with fixed interest rates.

Currency exchange rate

Fugro is exposed to fluctuations in exchange rates, which can impact equity, revenue and profitability. 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 minimised. However the currency movements at group level can be substantial, in particular related to equity. The recently appointed group treasurer will focus amongst others on improving transparency regarding the various currency exposures and will provide advice on how to mitigate these.

Fugro strives to match assets and liabilities in each applicable currency, hence make use of natural hedges. Rapid and radical changes in exchange rates can also influence the balance sheet and profit and loss account, which partly is due to the length of time between tenders being submitted and orders being awarded, during which period forward exchange hedging contracts would not be appropriate. Through standardisation and centralisation, improvements in cash plus exposure forecasting to a more granular level will be implemented. Fugro will be able to monitor and mitigate its transactional currency risks on a global level.

The group's investment in US dollar functional currency subsidiaries is partly hedged by means of the US dollar private placement loans, which reduces the currency risk arising from the subsidiary's net assets. The group's investment in its subsidiaries in the United Kingdom is partly hedged by means of the GB pound private placement loans. The hedge on the investments is fully effective. All exchange differences relating to this hedge have consequently been accounted for in other comprehensive income.
The group is sensitive to differences in the translation resulting from its operations in non-Euro currencies to Euro.

Credit

The credit risk creates exposure for Fugro in relation to accounts receivable with customers and loan repayment by business partners. A default by counterparties can have a material adverse effect on operating results. In 2014, Fugro has intensified its actions regarding debt collection from its customers to reduce this risk.

Price changes

Fugro is exposed to fluctuations in commodity and general prices. In the event that Fugro is not able to compensate for, or pass on, increasing fuel costs to customers, such price increases could have an adverse impact on operating results. Similarly, price changes in labour or services cannot always be passed on.

COMPLIANCE RISK

Compliance

Fugro's global presence exposes the company to regional and local regulatory changes that may impact the realisation of business opportunities including the risk of (temporarily) not being compliant with local laws and regulations.

To reduce this risk Fugro has a code of conduct (last updated October 2014) in place, which provides guidance and support to conduct business ethically, comply with the law, and maintain Fugro's reputation. Fugro applies a zero tolerance policy regarding non-compliance. The code of conduct is applicable to all employees, subcontractors and other business partners. It has a clear link to Fugro's whistleblower procedure which guides and encourages employees to speak up in case of an observed (potential) irregularity. New employees have to familiarise themselves with the code as part of their onboarding procedure and once a year management has to sign for compliance with the code. In the course of 2015, an e-learning course will be implemented for all Fugro employees.

Bribery

Fugro operates in certain parts of the world where there is risk of bribery. Fugro considers the commission or receipt of bribes in any form unacceptable. To enforce compliance with its anti-bribery and anti-corruption policy, an enhanced procedure to check agents used by the company was developed in 2013 and implemented in the first half of 2014. This procedure includes a review of existing and new agents by an independent third party and a web-based self-assessment.

Tax

Fugro operates in projects worldwide which exposes the group to various tax jurisdictions and complex tax systems. Depending on jurisdictions, tax rules as well as interpretations can be subject to changes, which can expose Fugro to the risk of unforeseen tax costs and costs of tax and legal representation. Fugro has a global tax department equipped to support Fugro's global activities and to mitigate or avoid risks related to tax. Whilst focusing on compliance with the increasingly complex demands of tax authorities, the tax department also focuses on tax efficiency, amongst others by giving tax advice to group companies on the financial impact of taxes in tenders and projects.

Insurance

Fugro is covered for several risks through either global or local insurances. As these insurances only apply when compliant with the limitations in the contract, Fugro is exposed to the risk of not being covered. To mitigate this risk, Fugro has detailed guidelines in place with respect to risks to be insured in place, disseminated throughout the organisation in a manual for managers of all operating companies and their employees who are responsible for insurances.

Claims and disputes

Some operating companies are involved in claims, either as the claimant or the defendant, within the context of normal business operations. Where necessary, provisions have been accounted for in the financial statements. Currently, 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 Financial Statements, adjustments to estimates are possible.

FINANCIAL REPORTING

Fugro operates in many different parts of the world, sometimes differing in accounting policies and local reporting requirements. This exposes Fugro to the risk of reporting figures that are not in line with the group's IFRS framework, which may have a (material) impact on the reported figures. To mitigate this risk a financial handbook and an accounting manual (last updated November 2014), containing detailed guidelines for the financial reporting, is available for the senior management and the controllers of all operating companies. Every 6 months all managers and controllers of operating companies and the responsible division director sign a detailed statement regarding the financial reporting and internal control.

The business plans of every operating company 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 to the responsible management. The monthly reports submitted by the operational management include an analysis of the achievements versus the approved plans and a forecast for the coming periods including actions to address any shortfall.

During 2014 Fugro prepared a transition to a new consolidation and reporting application, Hyperion Financial Management (HFM), which went live at the end of 2014. Simultaneously a tax reporting solution Hyperion Tax Provision (HTP), related to HFM, was configured to further optimise tax reporting as per 2015. At the end of 2014 a project was authorised to design and roll out a standard ERP system for accounting and project management to enable easier access to aggregated cross divisional financial and project information for all operating companies (except USA & Canada). Furthermore one global customer relationship management solution will be designed and rolled out.

Internal audit

In 2014 an independent internal audit department was established, professionalising the internal audit activities. The internal audit department assists the company with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

External audit

The financial statements of Fugro are audited annually by external auditors. These audits take place on the basis of generally accepted auditing standards. The external auditor does not act in an advisory capacity, except for activities relating to the financial statements. In the majority of these cases Fugro uses audit firms that are not used to carry out component audits. The performance of the external auditor is evaluated annually.

Audit committee

The audit committee comprises three members of the Supervisory Board and, given the risk appetite of the company, 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 page 77 and in the terms of reference of the audit committee. These terms of reference (included in the terms of reference of the Supervisory Board) are posted on Fugro's website.

MANAGEMENT STATEMENTS

ASSESSMENT OF INTERNAL CONTROL

The Board of Management has reviewed the effectiveness of the internal risk management and control systems, based upon the following information:

- Letters of representation signed by the management of operating companies.
- Reports of internal audit on reviews performed throughout the year. Twelve site visits were performed (34 operating companies). Observations and measures to address issues were discussed with local management, the Executive Committee and the audit committee. The main observations of internal audit relate to further improvement in general IT controls, amongst which segregation of duties.
- Management letter from the external auditor with observations and remarks regarding internal controls. This letter has been discussed with the audit committee and the Supervisory Board. The management letter notes that considerable progress has been made with KPMG's prior years' observations on internal control such as those with respect to the finance function at corporate level, including the internal audit and treasury function. Points of attention for further improvement included the forecasting process, Seabed's finance function, the IT environment and the intercompany reconciliation process.

The Board of Management concluded that good progress has been made with improvements in risk management and internal control and that the issues identified did not materially impact the consolidated accounts of Fugro N.V.

IN CONTROL STATEMENT

The Board of Management is responsible for the design and functioning of the internal risk management and control systems. Despite the risk management and control systems that Fugro has and will put in place, there can be no absolute certainty that mistakes, losses, fraud or unlawful activities will be prevented.

Based on the approach as outlined above, the Board of Management believes that to the best of its knowledge, the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2014.

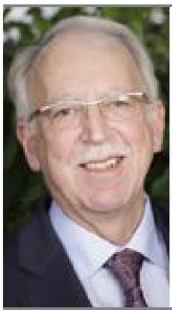
RESPONSIBILITY STATEMENT

In accordance with article 5:25c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Management confirms that to the best of its knowledge the financial statements (pages 99 to 185) give a true and fair view of the assets, liabilities, financial position and profit or loss of Fugro N.V. and the companies included jointly in the consolidation, and the annual report gives a true and fair view of the situation on the balance sheet date and the business development during the financial year of Fugro N.V. and the group companies for which the financial information is recognised in its financial statements. The principal risks and uncertainties, with which Fugro N.V. is confronted, are described in this annual report.

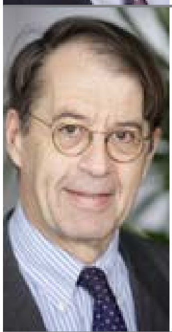
Leidschendam, 26 February 2015

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

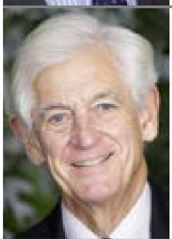
SUPERVISORY BOARD



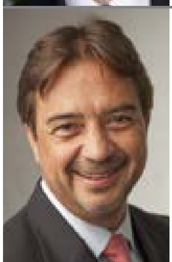
name	**Mr. H.L.J. Noy** (1951)
function	Chairman
committee	Chairman nomination committee; Chairman ad interim remuneration committee
nationality	Dutch
first appointed	2012
current term	Until AGM 2016
expertise	Management of listed consulting/engineering company with experience in infrastructure markets; strategy; internal risk management and control systems; corporate governance; shareholder and employee relations.
previous position	Chairman Executive Board and CEO ARCADIS N.V. until 16 May 2012
other functions	Supervisory board member Royal BAM N.V.; Extraordinary Board member Dutch Safety Board; Board member ING Trust Office and of Foundation Administration Office for shares of TKH Group.



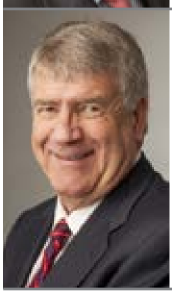
name	**Mr. J.C.M. Schönfeld** (1949)
function	Vice-chairman
committee	Chairman audit committee
nationality	Dutch
first appointed	2013
current term	Until AGM 2017
expertise	Financial management, administration and accounting; planning and control; financing; risk management and control systems; corporate governance and compliance; oil and gas sector experience.
previous positions	Several positions with Royal Dutch Shell Plc, including CFO of Deutsche Shell and Shell Netherlands. From 2001 until 2008, CFO and vice-chairman of the Board of Management of Stork B.V.
other functions	Supervisory Board member ARCADIS N.V.; S&B Minerals Holdings S.a.r.l. (Luxembourg); Technical University Delft (the Netherlands); Royal Art Academy and Conservatorium (The Hague) and Foundation Continuity ICT.



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



name	**Mr. A. J. Campo** (1957)
committee	Member remuneration committee; Member nomination committee
nationality	Colombian
first appointed	2014
current term	Until AGM 2018
expertise	Senior management roles in the global oil and gas services business; experience with emerging markets and with large multidisciplinary projects; experience with management development.
previous positions	Multitude of senior management positions at Schlumberger and CEO of Integra Group
other function	Vice-chairman board Basin Holdings



name	**Mr. D.J. Wall** (1953)
committee	Member audit committee
nationality	American/Canadian
first appointed	2014
current term	Until AGM 2018
expertise	Senior management roles in the global oil and gas services business; strategic planning, financial management and risk management; shareholder relations.
previous positions	President and CEO of Patterson-UTI Energy, Group President of completions and production at Baker Hughes, variety of executive positions with other oilfield services companies in Canada.
other function	Board of Directors of Select Energy Services

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

REPORT OF THE SUPERVISORY BOARD

The year 2014 has been a difficult year for Fugro with very disappointing financial results. This was largely caused by an unexpected and strongly deteriorating oil and gas market from which Fugro derives close to 80% of its revenues. The downturn in the oil and gas market started with the announcement of capital discipline programs by major oil companies in the fourth quarter of 2013 and was exacerbated by a significant drop in the oil price in the course of 2014. In September 2013, just before market circumstances started worsening, Fugro introduced its 'Growth through Leadership' strategy, fully focused on growth to strengthen the company's leading market positions. As a consequence, the company was in a 'growth mode' and needed some time to adjust to the rapidly changing oil and gas markets. In addition, the Seabed Geosolutions joint venture that resulted from the divestment of Fugro's Geoscience division, struggled with lack of work and execution problems in some major contracts which caused severe losses throughout the year.

In the meantime, management has taken a series of actions: the strategy has been adjusted to bring more focus in Fugro's activities; priorities have shifted from growth to profitability, cash generation and return on capital; the Seabed Geosolutions joint venture is being restructured and the company is actively seeking options to reduce its stake; and measures have been taken to improve profitability in Fugro's core businesses.

The poor performance in 2014 also led to pressure on the covenants related to the loans Fugro has from banks and other lenders. We are glad that the agreements with the banks and lenders could be amended giving the company room to take the necessary steps to restore its financial strength. With, at year end 2014, a solvency ratio of 43% and a net debt to EBITDA ratio of 2.2 Fugro's balance sheet is healthy. We fully support management's actions to further reduce debt by divesting non-core assets, limiting investments where possible and improving working capital.

Fugro's core business in geotech and survey offers ample opportunities for profitable growth and value creation. The focus on this core business, the ongoing performance improvement programs, the initiatives regarding Seabed and Subsea and the actions to reduce debt, should build the basis in 2015 for Fugro to capitalise on its strong and unique market positions in the interest of all its stakeholders.

2014 FINANCIAL STATEMENTS AND DIVIDEND

This Annual Report includes the 2014 Financial Statements, which are accompanied by an unqualified independent auditor's report of the external auditor, KPMG Accountants N.V. (KPMG). These Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and section 9 of Book 2 Dutch Civil Code.

On 24 February 2015, the audit committee discussed the draft Financial Statements with the Chief Financial Officer (CFO) and KPMG. The audit committee also discussed the auditor's report, the quality of internal risk management and control systems and had a discussion with KPMG without Fugro management being present.

On 26 February 2015, we discussed this Annual Report, including the 2014 Financial Statements, with the Board of Management, in the presence of KPMG. Furthermore, we took note of the reporting from the audit committee and reviewed the auditor's report and the quality of internal risk management and control systems. We are of the opinion that the Financial Statements and the report by the Board of Management provide a true and fair view of the state of affairs of Fugro including the management policies pursued.

We propose that the shareholders adopt the 2014 Financial Statements and discharge the members of the Board of Management in office in the 2014 financial year for their management of the company and its affairs during 2014, and the members of the Supervisory Board in office for their supervision over said management. We concur with the decision of the Board of Management that due to the poor results and in order to strengthen the balance sheet, no proposal will be submitted to the shareholders to distribute a dividend over the year 2014.

READJUSTED STRATEGY 'BUILDING ON STRENGTH'

The growth strategy that Fugro introduced in September 2013 was based on an extensive market survey by an external consultant. This resulted in the conclusion that Fugro had to grow its business in order to maintain market share. The unexpected deterioration of the oil and gas markets which accelerated in 2014 was not foreseen. The Supervisory Board spent considerable time on discussions with the Executive Committee about these market developments and the resulting challenges and financial and organisational consequences. As the downturn in the oil and gas markets severely impacted the company's results, compounded by the unacceptably large losses of the Seabed Geosolutions joint venture, it was necessary to redirect the company's strategy. This readjusted strategy, 'Building on Strength', is fully focused on improving profitability, return on capital and cash flow generation and was published on 29 October 2014.

A key element of the readjusted strategy is Fugro's decision to focus on its geotechnical and survey activities, a decision which we fully support. Fugro is actively seeking options to reduce its stake in the Seabed Geosolutions joint venture. For Subsea, the process to find a partner to create a strong subsea services player is underway. Options include a divestment of (part of) this business.In addition, Fugro has decided to exit the light well services market and is pursuing a divestment of the Synergy vessel. The ongoing performance improvement programs in each of the divisions, have been expedited, and additional cost reduction measures have been taken. All these measures should improve profitability and financial strength and bring Fugro back on track to build out its position as the world's leading provider of geotechnical and survey services for the oil and gas and infrastructure markets, onshore and offshore.

In November 2014/ January 2015, Boskalis, a Dutch based dredging and maritime contracting company, has built a stake of more than 20 per cent in Fugro. This happened without any preceding discussions with Fugro's management and was unexpected and unsolicited. We have taken note of Boskalis' repeated statement that it has no intention to make an offer for Fugro. Fugro's ability to provide its services independently is fundamental to the success of the company and a key underlying element to its strategy. We support management's view in this respect.

STRENGHTENING OF FINANCIAL PROCESSES

The strengthening of Fugro's financial organisation and processes continued to be an important area of attention for our board and especially for the audit committee. Early 2013, it was concluded that Fugro's size and geographical spread in combination with changed rules and regulations, required an upgrading of the company's financial organisation and processes. This process was started in 2013, but especially since the appointment of Paul Verhagen to the Board of Management as of 1 January 2014 and as new CFO as of 6 May 2014, good progress has been made. This includes the establishment of a dedicated and independent internal audit department and the appointment of a head of internal audit; the engagement of a corporate treasurer; strengthening of the corporate control department; the initiation of a working capital improvement program; and the roll out of an upgrade of the financial management reporting system Hyperion. As of 1 January 2015, a chief information officer (CIO) has been appointed to take overall responsibility for Fugro's IT systems.

In 2014, the implementation of the regional organisation to enhance collaboration and improve service delivery of larger,

Preparing equipment for offshore geotechnical investigations.

integrated projects was largely completed. Key support functions (finance, quality health safety security and environment, human resources) were embedded in the regions in order to improve quality and efficiency and to drive standardisation of processes.

In close consultation with the audit committee, these improvement processes will continue in 2015. As this also leads to increased efficiencies, it will enhance profitability.

SUPERVISORY BOARD ACTIVITIES AND MEETINGS

The rapidly changing market conditions and their impact on Fugro also had consequences for the involvement of our Board. We had eleven meetings in total. Six regular scheduled meetings were held jointly with the Executive Committee, 3 of which were preceded by 'closed meetings'. In addition, five extra meetings were held by conference call. None of the Supervisory Directors was regularly absent. The overall attendance percentage was 95%. Members who were absent informed the Chairman in advance of their views on the items on the agenda. Outside of the meetings the Chairman was in regular contact with his colleagues, the CEO and other members of the Executive Committee when necessary or useful. The Chairman acts as the first point of contact within the Supervisory Board for the CEO. By way of preparation, many subjects are discussed in advance in one of the Supervisory Board committee meetings.

A few members of the Supervisory Board attended part of Fugro's annual 'May managers meeting', at which, amongst others, Fugro's senior management discussed the implementation of the strategic plan, the regional structure, support functions and HSSE. In September, our meeting was combined with visits to operating companies in Houston and Lafayette in the United States. Management of the operating companies gave presentations on market developments, competitive position, performance and main challenges and opportunities going forward. These company

Deployment of thruster from ROV support vessel, Fugro Saltire.

visits and meetings with senior management take place annually and provide us with additional insight into the quality of local operations and management. In September 2015, the Supervisory Board intends to visit operating companies in Dubai and Abu Dhabi.

Each meeting with the Executive Committee starts with a discussion on health and safety ('safety moment'). Although the Supervisory Board notes that Fugro's general safety performance has improved again, the overall number of incidents has slightly increased in 2014. In addition, the company had to regret two fatalities. Although these were non-work related, they happened while the employees involved were on an assignment for Fugro. We discussed with the Executive Committee the lessons learned and the actions to prevent these tragic accidents in the future. We encouraged the Executive Committee to further improve the safety culture and behaviour at all levels within the company to be able to make the next step in safety performance. All levels within the company should contribute in achieving this objective.

In the meetings with the Executive Committee the recurring items on the agenda were, amongst others, market developments; financial performance and forecasts per division and for Fugro as a whole; developments in operating companies; organisational developments; strategy; working capital and cash flow; acquisitions, investments and divestments; human resources management; ICT; HSSE; internal control and risk management; compliance; share price development; investor relations; and the performance of the Seabed Geosolutions joint venture. The meeting reports of the audit committee, the nomination committee and the remuneration committee were also discussed. Non-cash impairments and one-offs became regular items as of May and financial covenants as of the meeting in July.

Next to the regular agenda items, the following items were discussed:

In January we approved the annual budget for 2014. We also discussed the implementation of the strategy and the ability to adjust the investment program of the Survey division when the market would turn out to develop differently than assumed; the progress on the restructuring of the Subsea division; the performance of the Seabed Geosolutions joint venture; and the functioning of the members of the Executive Committee and their remuneration.

In March the annual results 2013 were discussed and the Annual Report 2013 was approved. We agreed with the proposal to pay a dividend of EUR 1.50. We also discussed the outlook for the markets in which Fugro operates in view of the fact that the growth in oil and gas investments was decelerating. In a closed part of the meeting, without members of the Executive Committee attending, we discussed our self-evaluation, the composition of the Supervisory Board; the annual bonus 2013 for the Executive Committee; and the amendment of the remuneration policy for the Board of Management.

In May we were informed on the weak first quarter. Especially the results of the offshore activities were below expectations, largely caused by adverse weather conditions in various regions. We also discussed and approved the trading update for the first quarter and the outlook for the first half of 2014, and we had to conclude that the risk of impairments, as already identified in the 2013 Annual Report, was still applicable. Mr. Verhagen, who would be appointed as new CFO on 6 May 2014 after the AGM, gave a presentation on the finance roadmap he had developed to improve and strengthen the finance organisation. In a closed meeting we discussed amongst others the targets for the annual bonus 2014 for the Executive Committee.

On 9 July a conference call was held to discuss the development of the results in the second quarter. These results deviated considerably from expectations. Furthermore impairments and financial covenants were discussed. After extensive discussion it was concluded that it was necessary to issue a press release (profit warning). It was also concluded that in light of the changing market circumstances, the strategy needed to be adjusted and the strategic targets to be reassessed.

In August the half-yearly report 2014 was approved and a lot of time was spent on the performance of the Seabed Geosolutions joint venture. Various options were discussed to improve performance and to minimise the losses. Impairments and financial covenants were also discussed. Furthermore, a revision of the strategy was discussed, including the impact of various financial models on the strategy targets. A conference call on 10 August was held to approve the final version of the half-yearly report.

In September we extensively discussed the revised strategy as prepared by the Executive Committee. Impairments and financial covenants were discussed again including the action plans to prevent a potential breach. We also received a presentation on the activities and performance of Seabed and the various options to solve the problems. In a closed meeting the situation regarding the Seabed Geosolutions joint venture was discussed again, and it was concluded, amongst others, that changes in Seabed Geosolutions' management were necessary. General market conditions and division specific developments were discussed at length. We also took note of Fugro's new code of conduct and an updated version of Fugro's anti-bribery & corruption policy.

In October we had three meetings which were held as conference calls. In the first two meetings we discussed in detail the readjusted strategy, including the revised financial targets. We were also informed on the developments in the third quarter, possible impairments and the situation with respect to financial covenants. In the third meeting impairments and covenants were discussed again and the draft press release regarding the trading update for the third quarter and the revised strategy update was reviewed and approved. It was also decided to include in the trading update that Fugro did not expect to pay a dividend over the year 2014.

In November we discussed the unsolicited and unexpected acquisition by Boskalis of a capital interest in Fugro of 14.8%, shortly thereafter increased to 20.01%. We also discussed covenants, impairments, the outlook for the full year and financial scenarios for 2015. With the division directors we discussed action and improvement plans at length. We were also informed on feedback from the capital markets day and the road shows that were held in the first week of November.

In a conference call in December we were updated on the discussions between the company and its lenders on a temporary adjustment of two financial covenants and on the related definitions. Furthermore, we were updated on developments in the fourth quarter.

PROFILE OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of five members of American/Canadian, British, Colombian and Dutch nationality (see page 72 for details). The Supervisory Board has formulated a profile defining its size (six) and composition, taking into account the nature of the company and its activities. The composition of the Supervisory Board and the combined knowledge, skills, experience and expertise should be such that it fits the profile and the strategy of the company. Diversity, including gender related, is an important consideration in the selection process for (re) appointment of Supervisory Directors. However, the first priority when considering vacancies is quality, expertise, experience, independence and nationality. Gender is important but is only part of diversity. In 2014, the Supervisory Board indicated that it aims at having at least 30% of each gender among its members in 2016.

On 23 January 2015, the Supervisory Board announced that it nominates Mrs. Petri Hofsté and Mrs. Anja Montijn for appointment as members of the Supervisory Board at the AGM, to be held on 30 April 2015. Following these appointments and the stepping down of Mr. John Colligan at the end of the AGM on 30 April 2015, the Supervisory Board will again consist of six members (in line with the Supervisory Board profile), being Mr. Harrie Noy (chairman), Mr. Maarten Schönfeld (vice-chairman), Mr. Antonio Campo, Mrs. Petri Hofsté, Mrs. Anja Montijn and Mr. Douglas Wall. As a result, the composition of the Board will be in compliance with the requirement of at least 30% of each gender.

The Supervisory Board attaches great importance to the independence of its members. All Supervisory Board members are independent within the meaning of the Dutch corporate governance code ('Code'). Supervisory Board members do not carry out any other functions that could jeopardise their independence. Fugro does not provide any loans, shares or options to its Supervisory Board members and their remuneration is not dependent on the results of Fugro. None of the current Supervisory Board members holds any shares in Fugro nor held any shares in 2014. Both the composition of the Supervisory Board and the expertise and experience of its individual members comply with all corporate governance rules and requirements. The Supervisory Board's functioning is governed by terms of reference, which are available on Fugro's website.

FUNCTIONING OF THE EXECUTIVE COMMITTEEE AND OF THE SUPERVISORY BOARD

The Supervisory Board evaluated the performance of the Executive Committee and its individual members, with input from the CEO regarding the performance of the members of the Executive Committee. Following this, the nomination committee had meetings with each member of the Executive Committee in which feedback was given on performance and personal targets were set for 2015. The discussions were good and open minded. The conclusions were discussed in a closed meeting of the Supervisory Board.

In December 2014 and the beginning of 2015, the Supervisory Board also reviewed its composition and its own performance and that of its three committees. At the end of 2013 and early 2014, an external and independent consultant had been engaged to assist with the self-assessment. This time the internal self-assessment was based on a questionnaire, which was completed by each

Hook up of deep tow scanner prior to deployment in search for missing plane MH370 (source: ATSB; photo by ABIS, Chris Beerens, RAN).

Supervisory Board member and plenary discussed in a closed meeting. The outcome of the self-assessment led to several suggestions for further improvement. These suggestions relate, among other things, to compliance; dissemination of information by the Executive Committee; the Supervisory Board induction program and the exposure to the Supervisory Board of the senior management level below the Executive Committee.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has three permanent committees: the audit committee, the nomination committee and the remuneration committee, to which certain tasks are assigned. The chairman of each committee reports the main considerations, findings and recommendations to the full Supervisory Board.

AUDIT COMMITTEE

The current members of the audit committee are Mr. Maarten Schönfeld (chairman), Mr. John Colligan and Mr. Douglas Wall. When Mr. Colligan steps down from the Supervisory Board in April 2015, he will be succeeded by Mrs. Petri Hofsté if she is appointed to the Supervisory Board by the AGM on 30 April 2015. 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. Schönfeld acts as financial expert within the meaning of the Code. Mr. Wall joined the committee after his appointment to the Supervisory Board on 6 May 2014. He succeeded Mrs. Marion Helmes who stepped down on 6 May.

The audit committee met six times in 2014. All meetings were attended by the CFO and the external auditor (KPMG). The head of internal audit attended most of the meetings since his appointment in May 2014.

Recurring items on the agenda were, amongst others, the annual financial statements and the quarterly and half-yearly results; the 2014 group audit plan; management letter and board report of KPMG; pensions; taxation; insurance; claims and disputes; compliance; project Hyperion (upgrade of the financial management reporting system); working capital improvement program; internal audit and work plan; internal audit reviews; and the profit plan 2015. Furthermore risk areas, such as hedging, fluctuations in currency exchange rates, valuation of the multi-client data library were also discussed, as was the finance roadmap (improvement and strengthening of the financial processes and the financial organisation); due diligence processes on agents; and the functioning of the internal risk management and control system. Considerable time was spent on review of and discussions on (possible) impairments and one-offs and on financial covenants and the possible breach thereof.

Appointment of new external auditor

At the AGM held on 6 May 2014, KPMG Accountants N.V. was reappointed to audit the 2014 and the 2015 Financial Statements. In accordance with new Dutch legislation for audit firm rotation, Fugro is required to appoint a new auditor for the audit of its financial statements from 2016 onwards. In order to ensure an orderly transfer and to be able to contract a highly qualified audit team, it was agreed to start the selection process in the second half of 2014 in order to be able to appoint the new auditor at the AGM of 2015.

A tender was conducted in the second half of 2014. On the basis of the proposals submitted by the firms, the presentation of the teams, references that were obtained and the proposed transition plans, the audit committee and the Board of Management concluded that Ernst & Young Accountants LLP would be the most appropriate candidate. Following the recommendation of the audit committee and the Board of Management, the Supervisory Board proposes to appoint Ernst & Young Accountants LLP as the new independent auditor for Fugro to audit the financial year 2016.

NOMINATION COMMITTEE

The current members of the nomination committee are Mr. Harrie Noy (chairman) and Mr. Antonio Campo. The former third member, Mr. Gert-Jan Kramer, will be succeeded by Mrs. Anja Montijn if she is appointed to the Supervisory Board by the AGM on 30 April 2015.

In 2014, the committee met five times, mostly with the CEO and the global HR Director being present. The committee also met informally on a number of occasions. The recurring topics that were discussed included, amongst others, global human resources, succession planning, (re)appointments, annual assessment of the Executive Committee and its individual members and the process for self-assessment of the Supervisory Board. The committee also evaluated the profile and composition of the Supervisory Board in view of the vacancies in the board and was involved in the selection process of new board members. For that purpose, the committee engaged the services of an executive search firm to assist with the successions.

REMUNERATION COMMITTEE

The current members of the remuneration committee are Mr. Harrie Noy (chairman ad interim) and Mr. Antonio Campo. The former third member, Mr. Gert-Jan Kramer will be succeeded by Mrs. Anja Montijn if she is appointed to the Supervisory Board by the AGM on 30 April.

The remuneration committee advises the Supervisory Board on the remuneration policy for the Executive Committee and on the application of the remuneration policy for individual members of the Executive Committee. In 2014 the committee met four times, mostly with the CEO and the global HR director being present. Recurring topics included, amongst others, the remuneration policy for the members of the Executive Committee and their remuneration; the annual bonus (STI) regarding the previous year; targets for next year's annual bonus (STI); and the allocation of conditional performance shares and performance options to the Executive Committee and to the other participants in Fugro's option and share plan (LTI). Considerable time was spent on adjustment of the remuneration policy and the design of a new option and share scheme.

Adjustment of the remuneration policy

On 6 May 2014, the current remuneration policy for the Board of Management was adopted by the AGM. This remuneration policy is available on Fugro's website. The remuneration includes, amongst others, a long-term incentive (LTI), consisting of conditional performance shares and conditional performance options. These conditional shares and options are performance related and vest after three years, depending on the achievement of predetermined criteria. This is further explained in the remuneration report.

The criteria for vesting of the conditionally granted performance shares and options are based on Fugro's strategy. Due to the readjusted strategy 'Building on Strength', as published on 29 October 2014, the remuneration committee discussed and evaluated the LTI, supported by an external consultant. After due consideration, it was decided to bring the vesting criteria in line with the readjusted strategy. This change will be proposed by the Supervisory Board to the AGM on 30 April 2015. Details of this proposal will be available in the explanatory notes to the agenda for the AGM.

Scanning prehistoric paintings in underwater cave. (© Courtesy of French Ministry Of Culture and Communication/Immadras)

COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Board of Management

In the AGM held on 6 May 2014, Mr. Paul van Riel (CEO) was re-appointed to the Board of Management. Mr. André Jonkman stepped down from the Board of Management. He was succeeded as CFO by Mr. Paul Verhagen, who was appointed to the Board of Management as of 1 January 2014.

At the upcoming AGM on 30 April 2015, Mr. Mark Heine (41) will be nominated for appointment to the Board of Management. He is member of the Executive Committee and Director of the Survey division since May 2013. Mark Heine joined Fugro in 2000 and served, amongst others, as Managing Director of Fugro Survey B.V. and as Regional Manager Europe-Africa for the Survey division. He holds a MSc in Geodetic Engineering from Delft University of Technology.

At the end of the upcoming AGM on 30 April 2015, the four-year term of Mr. Scott Rainey will expire. He has indicated that he is not available for re-appointment, as after 34 years at Fugro, he has decided to retire. During his long involvement with Fugro, he has greatly contributed to the development of the company and especially the geotechnical activities and Fugro's business in the United States. We want to thank him for that. He will continue his activities regarding the Seabed Geosolutions joint venture and the implementation of the strategic options for this unit.

The size and composition of the Board of Management and the combined experience and expertise should be such that it best fits the profile and strategy of the company. This aim for the best fit in combination with the availability of qualifying candidates has led to a Board of Management in which currently all four members are male. Attention is paid to gender diversity in the profiles of new Board of Management members. Unfortunately, not many women fill senior positions in the highly technical environment in which Fugro operates. Nevertheless, the company encourages the development of female talent which has led to appointments in key management positions.

Supervisory Board
In the AGM on 6 May 2014, both Mrs. Marion Helmes and Mr. Bo Smith stepped down from the Supervisory Board. Mr. Smith's third four-year term expired and Mrs. Helmes had to conclude that due to other professional obligations she could not spend sufficient time anymore on her role as Supervisory Board member. Mr. Gert-Jan Kramer was re-appointed to the Supervisory Board for a period of two years and Messrs. Antonio Campo and Douglas Wall were appointed for a first four-year term. Mr. Wall succeeded Mrs. Helmes as member of the audit committee and Mr. Campo succeeded Mr. Smith as member of both the nomination committee and the remuneration committee. Mr. Maarten Schönfeld took over the vice-chairmanship of the Supervisory Board from Mr. John Colligan.

On 31 October 2014, Mr. Gert-Jan Kramer decided to step down as a member of the Supervisory Board. He considered any debate about the combination of his position as shareholder and as member of the Supervisory Board, neither in the interest of Fugro or himself. He has had a long and successful history with Fugro, first as CEO from 1983 to 2005, and as Supervisory Board member since 2006. Fugro has benefited substantially from his entrepreneurship, insights and extensive experience.

After twelve years on the board, Mr. John Colligan will step down at the end of the upcoming AGM on 30 April 2015, as he cannot be reappointed. We are very grateful for his contribution during a period of twelve years, to the audit and remuneration and nomination committees and to the Supervisory Board, and for his wisdom based on extensive experience in the oil and gas industry.

As a result of the resignations in 2014, of Mrs. Marion Helmes and Mr. Gert-Jan Kramer there are two vacancies in the Supervisory Board. The vacancy arising from the retirement of Mr John Colligan at the upcoming AGM has already been filled in last year by the appointment of Mr. Antonio Campo.

The Supervisory Board proposes to appoint Mrs. Petri Hofsté and Mrs. Anja Montijn for appointment as members of the Supervisory Board.

Mrs. Petri Hofsté (1961) has held senior financial management positions at different organisations. She was a partner at KPMG before she was appointed group controller and later deputy chief financial officer at ABN AMRO Bank. Thereafter, she has been division director of the Dutch Central Bank and chief financial and risk officer of APG Group, the largest Dutch pension administrator. Currently, she is member of the Supervisory Board of Kas Bank, Bank Nederlandse Gemeenten and Achmea and member of the board of the Nyenrode Foundation. The Supervisory Board nominates Mrs. Hofsté because of her broad knowledge and experience in finance, risk management, supervision and audit. She has the Dutch nationality and she holds no shares in Fugro.

Mrs. Anja Montijn-Groenewoud (1962) has had a career of twenty-five years at Accenture, an integrated services provider in the areas of technology, management consulting and business process outsourcing with more than 300,000 employees worldwide. She fulfilled various national and international leadership positions, amongst others as managing partner of the Resources practice in the Benelux and France and as country managing director of Accenture in the Netherlands, and she was a member of the Accenture Global Leadership Council. The Supervisory Board nominates Mrs. Montijn because of her extensive knowledge and experience in consultancy services, IT implementation processes, organisation strategy and design and change management, with a strong focus on the energy markets. She has the Dutch nationality and she holds no shares in Fugro.

IN CONCLUSION

This has been a challenging year for the company and all of its stakeholders. The difficult market conditions also have an impact on our staff giving rise to more pressure, more work and more uncertainty. Throughout the year, Fugro has been successful on numerous projects for clients, due to the efforts of our staff, often, in difficult circumstances. We want to thank all employees and the Executive Committee for their commitment, hard work and loyalty to Fugro.

We expect the year 2015 to again be challenging, but trust that the company will successfully deal with these challenges. With a more focused strategy, clear priorities for profitability, cash generation and return on capital, and performance improvement plans being implemented across the board, Fugro will be able to position itself as the world leading independent provider of geotechnical and survey services with a strong financial position, attractive for clients to work with, attractive for talented people to work for and attractive for investors to invest in.

Leidschendam, 26 February 2015

H.L.J. Noy, Chairman
A. Campo
J.A. Colligan
J.C.M. Schönfeld
D.J. Wall

CORPORATE GOVERNANCE

GENERAL

Fugro subscribes to the Dutch Corporate Governance Code, which is based on the principle accepted in the Netherlands that a company is a long-term alliance between the various parties involved in the company. The stakeholders are the groups and individuals who, directly or indirectly, influence – or are influenced by – the attainment of the company's objects: e.g. employees, shareholders and other providers of capital, 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. Fugro's governance structure is based on the requirements of Dutch legislation, the company's articles of association and the rules and regulations of Euronext Amsterdam N.V. ('Euronext Amsterdam'), complemented by internal policies and procedures.

DUTCH CORPORATE GOVERNANCE CODE

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

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

Any substantial changes in the corporate governance structure of Fugro and its compliance with the Code will be submitted to the AGM.

Launching a remotely operated towed vehicle for pipeline inspection operations, Southern North Sea UK Sector.

Compliance with the Code

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

A full overview ('comply or explain'-report) of Fugro's compliance with the Code in 2014 is posted on the website. Fugro applies the principles and best practices of the Code, except for the following and for the reasons set out below:

Principle IV.2

Maintaining its operational independence is crucial for Fugro (see Protective measures for 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. When carrying out assignments Fugro often receives or can have access to extremely confidential information. Fugro can only perform its assignments if it can safeguard the confidential nature of such information towards its clients.

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

Best practice provision IV.2.1

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

Best practice provision IV.2.2

According to this provision the meeting of holders of certificates may make recommendations to the Board of the Trust Office for the appointment of a member to the Board. The Board has decided that holders of certificates representing at least 15% of the issued share capital in the form of certificates of shares may request that a meeting of holders of certificates is convened in order to make recommendations concerning persons to be appointed as a member of 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 holders of certificates, taking the interests of the company and its affiliated enterprise into account'. The articles of association and the administration terms and conditions of the Trust Office provide that if the Trust Office exercises its voting rights, it will do this in such a manner that the interests of Fugro and the enterprise affiliated therewith and all those concerned therewith are observed and complied with as far as shall be possible (article 2 of the articles of association and article 4 of the administration terms and conditions). 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 the voting rights the Board in any case takes into consideration the (Dutch) law as well as the articles of association and the administration terms and conditions of the Trust Office. The Board can (also) opt, for reasons of its own, to not exercise the voting rights on the shares held by the Trust Office.

Best practice provision IV.2.8

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

CORPORATE INFORMATION

Capital structure

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

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

On 31 December 2014 the issued capital amounted to EUR 4,228,626.25 divided into 84,572,525 ordinary shares. No preference shares have been issued. All the ordinary shares have equal voting rights (one share, one vote).

Restrictions to the transfer of shares and cancellation of certificates

The Board of Management's approval is required for each transfer of 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 per cent or more of the total capital of Fugro issued in the form of ordinary shares (as of 31 December 2014 one percent equalled 845,726 shares); or
(ii) through such transfer would acquire more than one per cent of the total capital of Fugro issued in the form of ordinary shares.

Cancellation of certificates is only possible in accordance with the above-mentioned.

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.

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

When carrying out assignments Fugro receives or can have access to clients' extremely confidential information. For this reason it is essential for Fugro that Fugro can safeguard its position as independent service provider.

The main point of Fugro's protection against a hostile takeover depends on the one hand on certification of the ordinary shares and, on the other hand, on the possibility of Fugro to issue cumulative protective preference shares. In addition to this, protective preference shares may also be issued by the Fugro subsidiaries Fugro Consultants International N.V. and Fugro Financial International N.V. to Stichting Continuïteit Fugro (see Foundation Continuity Fugro).

The aim of the protective measures is to safeguard the interests of Fugro and of its group companies and of all parties concerned in the best possible way, including Fugro's position as an independent service provider and to deter influences in conflict with these interests which might affect the independent position or the continuity and identity of Fugro and its group companies.

Trust Office

Only (non-voting) certificates of shares are listed and traded on Euronext Amsterdam. These exchangeable certificates are issued by Stichting Administratiekantoor Fugro ('Trust Office') and the Board of the Trust Office exercises the voting rights on the underlying shares in such a manner that the interests of Fugro and the enterprise affiliated therewith and all those concerned therewith are observed and complied with as far as shall be possible. The Board of the Trust Office operates completely

Survey vessel Fugro Frontier, North Sea.

independent from Fugro. For the composition of the Board of the Trust Office see page 191.

Holders of certificates (and their authorised proxies):
- may, after timely written notification, attend and speak at shareholders' meetings.
- are entitled to request from the Trust Office a proxy to exercise the right to vote for the shares that underlie their certificates. The Trust Office may solely limit, exclude or revoke a proxy if:
  - 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 been reached with Fugro;
  - a holder of certificates or a number of holders of certificates, in accordance with an agreement between and among them to co-operate, together or not, with subsidiaries, acquire at least 25% of the issued capital of Fugro, or have said amount of Issued capital acquired; or
  - in the opinion of the Trust Office, the exercise of voting rights by a holder of certificates constitutes a real conflict of interest with those of Fugro and the enterprise affiliated therewith.
- may as long as they are natural persons, exchange their certificates of ordinary shares up to a maximum of 1% of the issued share capital in Fugro per shareholder.

Generally speaking a certificate holder's notification to attend a General Meeting will be treated as a request to the Trust Office to grant a proxy to vote for the (underlying) shares corresponding to their certificates.

Foundation Protective Preference Shares Fugro

The objects of Stichting Beschermingspreferente aandelen Fugro ('Foundation Protective Preference Shares') are to attend to Fugro's interests and of Fugro's businesses as well as the businesses of the entities that form part of the Group, in such way that Fugro's interests and the interests of the relevant businesses as well as the interests of all parties involved, are safeguarded to the extent possible, and that Fugro and the relevant businesses are defended to the extent possible against factors that could negatively affect the independence and/or continuity and/or identity of Fugro and the relevant businesses, as well as all activities which are incidental to or which may be conducive to any of the foregoing. The Foundation aims to achieve its objects independent from Fugro, by acquiring protective preference shares and by exercising the rights attached to such shares. Fugro has entered into a call option agreement with the Foundation pursuant to which the Foundation was granted the right to acquire cumulative protective preference shares in Fugro's share capital, each share with a nominal value of EUR 0.05, up to an amount to be determined by the Foundation and up to a maximum equal to 100% minus 1 share of the aggregate nominal value of ordinary shares and preference financing shares in Fugro that are held by third parties at the time the right to acquire protective preference shares is exercised by the Foundation. By entering into the option agreement, the Foundation is in a position to achieve its objects – i.e. safeguarding Fugro and its businesses – autonomously, independently and effectively should the occasion occur. The Board of Foundation Protective Preference Shares operates completely independent of Fugro. For the composition of the Board of the Foundation see page 191.

Foundation Continuity Fugro

The objects of Stichting Continuïteit Fugro ('Foundation Continuity') correspond to that of Foundation Protective Preference Shares. Foundation Continuity has entered into a call option agreement with Fugro Consultants International N.V. and Fugro Financial International N.V. (both registered in Curaçao) pursuant to which the Foundation was granted the right to acquire preference shares in the share capital of each of both companies up to an amount to be determined by the Foundation and up to a maximum equal to 105%. The grant of this call option has been approved by the AGM in 1999. For the composition of the Board of Foundation Continuity see page 191.

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.

Stock option and share plan

Fugro has a stock option plan that has been approved by the AGM on 14 May 2008 and a stock option and share plan that has been approved by the AGM on 6 May 2014. Details of the option and share plan are described in the chapter 'Remuneration report'. (Performance) options and performance shares are granted to the members of the Executive Committee and other employees in such way that at any moment the maximum number of outstanding rights to acquire ordinary shares in Fugro will not exceed 7.5% of the issued ordinary share capital (including treasury stock). In order to mitigate dilution, it is Fugro's policy to purchase own shares to cover the option and share plan with the result that no new shares are issued when (performance) options are exercised and performance shares vest. The total number of (performance) options and performance shares to be granted is subject to the approval of the Supervisory Board as is the grant of (performance) options and performance shares to members of the Executive Committee itself.

General meeting of shareholders

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 and share plan for the members of the Board of Management; determination of the remuneration of members of the Supervisory Board; adoption of the financial statements; discharge of members of the Board of Management and of the Supervisory Board; approval of the profit appropriation; authorisation to acquire own shares, to issue shares (or to grant rights to subscribe for shares) and to restrict or exclude pre-emptive rights in respect of shares; and approval of decisions to amend the articles of association or to dissolve Fugro. In addition, the following is discussed in the (Annual) General Meeting: 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 shareholders' meeting is chaired by the chairman of the Supervisory Board. The Supervisory Board and the Board of Management provide the shareholders' meeting with all the information requested, unless there is a very good reason why providing the information would not be in the interests of Fugro.

Fugro Seacore jack-up barge Coastal Explorer during site investigation in Cowes, United Kingdom.

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, provided such majority represents more than one-third of the issued share capital. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, regardless of the proportion of the capital represented at the meeting. If a binding nomination has not been made or has not been made in due time, the General Meeting may appoint a Managing Director or a Supervisory Director at its discretion.
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 meeting pursuant to section 2:120, subsection 3, Dutch Civil Code shall not be permitted.

Amendment of the articles of association

A resolution to amend the articles of association of Fugro may be passed only on a proposal thereto of the Board of Management with the prior approval of the Supervisory Board and by a majority of at least two-thirds of the votes cast at a General Meeting at which at least one-half of the issued capital is represented. If at a General Meeting at which the proposal to amend the articles of association is to be considered, the required part of the capital is not represented, then a second meeting may be convened at which second meeting the resolution to amend the articles of association may be passed, irrespective of the part of the capital represented at such meeting, provided such resolution is adopted by a majority of at least two-thirds of the votes cast. Insofar as a resolution to amend the articles of association brings about a change in the rights vested in the holders of protective preference shares or the holders of financing preference shares or the holders of convertible financing preference shares, such a resolution shall require the approval of the meeting of holders of protective preference shares or the meeting of holders of financing preference shares or the meeting of the holders of convertible financing preference shares, as the case may be. Fugro's articles of association were last amended on 28 June 2010 and are posted on the website.

Authorisation of the Board of Management regarding Fugro shares

Fugro regularly proposes to its shareholders to authorise the Board of Management to acquire and to issue shares. On 6 May 2014 the AGM authorised the Board of Management for a period of 18 months as from 6 May 2014 until 6 November 2015, to, subject to the approval of the Supervisory Board, cause Fugro to purchase its own (certificates of) shares, up to a maximum of 10% of the issued capital at the date of acquisition, provided that Fugro will hold no more (certificates of) shares in stock than at maximum 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 preceding the date on which the purchase is made.
Also on 6 May 2014 the AGM designated the Board of Management as the corporate body which is authorised for a period of 18 months as of 6 May 2014 until 6 November 2015, to, subject to the approval of the Supervisory Board:
(a) resolve on the issue of – and/or on the granting of rights to acquire ordinary shares and/or all sorts of financing preference shares in which the authorised capital of Fugro is divided at the date of the relevant resolution.
(b) limit or exclude pre-emption rights in relation to any issue or grant of (rights to acquire) ordinary shares and all sorts of financing preference shares.

The authorisation of the Board of Management with respect to the issue of ordinary shares and financing preference shares and/or the granting of rights to acquire ordinary shares and financing preference shares will be limited to 10% of the issued 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 a merger, takeover or strategic partnership.

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

Key agreements containing change of control provisions

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

a) Fugro N.V. has entered into U.S. Private Placement loans (USPP) and Fugro Finance AG, a wholly owned subsidiary of Fugro N.V., has entered into bilateral revolving credit facilities (RCF). See for further details note 5.51 of the financial statements. Both the USPP as well as the RCF agreements stipulate that in the event of a change of control of Fugro N.V. or Fugro Finance AG, Fugro N.V./Fugro Finance AG can be obliged to repay the loans/amounts outstanding under these arrangements.

b) Joint venture agreement between Fugro Consultants International N.V. and CGG. This agreement contains a change of control clause with respect to the situation that a third party, other than an affiliate of Fugro or CGG acquires direct or indirect control over i) the affairs of Fugro or CGG; ii) more than 30% of the voting rights in the capital of Fugro or CGG; or iii) on the appointment or dismissal of the majority of the managing directors or a board of directors of Fugro or CGG. In such a case the other party mat terminate the agreement. Some other joint venture agreements Fugro and Fugro subsidiaries have entered into also contain change of control clauses, which agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the EU Takeover Directive, but jointly they are considered significant.

c) Fugro and Fugro subsidiaries have entered into various important agreements that contain clauses that in the event of a change of control the other party has the right to terminate the agreement. These agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the Takeover Directive, but jointly they are considered significant.

d) Employee (performance) option and share agreements. The "old" unconditional 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.
The “new” conditional performance option and performance share agreements (first grants on 31 December 2014) contain more or less similar change of control clauses.

Termination of employment/services agreement members board of management resulting from public bid
Fugro has not entered into any agreements with members of the Board of Management or employees that provide for a specific severance payment on termination of the employment or services agreement as a result of a public bid within the meaning of section 5:70 or 5:74 of the Dutch Act on Financial Supervision. The agreements with the members of the Board of Management do – in accordance with the Code – provide for a general severance payment amounting to a maximum of one year’s base salary which in principle is applicable in the event of termination or annulment of the agreement. This severance payment is also applicable when the termination is justified by such change of circumstances that the members of the Board of Management cannot reasonably be expected to continue the performance of their function/services as a statutory director of Fugro. This may be the case, for example, if Fugro is liquidated, is merged with or taken over by a third party, is subject to an important reorganisation or to a major change of policy.

CORPORATE GOVERNANCE STATEMENT
This is a statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the ‘Decree’). The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of this Annual Report 2014 and are deemed to be included and repeated in this statement:

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

Soil investigation core samples, Al-Rayyan Stadium, Qatar.

- 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 section 3a sub b of the Decree, can be found in the chapter ‘Corporate Governance’.
- the information regarding the composition and functioning of Fugro’s Board of Management, the Supervisory Board and its Committees, as required by section 3a sub c of the Decree, can be found in the relevant sections of the chapters ‘Corporate Governance’ and ‘Report of the Supervisory Board’.
- the information concerning the disclosure of the information required by the Decree on Section 10 EU Takeover Directive, as required by section 3b of the Decree, may be found in the chapter ‘Corporate Governance’.

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

REMUNERATION REPORT

The first part of this report outlines the current remuneration policy as adopted by the Annual General Meeting (AGM) on 6 May 2014. The second part contains details of the remuneration in 2014 of the members of the Board of Management and of the Supervisory Board. More information on remuneration and on share and option ownership of members of the Board of Management is available in note 5.63 of the financial statements in this annual report. This remuneration report is also available on Fugro's website.

This report has been prepared by the remuneration committee of the Supervisory Board. The main function of this committee is to prepare the decision-making of the Supervisory Board regarding the remuneration policy for the Board of Management and the application of this policy to the remuneration of the individual members of the Board of Management. The remuneration policy will be reviewed every three years to verify its market conformity.

The current members of the remuneration committee are Mr. Harrie Noy and Mr. Antonio Campo. Mr. Noy acts as chairman ad interim of the committee. He took over the chairmanship from Mr. Gert-Jan Kramer who stepped down as member of the Supervisory Board and chairman of the remuneration committee on 31 October 2014. The intention is that the committee will again consist of three members as soon as possible.

In 2014, the committee met four times, mostly in the presence of the CEO and the global HR director.

REMUNERATION POLICY

The main objective of Fugro's remuneration policy is to attract, motivate and retain qualified management that is needed for a global company of the size and complexity of Fugro. The members of the Board of Management are rewarded accordingly. Variable remuneration is an important part of the total package. The remuneration policy aims at compensation in line with the median of the labour market reference group.

In 2013 and at the beginning of 2014 the remuneration committee has reviewed the remuneration policy with the assistance of an external consultant. This resulted in an adjusted remuneration policy that was aligned with the revised strategy as presented by Fugro in September 2013. The main changes compared to the previous policy were:

- Adjustment of base salary and pension contribution to market practice.
- Fine tuning of criteria for short-term incentive (annual bonus) to financial targets of revised strategy.
- Performance related conditional shares and performance related conditional options as part of the long-term incentive instead of unconditional options.

The remuneration policy is also applicable to members of the Executive Committee who are not a member of the Board of Management.

The revised remuneration policy was adopted by the AGM on 6 May 2014 and took effect retroactively as from 1 January 2014.

Labour market reference group

In preparing the revised remuneration policy, the remuneration committee used external benchmark information to assess market comparability of the remuneration. The labour market reference group consists of 14 Dutch listed companies of comparable scope with highly international / global business activities. These are: Aalberts Industries, Aperam, Arcadis, ASM International, Boskalis, Brunel, Imtech, Nutreco, SBM Offshore, Ten Cate, TKH Group, TNT Express, Vopak, and Wolters Kluwer. In addition, an international reference group is used to assess market competitiveness within the sector.

Analyses

In the design of the remuneration policy and in determining the remuneration of the members of the Board of Management, the Supervisory Board has taken into account possible outcomes of the variable remuneration elements and how they may affect the remuneration of the members of the Board of Management. The level and structure of the remuneration are designed by taking into account these scenario analyses, internal pay differentials and the (non-)financial performance indicators relevant to the long-term objectives of the company, as included in the strategic agenda. The remuneration structure and elements do not encourage risk taking that is not in line with the risk profile of the company.

Share ownership guidelines

The Supervisory Board encourages the Board of Management to hold shares in Fugro to emphasise their confidence in Fugro and its strategy. As of 2014 minimum share ownership guidelines are applicable. For the CEO this amounts to 250% of fixed base salary and for the other members of the Board of Management this amounts to 125% of fixed base salary. The build-up period equals 5 years.

Claw-back/ultimum remedium/change-of-control

As of January 2014 new legislation has entered into force regarding the revision and claw-back of bonuses and profit-sharing arrangements of board members of Dutch listed companies. Part of this new legislation was already covered in comparable rules of the Dutch corporate governance code and consequently already included in the employment/ management services agreements of the members of the Board of Management. The Supervisory Board has the possibility and discretionary authority (i) to adjust the value upwards or downwards of a variable remuneration component if it would produce an unreasonable and unfair result, and (ii) to recover (claw back) any variable remuneration awarded on the basis of incorrect financial or other data. In addition, it is enacted that in case of a change-of-control event a related increase in value of securities that have been granted to a member of the Board of Management as part of his remuneration, will be deducted from the remuneration to be paid to the board member at the time of selling these securities or when his board membership ends.

REMUNERATION DESIGN

The remuneration of the Board of Management consists of the following four elements:

- Fixed base salary.
- Short-term incentive (STI), consisting of an annual cash bonus opportunity.
- Long-term incentive (LTI), consisting of conditional performance shares and conditional performance options.
- Pension and other benefits.

The conditional shares and options are performance related and vest after three years, depending on the achievement of predetermined criteria, which are focused on long term value creation.

The principles of the remuneration policy are cascaded to the next senior management level.

Fixed base salary

Fixed base salaries of the members of the Board of Management are set in line with the median of the labour market reference group. This resulted in 2014 in increases in base salaries of two board members, which increases were offset by decreases in the pension contribution, in line with market practice, such that fixed base salary plus short-term incentive (annual bonus) on-target plus pension contribution were more or less in line with the situation before 2014. See for more details the table on page 90.

Short-term incentive (annual bonus)

Each member of the Board of Management is eligible for an annual bonus. The bonus may vary from 0% to 100% of fixed

CPT testing of land reclamation in Hong Kong.

base salary, with 67% being applicable when targets are achieved.

Targets are set yearly by the Supervisory Board, based on the budget and taking into account the strategy aspirations. Financial targets determine 75% of the bonus, non-financial or personal targets determine the remaining 25%. For each of the financial targets, a performance zone is set, with no bonus below the threshold level and the maximum bonus when performance exceeds the upper end of the performance zone. There will be no overshoot possibility for personal targets. The maximum multiplier for financial targets is therefore 1.67. All targets are excluding the impact of the multi-client library results as the multi-client business is not part of Fugro's strategic plan. The Supervisory Board ensures that the targets are challenging, realistic and consistent with Fugro's strategy.

The measures used and their relative weight are as follows:

Financial Targets:	Earnings Per Share (EPS)	35%
	EBIT margin	20%
	Working capital	20%
Non-financial (personal) targets		25%

The non-financial targets give the possibility to include health and safety, corporate social responsibility, personal development goals, etc. as targets into the bonus programme.

Long-term incentive (performance shares and options)

To strengthen the alignment with shareholder's interests, the long-term incentive plan includes the annual grant (for the first time per 31 December 2014) of conditional performance shares and conditional performance options. Vesting is subject to continuous employment and performance testing after three years.

The number of conditionally granted shares/ options is set for a period of three years. This was done for the first time per 31 December 2014, based on the average share price of the Fugro shares in the last quarter of 2014. The principle being that the expected value equals 100% of the fixed base salary of the members of the Board of Management. The ratio of the number of shares versus options at grant is 1 to 2.

The number of shares/ options that vest after three years is dependent on the achievement of certain targets. The maximum number of shares and options that can vest equals 175% of the conditionally granted number of shares and options (only in the case that maximum performance is achieved on all criteria). According to the remuneration policy as adopted by the AGM in May 2014, the criteria to be used for vesting and their relative weight are as follows:

Return on capital employed (ROCE)	25%
Revenue growth	25%
Total Shareholder Return (TSR)	50%

Overviews of the performance incentive zones for the three criteria are shown in the tables below.

ROCE (weight: 25%)	Below Threshold	Threshold	Target	Maximum
Target	< 11%	11%	14%	16%
Vesting as % of conditional award	0%	25%	100%	175%

Growth (weight: 25%)[1]	Below Threshold	Threshold	Target	Maximum
Target annual growth rate	< 8%	8%	11%	14%
Vesting as % of conditional award	0%	25%	100%	175%

Return on capital employed (ROCE) is defined as net operating profit after tax (NOPAT) as a percentage of average total equity plus net interest bearing debt, in the last year of the three year period.

Growth is the compounded average annual growth rate of revenues, including acquisitions, over the three year period. Both ROCE and growth are excluding the impact of the multi-client library as the multi-client business is not part of the strategic plan.

Total Shareholder Return (TSR), is defined as the share price increase, including reinvested dividends. TSR is measured over a three year period based on a three month average period before grant and before vesting date. The relative position within the peer group determines the award level. The composition of the peer group is evaluated on a yearly basis, among others, in light of corporate events, but initially comprises of: Amec, Baker Hughes, Boskalis, Core Laboratories, Fluor Corp., John Wood Group, Oceaneering Int., Schlumberger, Subsea 7, Technip and Transocean.

Total Shareholder Return ranking (weight: 50%)	Vesting (% of conditional award)
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
7	25%
8-12	0%

Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting. The option exercise price is equal to the price of the Fugro shares at the closing of the stock exchange on the day of granting. The vesting period is three years starting at the first day following the grant date. The option period is six years.

Performance shares and options are granted to the members of the Board of Management and other senior management in such a way that at any moment the maximum number of outstanding options and shares (including unconditional options granted to other employees) does not exceed the mandate of 7.5% of the issued ordinary share capital.

In order to mitigate dilution, Fugro's re-purchases shares to cover the options and shares granted, effectively with the result that no new shares are issued when options are exercised and performance shares vest.

Pension and other benefits

Within the framework of the revised remuneration policy, as of 2014 the pension contribution for the members of the Board of Management has been adjusted to market practice. This resulted in a decrease of the pension contribution which was offset by an increase of fixed base salary.

As of 2014 the members of the Board of Management (excluding Mr. Rainey) participate in the Fugro Dutch collective pension scheme (defined contribution). The contribution depends on age and is on Fugro's account. Mr. Rainey, who operates from the United States, participates in a US pension scheme.

Due to new Dutch legislation that took effect as per 1 January 2015, tax deductible pension accruals are only possible for the part of salary up till EUR 100,000. The intention is to compensate the members of the Board of Management by a non-tax deductible pension contribution, which allows building up pension out of net salary, such that the costs for Fugro will be at a similar level as before.

The fringe benefits of the members of the Board of Management are commensurate with the position held and include a company car.

REMUNERATION BOARD OF MANAGEMENT 2014

In 2014 the revised remuneration policy resulted in increases in base salaries of Mr. Van Riel and Mr. Thomson, which increases were more or less offset by decreases in the pension contribution. Fixed base salary and pension contribution of Mr. Verhagen were already in line with the new remuneration policy and didn't change in 2014.

The following table provides an overview of the remuneration awarded to the Board of Management in 2014, excluding long-term incentive.

(In EUR)	Fixed base salary	Annual bonus (for 2013, paid in 2014)	Pension costs including disability insurance	Total
Current member Board of Management				
P. van Riel (CEO)	600,000	301,667	122,735	1,024,402
P.A.H. Verhagen (CFO)[1]	450,000	n/a	89,707	539,707
W.S. Rainey	350,000	233,333	275,000	858,333
S.J. Thomson	450,000	215,771	(321,708)	344,063
Former member Board of Management				
A. Jonkman[2]	350,000	233,333	284,818	868,151

1 Member of the Board of Management as of 1 Januari 2014 and CFO as of 6 May 2014.

2 Stepped down as member (and CFO) of the Board of Management on 6 May 2014 but employment continued in 2014. The information shown above covers the full year 2014.

Short-term incentive (annual bonus)

2013

The details of the annual bonus for the year 2013 (which was paid in 2014) are described in the remuneration report 2013 and in the 2013 annual report (both available on Fugro's website).

2014

Bonuses may vary from 0% to 100% of fixed base salary, with 66.7% being applicable when targets are achieved. For each of the measures included in the policy, the Supervisory Board has set targets based on the 2014 budget. As of 2014 the percentage is determined using the following table:

		Cash bonus as percentage of base salary		
Criterion	Weight	Minimum	At target	Maximum
EPS	35%	0%	23.3%	38.9%
EBIT margin	20%	0%	13.3%	22.2%
Working capital	20%	0%	13.3%	22.2%
Personal targets (discretionary)	25%	0%	16.7%	16.7%
Total	100%	0%	66.7%	100%

The Supervisory Board has reviewed and established the extent to which the targets for 2014 were achieved. Both EPS and EBIT margin came out well below the minimum threshold set for these measures. Working capital improved compared to the previous year and would result in a bonus of 7% of fixed base salary. Based on input from the remuneration committee, the Supervisory Board also evaluated the personal performance of the members of the Board of Management.

Because of the poor performance of the company in 2014, the Supervisory Board has decided not to grant a bonus to the members of the Board of Management for the year 2014. An exception has been made for Mr. Verhagen. As he entered the Board of Management as of 1 January 2014 and became CFO as of 6 May, he cannot be held accountable for issues from the past that contributed to the poor performance in 2014. Therefore we have granted him a bonus for the year 2014, based on the improvements in working capital (which were initiated by him) and on his personal performance. This resulted for him in a bonus of 24% of base salary.

Long-term incentive (shares and options)
Until 2014, the long-term incentive plan consisted of the annual granting of unconditional options with a vesting period of three years and a lifetime of six years. The following table shows an overview of unconditional options outstanding under the “old” option scheme (which is not applicable anymore to the members of the Board of Management as of 2014).

	P. van Riel (CEO)	P.A.H. Verhagen (CFO)	W.S. Rainey	S.J. Thomson	A. Jonkman[2]
Number of options outstanding on 31 December 2013	348,400	30,000[1]	219,700	212,700	338,400
Number of options exercised in 2014	–	n/a	–	(17,500)	(72,500)
Number of options expired with no value on 31 December 2014	(67,500)	n/a	–	(17,500)	–
Number of options outstanding on 31 December 2014	280,900	30,000	219,700	177,700	265,900

1 In addition Mr. Verhagen has received 15,000 unconditional restricted shares that were granted to him when he joined Fugro, as a one-off compensation for rights with his former employer that he would lose as a result of him joining Fugro. This was approved by the EGM held on 27 November 2013.

2 Stepped down as member (CFO) of the Board of Management on 6 May 2014. His employment continued in 2014. The information shown above covers the full year 2014.

Under the revised remuneration policy the annual granting of unconditional options has been replaced by the annual granting of conditional performance shares and options, representing an expected value of 100% of fixed base salary for each of the members of the Board of Management. This has resulted as per 31 December 2014, in the granting to the members of the Board of Management of a total of 48,750 conditional performance stock options and 97,500 conditional performance shares .The exercise price of the options is EUR 17.26 (the closing price of the shares at Euronext Amsterdam on the last trading day of 2014).

The following table gives an overview of the conditional performance shares and conditional performance options granted to the members of the Board of Management under the ”new” option and share scheme in 2014.

	P. van Riel (CEO)	P.A.H. Verhagen (CFO)	W.S. Rainey	S.J. Thomson
Number of performance shares granted as per 31 December 2014	15,000	11,250	11,250	11,250
Number of performance options granted as per 31 December 2014	30,000	22,500	22,500	22,500

Performance criteria long-term incentive

The revised remuneration policy includes the performance criteria for vesting of the conditional shares and options. These criteria (total shareholder return (TSR), return on capital employed (ROCE) and revenue growth) were based on the strategy that Fugro presented in September 2013. However, due to the changed market conditions, Fugro has changed its strategic plan and introduced in October 2014 an updated strategy ("Building on Strength") with a shift in focus from growth towards restoring profitability. The Supervisory Board is of the opinion that this change should also be reflected in the performance criteria for the vesting of shares and options. As these performance criteria are part of the remuneration policy as adopted by the AGM in May 2014, the Supervisory Board will propose to the AGM in April 2015 to amend the remuneration policy by discarding 'Revenue growth' as performance measure and focusing long-term performance measurement fully on TSR and ROCE (each with a weight of 50%). Further details of the proposal will be available in the explanatory notes to the agenda for the AGM.

Share ownership members Board of Management

As of 31 December 2014, the members of the Board of Management held the following number of (unrestricted) shares in Fugro:

	P. van Riel (CEO)	P.A.H. Verhagen (CFO)	W.S. Rainey	S.J. Thomson
Number of shares on 31 December 2014	189,376	6,000	7,500	13,733

Other benefits

The customary fringe benefits remained unchanged in 2014 and include a company car.

TERM OF APPOINTMENT OF THE MEMBERS OF THE BOARD OF MANAGEMENT

The members of the Board of Management are each (re)appointed for a maximum period of four years. Their appointments expire as follows:

P. van Riel (CEO)	May 2018
P.A.H. Verhagen (CFO)	May 2018
S.J. Thomson	May 2017
W.S. Rainey	May 2015 (not available for reappointment)

Fugro does not provide any loans to members of the Board of Management.

Severance pay

The management service agreements with the members of the Board of Management do – in accordance with the Code – provide for a general severance compensation amounting to a maximum of one year's base salary which in principle is applicable in the event of termination or annulment of the agreement. This severance compensation is also applicable when the termination is justified by such change of circumstances that the members of the Board of Management cannot reasonably be expected to continue the performance of their function/ services as a statutory director of Fugro. This may be the case, for example, if Fugro is liquidated, is merged with or taken over by a third party, is subject to an important reorganisation or to a major change of policy.

REMUNERATION SUPERVISORY BOARD IN 2014

The remuneration of the Supervisory Board was determined by the AGM on 10 May 2011 and comprises an annual fixed fee and an annual committee-membership fee. Fugro does not provide any loans, shares or options to its Supervisory Board members. The remuneration is not dependent on the results of Fugro. In 2014 none of the Supervisory Board members held any shares in Fugro, with the exception of Mr. Kramer who held a 2.9% interest in Fugro when he stepped down on 31 October 2014.

The fixed fee for the Chairman of the Supervisory Board is EUR 70,000 and EUR 55,000 for the vice-chairman. The other members of the Supervisory Board each receive a fixed fee of EUR 50,000. Audit committee, nomination committee and remuneration committee membership is awarded EUR 8,000 per member and EUR 10,000 for the chairman. In addition, Supervisory Board members that live or have business in the United States receive an attendance allowance of EUR 5,000 per physical meeting to compensate for the additional time commitment due to travelling.

No proposal to increase the annual remuneration for the members of the Supervisory Board will be submitted to the AGM on 30 April 2015.

Network pavement condition survey, Abu Dhabi, UAE.

The following table provides an overview of the remuneration awarded to the Supervisory Board in 2014.

(In EUR)	General	Membership committee	Attendance allowance	Total
H.L.J. Noy (chairman)	70,000	10,000	–	80,000
J.C.M. Schönfeld (vice-chairman)[1]	53,260	10,000	–	63,260
A.J. Campo[2]	32,735	5,238	20,000	57,973
J.A. Colligan[3]	50,601	8,000	–	58,601
D.J. Wall[4]	41,160	6,586	20,000	67,746
M. Helmes[5]	17,260	2,762	–	20,022
G-J. Kramer[6]	41,667	8,334	–	50,001
Th. Smith[7]	17,260	2,762	15,000	35,022

1 Mr. Schönfeld was appointed vice-chairman as of 6 May 2014

2 Mr. Campo was appointed to the Supervisory Board on 6 May 2014

3 Mr. Colligan stepped down as vice-chairman on 6 May 2014

4 Mr. Wall was appointed to the Supervisory Board on 6 May 2014 but practically already joined in March

5 Mrs. Helmes stepped down as member of the Supervisory Board on 6 May 2014

6 Mr. Kramer stepped down as member of the Supervisory Board on 31 October 2014

7 Mr. Smith stepped down as member of the Supervisory Board on 6 May 2014

Leidschendam, 26 February 2015

On behalf of the remuneration committee
Harrie Noy, Chairman ad interim

INFORMATION FOR SHAREHOLDERS

INVESTOR RELATIONS POLICY

Fugro's investor relations policy is aimed at providing timely, full and consistent information to existing and potential shareholders, other capital providers and its intermediaries. Fugro wants to enable them to develop a clear understanding of the company's strategy, activities, historical performance and outlook for the future.
Fugro offers comprehensive information regarding the company on its website and through presentations to and meetings with analysts, investors and media and by means of press releases. Shareholders and certificate holders are able to follow general meetings and analyst presentations by means of webcasting. Roadshows are held twice a year, amongst others in the United States, the United Kingdom, the Netherlands and Germany. Together with further individual personal contacts with investors and analysts this resulted in around 240 'one-on-one'-meetings, presentations and telephone conferences in 2014. In addition, Fugro hosted a capital markets day in October relating to its strategy update.
These activities are carried out in strict accordance with the requirements of Euronext and the Dutch Authority for the Financial Markets. Fugro has a clear disclosure policy in place, detailing how information is provided to investors, analysts, financial institutions, the press and other stakeholders. For more information, including press releases, presentations and the policy on bilateral contacts, please see www.fugro.com.

LISTING ON THE STOCK EXCHANGE

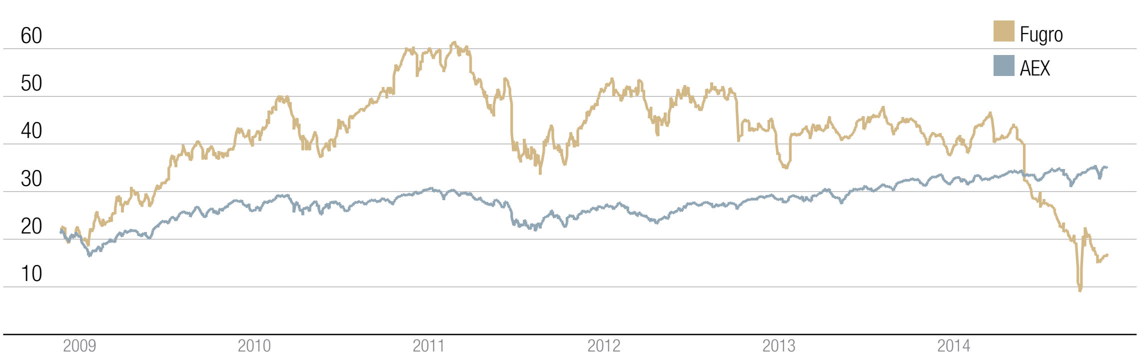
Fugro has been listed on the Euronext stock exchange in Amsterdam since 1992 (symbol: FUR/ISIN code: NL0000352565). Options on Fugro shares are traded on the European Option Exchange in Amsterdam (Euronext Life).

Only certificates of shares of Fugro are listed on Euronext Amsterdam. These certificates are issued by the Fugro Trust Office, which carries out the administration of the underlying shares, for which it has issued the certificates. On 31 December 2014 the Fugro Trust Office administered 98,6% of the issued underlying shares. For more information on share capital, certificates and the Fugro Trust Office see page 193.

SHARE PRICE AND TRADING VOLUME DEVELOPMENT

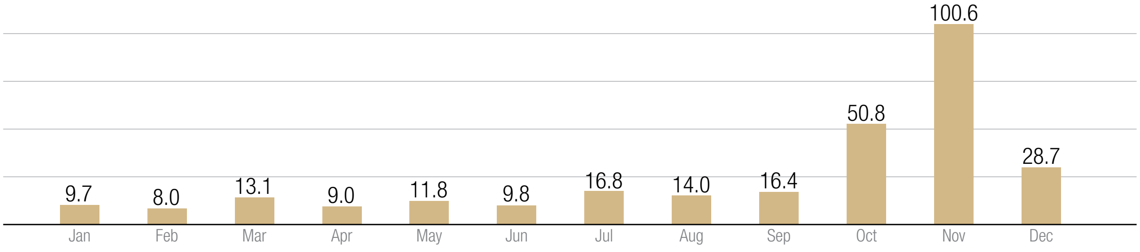
The share price of Fugro declined significantly in 2014. Increased capital discipline by Fugro's clients in the oil and gas sector resulted in project delays, postponements, cancellations and price pressure, exacerbated by the significant drop in oil price (from around $ 115 in June to $ 58 per barrel Brent). The resulting, step-wise, decline in market circumstances resulted in profit warnings in the course of the year. The share prices of other oil services companies were also under pressure.

Development share price (x EUR)



* AEX calibrated to the Fugro share price on 2 January 2009

Trading volume Fugro on Euronext (x million shares)



The average daily trading volume on Euronext Amsterdam was 1,133,414 shares, which is significantly higher than during the previous years. In 2014, 69% of the observable trading volume in Fugro shares took place on the Euronext platform. The remaining 31% was traded on alternative platforms such as Chi-X and Turquoise.

Trading information

	2014	2013	2012	2011	2010
Market capitalisation (x EUR 1 million)	1.460	3.663	3.688	3.655	4.937
Highest closing share price on Euronext	47.72	48.81	57.88	63.53	62.06
Lowest closing share price on Euronext	9.07	35.24	37.65	34.47	37.10
Year-end closing share price on Euronext	17.26	43.32	44.52	44.90	61.5
Average daily trading on Euronext (shares)	1,133,414	475,733	482,637	517,252	421,570
Average price/earnings ratio	(5.7)	7.9	13.0	13.5	14.3
Average dividend yield (%)	0.0	3.6	4.2	3.1	3.0

Information per share

(x EUR 1.-)	2014	2013	2012	2011	2010
Cash flow[1]	4.16	4.52	4.99	5.45	6.25
(Basic) earnings per share	(5.67)	5.29	3.61	3.63	3.47
Diluted earnings per share	(5.65)	5.27	3.58	3.74	3.42
Dividend paid out in the year under review	1.50	2.00	1.50	1.50	1.50
Proposed dividend over the year under review	–	1.50	1.50	1.50	1.50
Extra dividend for the year under review related to sale of majority Geoscience business			0.50		
Pay-out ratio (%) over the year under review	–	54	56	41	43

1 2013 and 2014 based on cash flow from operating activities

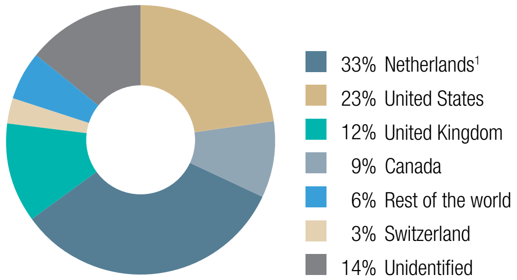
SHAREHOLDERS

Under the Dutch Financial Supervision Act, shareholdings of 3% or more must be disclosed to the Dutch Authority for the Financial Markets (AFM). On 31 December 2014, Fugro owned 4.20% of its own shares to cover performance shares and (performance) options granted to employees.

Shareholders owning 3% or more in Fugro's share capital (public register AFM)

	Ownership	Date Notification
Koninklijke Boskalis Westminster N.V.	20.01%	9 January 2015
Sprucegrove Investment Management Limited	5.18%	14 March 2013
Kiltearn Partners LLP	5.08%	19 December 2014
ING Groep NV	5.05%	22 November 2013
Harris Associates L.P.	5.00%	27 September 2013
Fidelity Management and Research	4.80%	5 May 2008
Fugro N.V. (treasury shares)	4.20%	20 September 2014

Geographical distribution shareholders



[1] including 4% treasury shares

source: cmi2i estimate based on available information; November 2014

Laboratory testing of soil and rocks, Wallingford, United Kingdom.

PARTICIPATIONS AND EMPLOYEE OPTIONS

On 31 December 2014 around 1% of Fugro's share capital was held by members of the Board of Management and other Fugro employees.

Of the total number of employee options granted during the past years, 5,501,963 options (including the (performance) option and performance share grants as per 31 December 2014) were outstanding on 31 December 2014. A total number of 770,638 new options, with an exercise price of EUR 17.26 were granted to a total of 654 employees on 31 December 2014. Furthermore, a total number of 158,500 performance options and 79,250 performance shares were granted to a total of 22 employees. Of these performance options and performance shares, 62% were granted to the four members of the Board of Management.

Movement in number of shares held to cover employee (performance) options and performance shares

	2014	2013
Balance on 1/1	3,798,736	1,202,566
Purchased	205,410	3,000,000
Sold in connection with option exercise	(380,830)	(403,830)
Balance on 31/12	3,623,316	3,798,736
Granted, not exercised options as of 31/12	5,501,963	5,491,865
Granted, not exercised performance options as of 31/12	158,500	–
Granted, not vested performance shares as of 31/12	79,250	–

Unconditional options are granted in accordance with the option scheme that was approved by the AGM on 14 May 2008. Conditional performance options and conditional performance shares (these performance shares do not yet represent actual shares; rather they represent the right to receive actual shares in the future on the vesting date) are granted in accordance with the option and share scheme (LTI Plan 2014) that was approved by the AGM on 6 May 2014.

Options (conditional as well as unconditional) 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 on 1 January of the year following the grant date. The option period is six years. The unconditional 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. The vesting conditions of the conditional options and the conditional shares are subject to continuous employment and performance testing after three years. Vested performance shares are subject to a two-year lock-up period. Standard exceptions apply to the latter rules in connection with retirement, long-term disability and death. In the event that a public offer is considered hostile and such offer is declared unconditionally, all unconditional options become immediately exercisable. The same could apply with respect to the conditional options and the conditional shares but that is subject to a decision of the Supervisory Board.

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

In 2014 Fugro purchased 205,410 shares (2013: 3,000,000 shares) at an average price of EUR 39.86 per share. On 31 December 2014 a total of 3,623,316 own shares were held. These shares are not entitled to dividend and there are no voting rights attached to these shares. The exercise/ vesting of all outstanding options as of 31 December 2014, including the options and performance shares granted on this date, could – after having used the purchased shares – lead to an increase of the issued share capital by a maximum of 2%. As stated above it is Fugro's policy to purchase own shares to cover the options and shares granted with the result that no new shares are issued when options are exercised and performance shares vest. Since the 1st of January 2015, year-to-date no options have been exercised.

In 2014, Fugro bought back and cancelled the exact number of shares issued as stock dividend in relation to the 2013 dividend. This was done to neutralise the dilutive effect of the stock dividend.

Number of outstanding shares

	2014	2013
Outstanding at 1/1	84,572,525	82,844,371
Issued in relation to stock dividend	1,698,575	1,728,154
Bought back and cancelled to neutralise dilution from stock dividend	(1,698,575)	–
Outstanding at 31/12	84,572,525	84,572,525
Balance held for option scheme (31/12)	3,623,316	3,798,736
Entitled to dividend as of 31/12	80,949,209	80,773,789

DIVIDEND

Fugro strives for a pay-out ratio of 35% to 55% of net result.

In 2014 about 59% of the shareholders chose to receive the dividend over the year 2013 in shares (2013: 50%).

Due to the poor results and in order to strengthen the balance sheet, Fugro will not propose a dividend over the year 2014. Dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels (see note 5.51.4 of the financial statements for more details on Fugro's loan covenants).

ANNUAL GENERAL MEETING

The agenda, including explanatory notes, of the Annual General Meeting will be posted on www.fugro.com at least 42 days prior to the meeting (19 March 2015 at the latest in relation to the 2015 Annual General Meeting).

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

Percentage of (certificates of) shares represented in shareholders' meetings

	Certificates and shares (excl. Fugro Trust Office)	Shares held by Fugro Trust Office[1]	% of issued capital[2]
AGM 2014	74	25	99
EGM 2013	69	30	99
AGM 2013	62	37	99

1 Fugro Trust Office votes on the shares for which certificates have been issued and on which shares the certificate holders do not vote themselves as representative of the Fugro Trust Office. See page •• for more information on Fugro Trust Office.

2 Excluding own shares held by Fugro.

PREVENTION OF MISUSE OF INSIDE INFORMATION

Fugro has issued internal guidelines on the holding of and effecting transactions in Fugro securities which apply to the members of the Supervisory Board, the Board of Management and other designated persons. A record is kept of all so-called 'insiders'. Fugro has appointed a Compliance Officer. Dealings in securities by members of the Supervisory Board, the Board of Management and the managers who are considered insiders as meant in Section 5:60 of the Dutch Financial Supervision Act, are notified to the AFM (www.afm.nl).

Financial calendar

27 February 2015	Publication 2014 annual results (7.00 CET)
6 March 2015	Publication 2014 Annual Report
19 March 2015	Notice for Annual General Meeting published on www.fugro.com

2 April 2015	Record date for Annual General Meeting
29 April 2015	Trading update first quarter 2015 (7.00 CET)
30 April 2015	Annual General Meeting (Crown Plaza hotel, Den Haag, 14.00 CET)
6 August 2015	Publication half-year results 2015 (7.00 CET)
30 October 2015	Trading update third quarter 2015 (7.00 CET)
26 February 2016	Publication 2015 annual results (7.00 CET)
26 April 2016	Annual General Meeting

CONTACT

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holding@fugro.com

FINANCIAL STATEMENTS 2014

1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(EUR x 1,000)		2014	2013
	Continuing operations		
(5.26)	Revenue	2,572,191	2,423,971
(5.29)	Third party costs*	(1,227,011)	(915,412)
	Net revenue own services (revenue less third party costs)	1,345,180	1,508,559
(5.30)	Other income	19,081	54,112
(5.31)	Personnel expenses	(820,269)	(743,143)
(5.37)	Depreciation	(200,403)	(179,036)
(5.38)	Amortisation*	(90,863)	(99,411)
(5.32)	Impairments	(509,048)	–
(5.33)	Other expenses	(292,246)	(274,061)
	Results from operating activities (EBIT)	(548,568)	267,020
	Finance income	12,519	20,142
	Finance expenses	(46,990)	(27,126)
(5.34)	Net finance income/(costs)	(34,471)	(6,984)
(5.41)	Share of profit/(loss) of equity-accounted investees (net of income tax)	(9,566)	4,937
	Profit/(loss) before income tax	(592,605)	264,973
(5.35)	Income tax gain/(expense)	44,960	(51,120)
	Profit/(loss) for the period from continuing operations	(547,645)	213,853
(5.47)	Profit/(loss) for the period from discontinued operations	(1,318)	204,073
	Profit/(loss) for the period	(548,963)	417,926
	Attributable to:		
	Owners of the Company (net result)	(458,870)	428,303
	Non-controlling interests	(90,093)	(10,377)
	Profit/(loss) for the period	(548,963)	417,926
	Basic earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.49)	From continuing operations (EUR)	(5.65)	2.77
(5.49)	From discontinued operations (EUR)	(0.02)	2.52
(5.49)	**From profit/(loss) for the period**	(5.67)	5.29
	Diluted earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.49)	From continuing operations (EUR)	(5.63)	2.76
(5.49)	From discontinued operations (EUR)	(0.02)	2.51
(5.49)	**From profit/(loss) for the period**	(5.65)	5.27

* the amortisation multi-client data libraries are presented as amortisation as of 1 January 2014. Previously, these costs formed part of third party costs. The comparative numbers have been adjusted.

The notes on pages 108 to 185 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)	2014	2013
	Profit/(loss) for the period	(548,963)	417,926
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
(5.52)	Defined benefit plan actuarial gains/(losses)	(18,815)	(5,163)
	Total items that will not be reclassified to profit or loss	(18,815)	(5,163)
	Items that may be reclassified subsequently to profit or loss		
(5.34)	Foreign currency translation differences of foreign operations	152,508	(207,271)
(5.34)	Foreign currency translation differences of equity-accounted investees	2,761	(333)
(5.34)	Net change in fair value of hedge of net investment in foreign operations	(75,840)	26,805
(5.34)	Net change in fair value of cash flow hedges transferred to profit or loss	210	626
(5.34)	Net change in fair value of available-for-sale financial assets	(829)	(95)
	Net change in translation reserve transferred to profit or loss due to disposal	–	10,839
	Total items that may be reclassified subsequently to profit or loss	78,810	(169,429)
	Total other comprehensive income for the period (net of tax)	59,995	(174,592)
	Total comprehensive income/(loss) for the period	(488,968)	243,334
	Attributable to:		
	Owners of the Company	(401,757)	259,789
	Non-controlling interests	(87,211)	(16,455)
	Total comprehensive income/(loss) for the period	(488,968)	243,334
	Total comprehensive income attributable to equity shareholders arises from:		
	Continuing operations	(400,439)	45,377
	Discontinued operations	(1,318)	214,412
		(401,757)	259,789

The notes on pages 108 to 185 are an integral part of these consolidated financial statements.

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	(EUR x 1,000)	2014	2013
	Assets		
(5.37)	Property, plant and equipment	1,198,024	1,129,920
(5.38)	Intangible assets	762,434	1,137,210
(5.41)	Investments in equity-accounted investees	34,582	52,659
(5.42)	Other investments	91,425	150,604
(5.43)	Deferred tax assets	105,129	49,561
	Total non-current assets	2,191,594	2,519,954
(5.44)	Inventories	34,277	27,583
(5.45)	Trade and other receivables	976,484	867,535
(5.36)	Current tax assets	41,150	51,345
(5.46)	Cash and cash equivalents	322,167	164,185
	Total current assets	1,374,078	1,110,648
	Total assets	3,565,672	3,630,602

The notes on pages 108 to 185 are an integral part of these consolidated financial statements.

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	(EUR x 1,000)	2014	2013
	Equity		
	Share capital	4,228	4,228
	Share premium	431,227	431,227
	Other Reserves	(436,464)	(447,888)
	Retained earnings	1,977,645	1,609,101
	Unappropriated result	(458,870)	428,303
	Total equity attributable to owners of the Company	1,517,766	2,024,971
(5.50)	Non-controlling interests	(5,348)	85,947
(5.48)	**Total equity**	1,512,418	2,110,918
	Liabilities		
(5.51)	Loans and borrowings	949,954	689,023
(5.52)	Employee benefits	116,122	95,003
(5.53)	Provisions for other liabilities and charges	61,046	225
(5.43)	Deferred tax liabilities	3,757	38,231
	Total non-current liabilities	1,130,879	822,482
(5.46)	Bank overdraft	169,089	92,085
(5.51)	Loans and borrowings	4,077	31,595
(5.54)	Trade and other payables	587,688	483,690
(5.53)	Provisions for other liabilities and charges	56,879	–
	Other taxes and social security charges	51,214	41,499
(5.36)	Current tax liabilities	53,428	48,333
	Total current liabilities	922,375	697,202
	Total liabilities	2,053,254	1,519,684
	Total equity and liabilities	3,565,672	3,630,602

The notes on pages 108 to 185 are an integral part of these consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR x 1,000) 2014

		Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for own shares	Retained earnings	Unappro-priated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2014	4,228	431,227	(158,185)	(1,078)	(288,625)	1,609,101	428,303	2,024,971	85,947	2,110,918
	Total comprehensive income for the period:										
	Profit or (loss)							(458,870)	(458,870)	(90,093)	(548,963)
	Other comprehensive income										
(5.34)	Foreign currency translation differences of foreign operations			149,626					149,626	2,882	152,508
(5.34)	Foreign currency translation differences of equity-accounted investees			2,761					2,761		2,761
(5.34)	Net change in fair value of hedge of net investment in foreign operations			(75,840)					(75,840)		(75,840)
(5.52)	Defined benefit plan actuarial gains (losses)						(18,815)		(18,815)		(18,815)
(5.34)	Net change in fair value of cash flow hedges transferred to profit or loss				210				210		210
(5.34)	Net change in fair value of available-for-sale financial assets						(829)		(829)		(829)
	Total other comprehensive income (net of tax)			76,547	210		(19,644)		57,113	2,882	59,995
	Total comprehensive income for the period			76,547	210		(19,644)	(458,870)	(401,757)	(87,211)	(488,968)
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.31)	Share-based payments						10,490		10,490		10,490
	Share options exercised					8,924			8,924		8,924
	Addition to reserves						377,698	(377,698)	–		–
(5.48)	Own shares acquired and stock dividend					(74,257)			(74,257)		(74,257)
(5.48)	Dividends to shareholders							(50,605)	(50,605)	(4,084)	(54,689)
	Total contributions by and distribution to owners					(65,333)	388,188	(428,303)	(105,448)	(4,084)	(109,532)
	Balance at 31 December 2014	4,228	431,227	(81,638)	(868)	(353,958)	1,977,645	(458,870)	1,517,766	(5,348)	1,512,418

The notes on pages 108 to 185 are an integral part of these consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(EUR x 1,000)											2013
		Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for own shares	Retained earnings	Unappro-priated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2013	4,143	431,312	5,697	(1,704)	(168,558)	1,396,094	289,745	1,956,729	21,640	1,978,369
	Total comprehensive income for the period:										
	Profit or (loss)							428,303	428,303	(10,377)	417,926
	Other comprehensive income										
(5.34)	Foreign currency translation differences of foreign operations			(201,193)					(201,193)	(6,078)	(207,271)
(5.34)	Foreign currency translation differences of equity-accounted investees			(333)					(333)		(333)
(5.34)	Net change in fair value of hedge of net investment in foreign operations			26,805					26,805		26,805
(5.52)	Defined benefit plan actuarial gains (losses)						(5,163)		(5,163)		(5,163)
(5.34)	Net change in fair value of cash flow hedges transferred to profit or loss				626				626		626
(5.34)	Net change in fair value of available-for-sale financial assets						(95)		(95)		(95)
(5.34)	Net change in translation reserve transferred to profit or loss due to disposal			10,839					10,839		10,839
	Total other comprehensive income (net of tax)			(163,882)	626		(5,258)		(168,514)	(6,078)	(174,592)
	Total comprehensive income for the period			(163,882)	626		(5,258)	428,303	259,789	(16,455)	243,334
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.31)	Share-based payments						8,858		8,858		8,858
	Share options exercised					13,106			13,106		13,106
	Addition to reserves						209,407	(209,407)			
(5.48)	Own shares acquired and stock dividend	85	(85)			(133,173)			(133,173)		(133,173)
(5.41)	Disposal									(16,477)	(16,477)
(5.48)	Dividends to shareholders							(80,338)	(80,338)	(2,261)	(82,599)
	Non-controlling interest arising on establishment of Seabed Geosolutions B.V.									99,500	99,500
	Total contributions by and distribution to owners	85	(85)			(120,067)	218,265	(289,745)	(191,547)	80,762	(110,785)
	Balance at 31 December 2013	4,228	431,227	(158,185)	(1,078)	(288,625)	1,609,101	428,303	2,024,971	85,947	2,110,918

The notes on pages 108 to 185 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)		2014	2013*
	Cash flows from continuing operations		
	Cash flows from operating activities		
	Profit/(loss) for the period	(547,645)	213,853
	Adjustments for:		
(5.37)			
(5.38)	Depreciation and amortisation	291,266	278,448
(5.32)	Impairments	509,048	–
(5.33)	Write-off long term receivables	12,655	–
(5.41)	Share of (profit)/loss of equity-accounted investees (net of income tax)	9,566	(4,937)
	Gain on sale of property, plant and equipment	(4,245)	(2,213)
(5.31)	Equity-settled share-based payments	10,490	8,858
	Change in provisions for other liabilities and charges and employee benefits	104,544	2,223
(5.35)	Income tax expense/(gain)	(44,960)	51,120
	Income tax paid	(30,628)	(69,692)
(5.34)	Finance income and expense	34,471	16,448
	Interest paid	(37,392)	(30,848)
	Operating cash flows before changes in working capital and provisions	307,170	463,260
	Change in inventories	(3,817)	(4,081)
	Change in trade and other receivables	(69,260)	(178,137)
	Change in trade and other payables	102,603	84,339
	Changes in working capital	29,526	(97,879)
	Net cash generated from operating activities	336,696	365,381
	Cash flows from investing activities		
	Proceeds from sale of interests in business, net of cash disposed of	28,125	792,762
(5.38)	Acquisition of intangible assets	(12,230)	(6,732)
(5.38)	Internally developed intangible assets	(20,892)	(52,231)
	Capital expenditures on property, plant and equipment	(274,050)	(253,340)
	Proceeds from sale of property, plant and equipment	14,747	3,832
(5.27)	Acquisition of businesses, net of cash acquired	(63,878)	(23,147)
	Proceeds from sale of other investments	11,158	971
(5.34)	Interest received	17,473	6,583
(5.41)	Dividends received	5,262	2,939
	Acquisition of other investments	–	(328)
	Net cash (used in) / from investing activities	(294,285)	471,309
	Cash flows before financing activities	42,411	836,690

* adjusted for comparison purposes

The notes on pages 108 to 185 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)		2014	2013*
	Cash flows from financing activities		
	Proceeds from issue of long-term loans	192,875	3,093
	Transaction costs relating to loans and borrowings	(4,293)	–
	Repurchase of own shares	(74,257)	(133,173)
	Paid consideration for the exercise of share options	15,091	13,106
	Proceeds from the sale of own shares	(6,167)	–
	Repayment of borrowings	(35,347)	(435,614)
	Dividends paid	(54,689)	(82,599)
	Net cash from / (used in) financing activities	33,213	(635,187)
	Change in cash flows from continuing operations	75,624	201,503
	Cash flows from discontinued operations		
	Cash flows from operating activities	–	(1,011)
	Change in cash flows from discontinued operations	–	(1,011)
	Net increase/(decrease) in cash and cash equivalents	75,624	200,492
	Cash and cash equivalents at 1 January	72,100	(161,038)
	Cash and cash equivalents transferred (as held for sale)	–	(13,857)
	Bank overdraft transferred (as held for sale)	–	44,991
	Effect of exchange rate fluctuations on cash held	5,354	1,512
	Cash and cash equivalents at 31 December	153,078	72,100
	Presentation in the statement of financial position		
(5.46)	Cash and cash equivalents	322,167	164,185
(5.46)	Bank overdraft	(169,089)	(92,085)
		153,078	72,100

* adjusted for comparison purposes

The notes on pages 108 to 185 are an integral part of these consolidated financial statements.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 General

Fugro N.V., hereinafter to be referred to as 'Fugro' or 'the Company', has its corporate seat in The Netherlands. The address of the Company's principal office is Veurse Achterweg 10, 2264 SG, Leidschendam, the Netherlands. The consolidated financial statements of Fugro as at and for the year ended 31 December 2014 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.

5.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code. The Company income statement of Fugro N.V. has been prepared in accordance with section 2:402 of the Netherlands Civil Code, which allows a condensed statement of income as the financial data of the Company is included in the consolidated financial statements.

On 26 February 2015 the Board of Management and Supervisory Board authorised the financial statements for issue. Publication will take place on 6 March 2015.

The financial statements will be submitted for adoption to the Annual General Meeting on 30 April 2015. The official language for the financial statements is the English language as approved by the Annual General Meeting on 10 May 2011. With reference to the Company income statement of Fugro N.V., use has been made of the exemption pursuant to section 2:402 of the Netherlands Civil Code.

5.3 Basis of preparation

5.3.1 Functional and presentation currency

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

5.3.2 Basis of measurement

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

5.3.3 Change in accounting policy multi-client data libraries

In 2013, Fugro changed the accounting policy for its multi-client data libraries to report these as intangible assets.

In 2014, Fugro decided to present the amortisation on the multi-client data libraries as amortisation costs in the consolidated statement of comprehensive income of the financial statements 2014. In 2014, the amortisation multi-client data libraries amounts to EUR 69,541 thousand (2013: EUR 88,029 thousand) and has been included in the total amortisation in the consolidated statement of comprehensive income of EUR 90,863 thousand (2013: EUR 99,411 thousand). Previously, these costs formed part of third party costs. The Company considers this presentation as more relevant as the costs are directly related to the intangible assets. This change does not have an effect on the carrying amounts of the multi-client data libraries, nor on Equity, nor on Profit/(loss) for the period, and nor on the 'Earning per share'. Furthermore, this change does not affect the calculation of the EBITDA for the purpose of the covenant requirements. The comparative numbers have been adjusted for comparison purposes.

5.3.4 Change in accounting policies resulting from changes in IFRS

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except as explained below which addresses changes in accounting policies. The Company accounts for any change in accounting principle retrospectively.

The Group has adopted the following amendments to a standard or new interpretation with a date of initial application of 1 January 2014.

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and revised standards IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' are adopted as from 1 January 2014 with retrospective effect. The standards reinforce the principles for determining when an investor controls another entity, can amend in certain cases the accounting for arrangements where an investor has joint control and can introduce changes to certain disclosures. The impact of these new and revised standards, including amendments to Investments Entities, has been assessed and reviewed previously and the adoption has no significant effect on the accounting of the financial statements of the Group. As a result of IFRS 12, the Company has expanded its disclosures on interests in other entities. Reference is made to 5.50.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation further clarifies what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is currently not subjected to significant levies so the impact on the Group's financial statements is considered as not material.

IAS 32 'Offsetting financial assets and financial liabilities - amendments to IAS 32' is effective as from 1 January 2014. It requires an entity to offset a financial asset and financial liability when and only when, an entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously. The amendments did not have a material impact on the Company.

IAS 39 'Novation of derivatives and continuation of hedge accounting- amendments to IAS 39' which provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging Instrument in order to achieve clearing for that instrument. The amendments did not have a material impact a material impact on the Company.

5.3.5 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 forms 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 5.65.

5.3.6 New standards and interpretations

For the following new standards Fugro has not opted for early adoption:

IFRS 9, 'Financial Instruments' was issued on 24 July 2014. This is the final version of the Standard and supersedes all previous versions. The Standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted, under the presumption that the standard will be endorsed by the European Union and no changes will be made in effective date of the Standard. Endorsement is expected in 2015. The full impact of the changes in accounting for financial instruments on Fugro has not been determined yet.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2017, under the presumption that the standard will be endorsed by the European Union and no changes will be made in the effective date of the Standard. Endorsement is expected in 2015. The Company is currently assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Summary of significant accounting policies

The accounting policies set out below have been applied consistently by all subsidiaries and equity-accounted investees to all periods presented in these consolidated financial statements.

5.4 Basis of consolidation

5.4.1 Consolidated statement of comprehensive income and cash flows

As from 2014, Fugro decided to group and combine, where appropriate, certain line items in the consolidated statement of cash flows, with the purpose to further increase the readability and accessibility of this statement. Some line items have also been renamed for clarity purposes. The basis of preparation of the consolidated statement of cash flows has not changed. Also, this has no effect on the net cash generated from and/or used in the distinguished operating, investing and financing activities. The comparative numbers have been adjusted for comparison reasons.

5.4.2 Accounting for business combinations

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.

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.

5.4.3 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

5.4.4 Equity-accounted investees

The Group's interests in equity-investees comprise interests in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Refer to note 5.10 or the accounting policy for equity-accounted investees.

5.4.5 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.

5.4.6 Transactions eliminated on consolidation

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

5.5 Foreign currency

5.5.1 Foreign currency transactions and translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

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

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

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

	USD at year-end	USD average	GBP at year-end	GBP average	NOK at year-end	NOK average	AUD at year-end	AUD average
2014	0.820	0.758	1.280	1.247	0.111	0.119	0.680	0.679
2013	0.730	0.750	1.200	1.180	0.120	0.127	0.650	0.720

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 in the translation reserve is reclassified to profit or loss.

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

5.5.3 Hedge of a net investment in foreign operations

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

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

5.6 Determination of fair values

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

5.6.1 Property, plant and equipment

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

5.6.2 Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

5.6.3 Inventories

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

5.6.4 Equity and debt securities

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

5.6.5 Trade and other receivables

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

5.6.6 Forward exchange contracts and interest rate swaps

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

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

5.6.7 Other non-derivative financial liabilities

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

5.6.8 Share-based payment transactions

During 2014, new incentive plans for members of the Board of Management have been introduced. The new share option plan is applicable as of 2014. This plan is based on a combination of performance options and performance shares. The options and shares are awarded conditionally. The fair value of the options granted under the new plan is based on the binomial model for the options that the market conditions do not apply (unconditional options or conditional options with non-market service conditions). The fair value for any options granted (conditional options) with a market condition is determined applying a Monte Carlo simulation model. The options exercise price is equal to the price of the Fugro shares at the closing date of the stock exchange on the last trading day of the year. Currently, this share option plan is limited to the members of the Executive Committee and certain other senior employees.

Fugro has a share option scheme in place that allows some assigned group employees to acquire shares in Fugro. Previously, the Members of the Board of Management also participated in this share option scheme.

The fair value of these employee share options are measured using a binomial model, taking into account the terms and conditions upon which the share options were awarded. 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 and 5.60.

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

5.7.2 Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities 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 net off 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 5.46 Cash and cash equivalents and note 5.54 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.

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 and 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 to accounting policy 5.16). 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 5.23.2.

5.8.3 Subsequent cost

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

5.8.4 Depreciation

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

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

5.9 Intangible assets

5.9.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, refer to note 5.4.2 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 and when there is an indication for impairment (refer to note 5.16). In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

5.9.2 Multi-client data libraries

The multi-client data libraries have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Multi-client data libraries consist of completed and in progress collection of seismic data that can be sold non-exclusively to one or more clients in the ordinary course of business. The group uses standard licensing contracts that are used throughout the industry to arrange the sale of the seismic data. These licensing contracts usually include an one-off fee for the non-exclusive use of the seismic data during either an indefinite period or period that exceeds the useful life. These seismic data libraries are recognised initially at cost. The costs of completed and in progress libraries comprise of directly attributable data collection, data processing, other direct costs and related overheads (including borrowing costs and transit costs where applicable). Recognition of costs in the carrying amount of the multi-client data libraries ceases when the asset is ready for sale. After initial recognition, the multi-client data libraries are carried at its cost less any accumulated amortisation and any impairment losses.

At each reporting date, the Group reviews the multi-client data libraries for indications for impairment (also refer to note 5.16) at the relevant level (independent multi-client data libraries or groups of libraries). If and when impairment conditions have been identified for independent surveys or groups of surveys, the Group compares the carrying amount to the recoverable amount, and records an impairment for the amount the carrying amount exceeds the recoverable amount.

The recoverable amount is based on the value in use and is approximated by estimating the future sales during the period in which the data or group of data is expected to be marketed, net of selling costs, which includes amongst other fees to be paid to CGG and TGS under the relevant marketing and sales agreements. The value in use is based on estimated future cash flows, which involves significant judgment (refer to note 5.65 for estimates and management judgements). Also refer to note 5.9.6 for the amortisation policy on multi-client data libraries.

5.9.3 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 to note 5.16).

5.9.4 Software and other intangible assets

Software and other intangible assets acquired or developed by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 5.16).

5.9.5 Subsequent expenditure

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

5.9.6 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 to accounting policy 5.16). Other intangible assets and software are amortised from the date they are available for use. The estimated useful life of software and other capitalised development costs is, in general, five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

For multi-client data libraries amortisation takes into account the pattern in which the libraries future economic benefits are expected to be consumed by the entity. Fugro uses an amortisation model that includes the following:

- straight line amortisation (3 years for 2D data sets, for 3D data sets a minimum annual reduction of 20% of the carrying value commencing after the ready for sale date);
- sales related amortisation (75% for 2D data sets, 50%-90% for 3D data sets).

Seismic data multi-client projects are classified into the same category when they are located in the same area with the same estimated sales ratio.

As it is expected that sales lead to a lower carrying amount of the multi-client data libraries, these expected decreases in value are taken into account at the moment of sale throughout the financial year. The costs of each sale of data are based on a percentage of the total costs to the estimated total sales revenue (sales ratio). This sales ratio is based on historical patterns and depending on the category of data, we use a sales ratio amortisation between 50-90% corresponding with the total estimated costs over total estimated sales.

5.10 Investments in equity-accounted investees

The Group’s interests in equity-investees comprise interests in joint ventures. 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 to accounting policy 5.16). The consolidated financial statements include the Group’s share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds the carrying amount of the equity-accounted investee, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

5.11 Other investments

5.11.1 Other investments in equity instruments

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

5.11.2 Financial assets at fair value through profit or loss

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

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

5.11.3 Long-term loans and other long-term receivables

Long-term loans and other long-term receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value net of 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 5.16).

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 5.16) 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

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

5.13 Trade and other receivables

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 to accounting policy 5.16).
Unbilled revenue on (completed) projects represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses. Advances received from customers are presented as advance instalments to work in progress.

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 to accounting policy 5.16). 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 Assets of disposal group classified as held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity-accounted investees are no longer equity-accounted.

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business of geographical area of operations; or
- Is a subsidiary acquired exclusive with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the Comparative Statement of Comprehensive Income has been re-presented as if the operation had been discontinued from the start of the comparative year.

Further disclosure on the discontinued operations is included in note 5.47.

5.16 Impairment

5.16.1 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.

5.16.2 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 to accounting policy 5.24), 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 (or group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or group of cash-generating units) on a pro rata basis.

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

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash generating units to which the corporate asset is allocated.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.17 Equity

5.17.1 Share capital

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

5.17.2 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.

5.17.3 Dividends

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

5.18 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.

5.19 Employee benefits

5.19.1 Defined contribution plans

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

5.19.2 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 the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated (high quality) corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by qualified independent actuaries using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to 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.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss. Employee contributions for which the amount is independent of the number of years of service are recognised as a reduction of the service costs in the period in which the related service is rendered.

When the benefits of a plan are changed or when a plan is curtailed, then resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

5.19.3 Other long-term employee benefits

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

5.19.4 Share-based payments

The share option schemes allow Members of the Board of Management and 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 (share options) and the members of the Board of Management (performance shares and options) become unconditionally entitled to the share options or shares. 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.
The expense recognized for the conditionally awarded share options and shares are adjusted annually to reflect the actual number shares that will likely vest based on the related service and non-market performance conditions.

5.20 Provisions for other liabilities and charges

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for other liabilities and charges 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.

5.20.1 Onerous contracts

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

5.21 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.

5.22 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 of seismic data, 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 5.22.2, 5.22.3 and 5.22.4.

5.22.1 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 percentage of completion of the transaction at the reporting date. The percentage of completion is based on the input measure and is determined as a percentage of the contract costs incurred in relation to the total estimated contract costs (as this method is most appropriate for the majority of the services provided by the Group) and are only recognised to the extent of costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

5.22.2 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.

5.22.3 Seismic data

Revenue from the sale of non-exclusive seismic data libraries results from sales of data after completion of a data library which have been (substantially) delivered to the client. Sales of data after completion are recognised as revenue when data have (substantially) been delivered to the client. Multiple (service) elements, 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. The amount of revenue allocated to each element is based upon the relative fair values of the various elements.

5.22.4 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.

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

Net revenue own service comprises 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.

5.22.6 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.

5.22.7 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.

5.23 Expenses

5.23.1 Third party costs

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

5.23.2 Lease payments

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

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.

5.23.3 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.

5.24 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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

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

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

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

5.25 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.

NOTES TO FINANCIAL STATEMENTS

5.26 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. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

5.26.1 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 infrastructure and buildings industry. The Group has four reportable segments, being 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 segments are managed on a worldwide basis, and operate in five principal geographical areas: Europe, Africa, Middle East/India, Asia Pacific and the Americas. In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of operating companies. The allocation of segment assets is based on the geographical location of the operating company using the assets.

In 2014, Fugro decided to relocate certain operating companies within the geographical areas to align with the reporting and performance structure reviewed by the Executive Committee. The comparative figures have been adjusted for comparison purposes. In 2013, total revenue from external customers for the geographical areas affected amounted to EUR 1,140,933 thousand, EUR 51,468 thousand and EUR 190,473 thousand for Europe, Africa and Middle East/India, respectively. As at 31 December 2013, the non-current assets for the corresponding areas affected amounted to EUR 1,394,473 thousand, EUR 12,773 thousand and EUR 68,818 thousand for Europe, Africa and Middle Ease/India, respectively.

As from 1 January 2014, Fugro redefined the calculation of the capital employed. Capital employed is calculated at the end of the full year reporting period. Previously, the calculation was based on a full year average. The comparative figures of last year have been adjusted for comparison purposes. As at 31 December 2013, capital employed per operating segment amounted to EUR 653,396 thousand, EUR 669,936 thousand, EUR 585,901 thousand, EUR 1,194,229 thousand (of which EUR 414,854 thousand relating to the discontinued operations) for Geotechnical, Survey, Subsea Services and Geoscience, respectively.

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.

Fugro allocates all other corporate expenses and finance income to the reportable segment profit (or loss) before income tax of the respective operating segments pro-rate based on net revenue. Assets that are used by more than one operating segment and liabilities that relate to more operating segments are pro-rate allocated based on net revenues to the respective reporting segments as well.

The following summary describes the operations in each of the Group's reportable segments:

Geotechnical
The Geotechnical division investigates the engineering properties and geological characteristics of near-surface soils and rocks using (in-house developed) proprietary technologies, advises on foundation design, provides construction materials testing, pavement assessment and installation support services. Geoconsulting services provide integrated geophysical, engineering geology and engineering analysis to solve engineering problems or to provide solutions for our clients and their projects. These services support clients' projects worldwide in the onshore, near shore and offshore environments, including deep water. Typical projects include support of infrastructure development and maintenance, large construction projects, flood protection and support of the design and installation of oil and gas facilities and wind farms.

Survey
The Survey division provides a range of services in support of the oil and gas industry, renewable energy, commercial and civil industries, as well as governments and other organisations. It encompasses numerous offshore activities as well as on shore geospatial activities. It also manages global positioning systems that support these and other Group activities. Offshore services include geophysical investigations for geohazards, pipeline and cable routes, inspection and construction support services, hydrographic charting and meteorological and oceanographic studies. Geospatial services concentrate on land survey and aerial and satellite mapping services for a wide range of clients. Fugro's global positioning system (which augments GPS and Glonass signals to provide precise positioning globally) is used for the foregoing services, but is also provided on a subscription basis to clients in the oil and gas and shipping industries.

Subsea Services
The Subsea Services division provides underwater support services to the oil and gas, marine construction and renewable energy industries. It operates a modern fleet of Remotely Operated Vehicles (ROVs) ranging from light inspection to heavy work class units, as well as ROV support vessels and dive support vessels providing services in water depths to over 3,000 metres. These activities are provided throughout the life of oil and gas fields and range from ROV support during exploration drilling, to field development, installation and construction support, long term Inspection Repair and Maintenance (IRM) of Subsea Services assets during production and through to assistance in the final decommissioning of those assets. The Fugro Subsea Services division also provides tooling and engineering services to enable the design and build of purpose-built tools and interfaces for ROV-based activities. ROV inspection services are augmented by air- and saturation-diving capabilities.

Geoscience
The Geoscience division provides services and products to acquire geophysical data that are used for the exploration, appraisal, development and production of offshore natural resources. The data sets are collected on or close to the seabed from shallow to ultra deep water. Multi-component seismic and time-lapse seismic methods are supported. These activities are carried out in the Seabed Geosolutions (Seabed) joint venture with CGG. Fugro has a 60% (controlling) stake in this joint venture and is therefore fully consolidated. Clients are predominantly oil and gas companies. The Geoscience division owns and sells data from a large, geographically diverse 2D and 3D marine streamer seismic multi-client data library.

Operating segments

(EUR x 1,000)	Geotechnical		Survey		Subsea Services		Geoscience		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment revenue	832,043	749,374	991,048	966,191	632,935	638,381	300,795	341,896	2,756,821	2,695,842
Of which inter-segment revenue	57,062	46,838	103,022	66,312	24,546	64,492	–	–	184,630	177,642
Revenue	774,981	702,536	888,026	899,879	608,389	573,889	300,795	341,896	2,572,191	2,518,200
Segment result	102,526	142,083	173,048	226,248	29,704	66,100	(53,532)	114,277	251,746	548,708
Depreciation	(48,158)	(43,386)	(62,143)	(59,031)	(50,983)	(52,835)	(39,119)	(23,785)	(200,403)	(179,037)
Amortisation	(7,738)	(981)	(2,893)	(1,047)	(445)	(347)	(79,787)	(97,036)	(90,863)	(99,411)
Impairments	(63,646)	–	(44,607)	–	(14,713)	–	(386,082)	–	(509,048)	–
Result from operating activities (EBIT)	(17,016)	97,716	63,405	166,170	(36,437)	12,918	(558,520)	(6,544)	(548,568)	270,260
EBIT in % of revenue	(2.2)	13.9	7.1	18.5	(6.0)	2.3	(185.7)	(1.9)	(21.3)	10.7
Finance income	20,606	19,508	25,484	26,263	15,486	15,453	–	11,642	61,576	72,866
Finance expense	(22,296)	(17,085)	(22,353)	(19,687)	(25,649)	(26,163)	(25,749)	(20,935)	(96,047)	(83,870)
Share of profit/(loss) of equity-accounted investees	(8,305)	(184)	5,706	2,747	3,631	156	(10,598)	2,218	(9,566)	4,937
Reportable segment profit /(loss) before income tax	(27,011)	99,955	72,242	175,493	(42,969)	2,364	(594,867)	(13,619)	(592,605)	264,193
Income tax	7,930	(14,870)	(27,976)	(37,774)	1,891	3,696	63,115	(2,403)	44,960	(51,351)
Gain/(loss) on sale of the majority of the Geoscience business, net of tax (see 5.47)									(1,318)	205,084
Profit (loss) for the period	19,081	85,085	44,266	137,719	(41,078)	6,060	(531,752)	(16,022)	(548,963)	417,926
Capital employed	779,599	675,182	621,742	632,377	578,520	584,359	250,748	746,651	2,230,609	2,638,569
Reportable segment assets	1,075,834	881,290	1,052,784	981,441	799,482	701,345	637,572	1,066,526	3,565,672	3,630,602
Reportable segment liabilities	541,233	385,370	594,212	401,231	321,770	302,051	596,039	431,032	2,053,254	1,519,684
Capital expenditure, property, plant and equipment	70,448	69,304	99,468	86,111	59,955	77,697	50,339	22,035	280,210	255,147
Capital expenditure software and other intangible assets	829	312	1,036	580	306	72	10,412	9,672	12,583	10,636
Additions multi-client data libraries							20,892	48,327	20,892	48,327
Movement in other investments	(249)	424	458	(115)	(196)	345	(59,192)	120,872	(59,179)	121,526

Geoscience segment

(EUR x 1,000)	Continued		Discontinued		Total	
	2014	2013	2014	2013	2014	2013
Segment revenue	300,795	247,667	–	94,229	300,795	341,896
Of which inter-segment revenue	–	–	–	–	–	–
Revenue	300,795	247,667	–	94,229	300,795	341,896
Segment result	(53,532)	111,036	–	3,241	(53,532)	114,277
Depreciation	(39,119)	(23,784)	–	(1)	(39,119)	(23,785)
Amortisation	(79,787)	(97,036)	–	–	(79,787)	(97,036)
Impairments	(386,082)				(386,082)	
Result from operating activities (EBIT)	(558,520)	(9,784)	–	3,240	(558,520)	(6,544)
EBIT in % of revenue	(185.7)	(4.0)	–	3.4	(185.7)	(1.9)
Finance income	–	11,456	–	186	–	11,642
Finance expense	(25,749)	(16,729)	–	(4,206)	(25,749)	(20,935)
Share of profit of equity-accounted investees	(10,598)	2,218	–	–	(10,598)	2,218
Reportable segment profit/(loss) before income tax	(594,867)	(12,839)	–	(780)	(594,867)	(13,619)
Income tax	63,115	(2,172)	–	(231)	63,115	(2,403)
Profit/(loss) for the period	(531,752)	(15,011)	–	(1,011)	(531,752)	(16,022)
Capital employed	250,748	746,651	–	–	250,748	746,651
Reportable segment assets	637,572	1,066,526	–	–	637,572	1,066,526
Reportable segment liabilities	596,039	431,032	–	–	596,039	431,032
Capital expenditure, property, plant and equipment	50,339	20,228	–	1,807	50,339	22,035
Capital expenditure software and other intangible assets	10,412	9,672	–	–	10,412	9,672
Additions multi-client data libraries	20,892	48,327	–	–	20,892	48,327
Movement in other investments	(59,192)	120,872	–	–	(59,192)	120,872

Geographical areas

(EUR x 1,000)	Europe		Africa		Middle East/India		Asia Pacific		Americas		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	1,075,873	1,084,805	130,554	109,074	223,525	188,995	586,564	510,875	555,675	530,222	2,572,191	2,423,971
Non-current assets	1,026,529	1,385,281	86,412	21,965	98,651	68,818	492,106	523,100	487,896	520,790	2,191,594	2,519,954

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

(EUR x 1,000)	2014	2013
Revenues		
Total revenue for reportable segments	2,756,821	2,695,842
Elimination of inter-segment revenue (from continuing operations)	(184,630)	(177,642)
Revenue from Geoscience (discontinued including inter-segment revenue)	–	(94,229)
Consolidated revenue (from continuing operations)	2,572,191	2,423,971
Profit or loss		
Total profit (or loss) for reportable segments before income tax	(592,605)	264,193
(Profit)/loss from discontinued operations before income tax	–	780
Consolidated profit before income tax (from continuing operations)	(592,605)	264,973
Assets		
Total assets for reportable segments	3,565,672	3,630,602
Consolidated assets	3,565,672	3,630,602
Liabilities		
Total liabilities for reportable segments	2,053,254	1,519,684
Consolidated liabilities	2,053,254	1,519,684

Other material items 2014 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Discontinued Geoscience	Adjustments and other unallocated amounts	Consolidated totals
Finance income	61,576	–	(49,057)	12,519
Finance expense	(96,047)	–	49,057	(46,990)
Depreciation	(200,403)	–	–	(200,403)
Amortisation	(90,863)	–	–	(90,863)

Other material items 2013 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Discontinued Geoscience	Adjustments and other unallocated amounts	Consolidated totals
Finance income	72,866	(186)	(52,538)	20,142
Finance expense	(83,870)	4,206	52,538	(27,126)
Depreciation	(179,037)	1	–	(179,036)
Amortisation	(99,411)	–	–	(99,411)

5.27 Acquisitions and divestments of subsidiaries

5.27.1 Acquisitions 2014

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

(EUR x million)	Consideration	Goodwill	Annual revenue as of 1 January 2014	Number of employees	Acquisition date
Roames Asset Services Pty. Ltd.	14.0	3.7	8.0	5	28 February
RailData B.V.	2.1	1.7	1.4	12	30 April
Earth Resources (Pty) Ltd.	5.4	0.9	1.2	120	4 June
Geofor International SA	40.0	25.0	26.1	450	27 June
Total	61.5	31.3	36.7	587	

The acquisitions relate to Roames Asset Services Pty Ltd. (Roames), RailData B.V. (RailData), Earth Resources (Pty) Ltd. and Geofor International SA (Geofor) which are further detailed below.

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

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

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

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

The total fair value of the net assets acquired amounts to EUR 30.2 million and the total consideration amounts to EUR 61.5 million. The goodwill amounts to EUR 31.3 million.

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

(EUR x million)	2014
Property, plant and equipment	16.7
Intangible assets	16.1
Deferred tax assets	0.1
Inventories	2.9
Trade and other receivables	19.0
Current tax receivable	0.1
Cash and cash equivalents	(3.8)
Deferred tax liabilities	(4.3)
Loans and borrowings	(1.8)
Trade and other payables	(14.8)
Total net identifiable assets and liabilities	30.2
Goodwill on acquisition	31.3
Consideration	61.5
Cash (acquired)/disposed of	3.8
Contingent consideration	(1.4)
Net cash outflow	63.9

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

The fair value and the gross contractual amounts of the receivables acquired do not materially differ from their carrying amounts and is expected to be fully collectible.

The acquisitions in 2014 contributed EUR 22.4 million to the revenue of the Group. If these acquisitions had been effected as from 1 January 2014, the revenue contribution of the group would have been EUR 36.7 million. The acquisitions contributed EUR 6.7 million (loss) to the result of the group in 2014. On a full year basis this would approximately amount to EUR 8.9 million (loss). In determining these amounts, Fugro 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 2014.

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

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

5.28 Government grants

The Company has not been awarded any significant government grants in 2014.

5.29 Third party costs

(EUR x 1,000)	2014	2013
Cost of suppliers	761,971	585,016
Operational lease expense	149,424	151,974
Other rentals	153,901	96,571
Onerous contracts	83,803	–
Other costs	77,912	81,851
	1,227,011	915,412

For the provisions relating to the onerous contracts, reference is made to 5.53.

5.30 Other income

(EUR x 1,000)	2014	2013
Sale of licences	–	18,500
Settlements claims	520	4,614
Government grants	2,207	1,519
Net gain on sale of property, plant and equipment	4,623	3,546
Sundry income	11,731	25,933
	19,081	54,112

5.31 Personnel expenses

(EUR x 1,000)	2014	2013
Wages and salaries	705,309	628,020
Compulsory social security contributions	68,448	66,460
Equity-settled share-based payments	10,490	11,742
Contributions to defined contribution plans	28,251	24,520
Expense related to defined benefit plans	7,431	12,010
Increase in liability for long service leave	340	391
	820,269	743,143

5.31.1 Share-based payments

The share-based payments plans of Fugro N.V. can be divided in a long-term incentive plan and a share option scheme.

Long-term incentive plan

To further strengthen the alignment with shareholder's interests, the new long-term incentive plan effective as from 1 January 2014 consists of performance shares and performance options (first conditional grant per 31 December 2014). Vesting is subject to continuous employment and performance testing after three years. In 2014, this new long-term incentive plan is limited to the members of the Executive Committee and certain other senior empoyees.

The performance targets and their relative weights are as follows:

- ROCE (25%) is defined as NOPAT as a percentage of a three points average capital employed excluding multi-client business. The three points consists of the last three reporting periods.
- Net operating profit after tax (NOPAT) as percentage of average total equity plus net interest bearing debt, in the last year of the three year period, excluding multi-client business.
- Growth (25%) is the compounded average annual growth rate of revenues, including acquisitions, over the three year period, excluding multi-client business.
- TSR (50%) is defined as share price increase, including reinvested dividends. TSR is measured over a three year period based on a three month average period before grant and before vesting date (i.e. before end of the performance period). The relative position within the peer group determines the award level.

Overviews of the performance incentive zones for the three measures are shown in the tables below.

ROCE (weight 25%)	Below Threshold	Threshold	Target	Maximum
Pay-out as % of target	0%	25%	100%	175%

Growth (weight 25%)	Below Threshold	Threshold	Target	Maximum
Pay-out as % of target	0%	25%	100%	175%

TSR measurement is related to share price performance versus a specific peer group of companies, which has been set by the Supervisory Board under guidance from an external consultant. The composition of the peer group, which is evaluated on a yearly basis, initially comprises of: Amec, Baker Hughes, Boskalis, Core Laboratories, Fluor Corp., John Wood Group, Oceaneering Int., Schlumberger, Subsea 7, Technip and Transocean.

Total Shareholder Return ranking (weight: 50%)	Vesting (% of conditional award)
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
7	25%
8-12	0%

In order to become entitled to performance options and performance shares (together 'performance awards'), the participants have to be employed by the Group. The performance period is three years starting at the first of January of the year following the grant date. The costs of the performance awards are recognised in profit or loss over the total service period (four years).

The Board of Management and the Supervisory Board decide annually on the granting of performance awards. As at 31 December 2014, Fugro N.V. granted 158,500 performance options and 79,250 performance shares (100% at target). All the granted performance options and performance shares are outstanding as at 31 December 2014. The outstanding performance options have an exercise price of EUR 17,260. The average remaining term of the performance options is six years.

As at 31 December the following performance options were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2014	Forfeited in 2014	Exercised in 2014	Outstanding at 31-12-2014	Exercisable at 31-12-2014	Exercise price (EUR)
2014	6 years	22	158,500	–	–	–	158,500	–	17.260
			158,500	–	–	–	158,500	–	

As at 31 December the following performance shares were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2014	Forfeited in 2014	Vested in 2014	Outstanding at 31-12-2014
2014	3 years	22	79,250	–	–	–	79,250
			79,250	–	–	–	79,250

For the awards granted on 31 December 2014, the grant date fair value of the 50% portion with a TSR performance condition has been derived using a Monte Carlo Simulation model. The fair value of the portion with a ROCE performance condition (25%) and a Growth performance condition (25%) has been determined using the Black & Scholes formula.

The grant date fair value for the performance shares is EUR 14.78 and EUR 4.81 for the performance options. The significant inputs into the valuation models were:

	Performance Shares	Performance Options
Share price (in €)	17.260	17.260
Exercise price	n/a	17.260
Volatility (%)	50.5%	50.5%
Total shareholder return correlation	35.0%	35.0%
Dividend yield (%)	nil in year 1, 8.39% thereafter	nil in year 1, 8.39% thereafter
Vesting period (in years)	3	3
Risk-free interest rate (%)	–0.088%	–0.088%
Expected term (in years)	3	6
Costs of granted performance shares and performance options for the year ending 31 December 2014	145,826	109,297

The expected volatility is based on the annualised volatility of the historic data for a three-year period prior to the date of grant, and the dividend yield is estimated based on the historic dividend yield on Fugro shares at the date of grant.

The total costs allocated to 2014 for the performance awards granted amount to EUR 255,123.

The Members of the board of management are awarded with (rights to acquire) shares, which scheme has been newly implemented in 2014. The conditional number of shares and options to be awarded at grant date are based on the average share price over the last 3 months of 2014.
The value of the grant is based on the face value for ROCE (25%) and Growth (25%) and based on the fair value of TSR (50%).

- ROCE = net operating profit after tax (NOPAT) as percentage of average total equity plus net interest bearing debt, in the last year of the three year period, excluding multi-client business.
- Growth = compounded average annual growth rate of revenues, including acquisitions, over the three year period, excluding multi-client business.
- TSR = share price increase, including reinvested dividends. TSR is measured over a three year period based on a three month average period before grant and before vesting date. This calculation is performed on time.

Fugro's share option scheme allows some assigned Group employees to acquire shares in Fugro. Prior to 2014, the members of the Board of Management have also participated in this share option scheme. 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).
The average stock price on Euronext Amsterdam during 2014 was EUR 33.00 (2013: EUR 43.93). In 2014, Fugro N.V. granted 770.638 options to 654 employees. These options have an exercise price of EUR 17.260 (2013: 956.925 options were granted to 621 employees with an exercise price of EUR 43.315).
In 2014 Fugro sold 380.830 certificates of shares (2013: 403,830) in relation to options that were exercised. Fugro issued no new (certificates of) shares in relation to the exercise of options in 2014 (2013: nil). The (certificates of) shares that were sold had an average purchase price of EUR 38.91 (2013: EUR 44.39) 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 participants	Granted	Outstanding at 01-01-2014	Forfeited in 2014	Exercised in 2014	Outstanding at 31-12-2014	Exercisable at 31-12-2014	Exercise price (EUR)
2008	6 years	620	1,141,900	736,940	375,010	361,930	–	–	20.485
2009	6 years	639	1,166,550	953,050	1,500	18,900	932,650	932,650	40.26
2010	6 years	663	1,107,350	924,500	1,200	–	923,300	923,300	61.50
2011	6 years	684	1,161,100	972,200	1,000	–	971,200	971,200	44.895
2012	6 years	674	1,093,300	948,250	1,000	–	947,250	–	44.52
2013	6 years	621	956,925	956,925	–	–	956,925	–	43.315
2014	6 years	654	770,638	770,638	–	–	770,638	–	17.260
			7,397,763	6,262,503	379,710	380,830	5,501,963	2,827,150	

The outstanding options as at 31 December 2014 have an exercise price ranging from EUR 17.260 to EUR 61.50. The average remaining term of the options is four years (2013: four years). The movement during the year of options and the average exercise price is as follows:

	2014		2013	
	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)	Number of options
Options outstanding at 1 January	43.27	5,491,865	44.63	6,534,920
Forfeited during the period	20.70	(379,710)	51.72	(1,596,150)
Options granted during the period	17.26	770,638	43.32	956,925
Options exercised during the period	21.48	(380,830)	31.99	(403,830)
Options outstanding at 31 December	42.69	5,501,963	43.27	5,491,865
Exercisable at 31 December		2,827,150		2,614,490

The valuation of the share options is determined by using a binomial model. Concerning early departure, different percentages for different categories of staff are used: Board of Management 0% and other management 6%. The expected behaviour for exercising the options by the Board of Management is estimated until the end of the exercise period and for the other group with a multiple of 3. 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:

	2014	2013
Average share price during the year in EUR	33.00	43.93
Average fair value of the granted options during the year in EUR	4.78	12.07
Exercise price (fair value at grant date) in EUR	17.26	43.315
Expected volatility (weighted average volatility)	45%	42%
Option term (expected weighted average term)	4 years	4 years
Expected dividends	3.77%	3.60%
Risk-free interest rate (based on government bonds)	0.44%	1.49%
Costs of granted options at the end of 2010 in EUR	–	2,441,964
Costs of granted options at the end of 2011 in EUR	3,282,136	2,343,383
Costs of granted options at the end of 2012 in EUR	2,895,753	2,271,524
Costs of granted options at the end of 2013 in EUR	2,920,884	1,801,297
Costs of granted options at the end of 2014 in EUR	920,490	–
Total	10,019,263	8,858,168
Costs of granted options for continued operations	10,019,263	11,742,340
Costs of granted options for discontinued operations	–	(2,884,172)

5.31.2 Number of employees as at 31 December

	2014			2013		
	Netherlands	Foreign	Total	Netherlands	Foreign	Total
Technical staff	714	9,292	10,006	648	8,863	9,511
Management and administrative staff	179	2,534	2,713	145	2,382	2,527
Temporary and contract staff	118	700	818	150	403	553
	1,011	12,526	13,537	943	11,648	12,591
Average number of employees during the year	991	12,501	13,492	928	11,581	12,509

5.32 Impairments

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment.
Other non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For 2014, the following impairments have been identified:

(EUR x 1,000)	2014	2013
Goodwill Seabed	174,009	–
Goodwill Geospatial Services	38,300	–
Goodwill Geoscience other	1,647	–
Subtotal	213,956	–
Multi-client data libraries (MCDL)	175,698	–
Property, plant and equipment (PP&E)	104,335	–
Other non-financial assets	15,059	–
Total	509,048	–

Goodwill

Fugro recorded an impairment loss in relation to its Seabed business operations for an amount of EUR 174.0 million as a result of multiple impairment indications including disappointing sales and negative results due to a deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances. This has resulted in a downward adjustment on the projected future cash flows.
The impairment loss relates to the cash-generating unit Seabed Geosolutions is included in the operating segment Geoscience. The recoverable amount of this CGU is EUR 163.8 million, which has been determined based on a value in use calculation.

Geospatial services are part of the Survey operating segment. The Geospatial services business performed less than expected due to poor market conditions. In May 2014, a restructuring programme has been announced that has subsequently commenced. As at 30 June 2014, Fugro recorded an impairment loss on the goodwill in relation to its Geospatial services business operation for an amount of EUR 38.3 million. The recoverable amount of this CGU is EUR 65.4 million, which has been determined based on a value in use calculation.

In addition, Fugro recorded an impairment loss on the goodwill in relation to its Geoscience other operation for an amount of EUR 1.6 million. This impairment is reported as part of the Geoscience operating segment.

For further details reference is made to 5.39.

Multi-client data libraries

Fugro recognised an impairment loss on its MCDL intangible assets for an amount of EUR 175.7 million as a result of delays in licensing rounds, a further deteriorating oil and gas exploration market, and a resulting downward adjustment on the projected future cash flows. MCDL form part of the Geoscience operating segment. The impairment is recognized on 3D libraries only and in all MCDL geographical areas and can be split as follows:

Australia: 39%
Norway: 28%
USA: 33%

For further details reference is made to 5.40.

Property, plant and equipment

An impairment loss on property, plant and equipment has been recorded of EUR 104.3 million mainly on vessels (including certain trenchers and drilling equipment as a result of poor market outlooks. The recoverable amounts are based on both fair value less costs of disposal and value in use calculation. The pre-tax discount rate used which was used for the value in use calculation is 13.6%. Furthermore, an impairment loss on PP&E was recognised for an amount of EUR 21.6 million relating to Seabed.

Other non-financial assets

The impairment loss of EUR 13.1 million on intangible assets associated with a terminated business line in Seabed is included in the Other intangibles detailed above.

The total impairment loss of Seabed amounts to EUR 208.7 million, of which EUR 174.7 million is attributable to owners of the Company.

5.33 Other expenses

(EUR x 1,000)	2014	2013
Maintenance and operational supplies	48,396	65,051
Indirect operating expenses	64,256	60,499
Occupancy costs	44,992	39,114
Communication and office equipment	33,862	32,193
Write-off receivables	33,790	9,025
Restructuring costs	3,366	1,524
Research costs	3,127	1,846
Loss on disposal of property, plant and equipment	378	1,473
Strategic update	–	4,384
Marketing and advertising costs	7,431	6,992
Other	52,648	51,960
Total	292,246	274,061

The write-off receivables include an amount of EUR 12,655 thousand relating to certain long term receivables. Reference is made to note 5.45.
Restructuring costs mainly relate to business restructuring of the Geospatial services and wind down of activities within certain businesses of Geotechnical. Other expenses include amongst others professional services, training costs, audit fees, miscellaneous charges and sundry costs. Audit fees, as charged by KPMG are disclosed in note 9.13.

5.34 Net finance (income) costs

(EUR x 1,000)	2014	2013
Interest income on loans and receivables	(9,946)	(15,182)
Dividend income on available-for-sale financial assets	(51)	(152)
Net change in fair value of financial assets at fair value through profit or loss (refer to note 5.42.3)	–	(506)
Net change in fair value of derivatives	–	(46)
Net foreign exchange variance	(2,522)	(4,256)
Finance income	(12,519)	(20,142)
Interest expense on financial liabilities measured at amortised cost	36,308	27,126
Net change in fair value of financial assets at fair value through profit or loss (refer to note 5.42.3)	10,292	–
Net change in fair value of derivatives	390	–
Finance expense	46,990	27,126
Net finance (income)/costs recognised in profit or loss	(34,471)	6,984

The foreign exchange variances have developed negatively as a result of the weakening of the Euro against the other major currencies.

(EUR x 1,000)	2014	2013
Recognised in other comprehensive income		
Net change in fair value of hedge of net investment in foreign operations	(75,840)	26,805
Foreign currency translation differences of foreign operations	152,508	(207,271)
Foreign currency translation differences of equity-accounted investees	2,761	(333)
Net change in translation reserve transferred to profit or loss due to disposal	–	10,839
	79,429	(169,960)
Net change in fair value of cash flow hedges transferred to profit or loss	210	626
Net change in fair value of available-for-sale financial assets	(829)	(95)
Total	78,810	(169,429)
Recognised in:		
Hedging reserve	210	626
Translation reserve	76,547	(163,882)
Retained earnings	(829)	(95)
Non-controlling interests	2,882	(6,078)
Total	78,810	(169,429)

5.35 Income tax expense/(gain)

Recognised in profit or loss

(EUR x 1,000)	2014	2013
Current income tax expense/(gain)		
Current year	27,719	44,747
Adjustment for prior years	6,666	552
	34,385	45,299
Deferred income tax expense/(gain)		
Origination and reversal of temporary differences	(89,619)	13,293
Recognition of previously unrecognised temporary differences	–	(2,643)
Change in tax rate	2	1,738
Utilisation of tax losses recognised	2,905	223
Recognition of previously unrecognised tax losses	(292)	(7,057)
Write down deferred tax asset	15,670	–
Adjustments for prior years	(8,011)	929
Originated temporary differences allocated to transaction result	–	(662)
	(79,345)	5,821
Total income tax expense/(gain)	(44,960)	51,120

Reconciliation of effective tax rate

(EUR x 1,000)	2014 %	2014	2013 %	2013
Profit/(loss) for the period from continuing operations		(547,645)		213,853
Income tax expense/(gain)		(44,960)		51,120
Profit/(loss) before income tax		(592,605)		264,973
Income tax using the weighted domestic average tax rates	18.9	(112,150)	24.9	65,937
Recognition of previously unrecognised temporary differences	–	–	(1.0)	(2,643)
Change in tax rate	–	2	0.7	1,738
Recognition of previously unrecognised tax losses	–	(292)	(2.7)	(7,057)
Write down deferred tax asset	(2.7)	15,670	–	–
Non-deductible expenses	(9.0)	53,622	1.4	3,662
Tax exempt income	0.1	(371)	(4.4)	(11,664)
Effect of utilisation previously unrecognised tax losses	–	(96)	(0.1)	(334)
Adjustments for prior years (deferred)	1.4	(8,011)	0.3	929
Adjustments for prior years (current)	(1.1)	6,666	0.2	552
	7.6	(44,960)	19.3	51,120

Adjustments for prior years relate to settlement of outstanding tax returns of several years offset by release of tax accruals 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. The write down of deferred tax assets mainly relates to adjustments on deferred tax assets in Australia. The adjustment for prior years (deferred) mainly comprises the recognition of a deferred tax asset in USA due to temporary differences on tax deductible goodwill balances.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)	2014			2013		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(26,091)	7,276	(18,815)	(3,716)	(1,447)	(5,163)
Net change in fair value of cash flow hedges transferred to profit or loss	210	–	210	835	(209)	626
Net change in fair value of hedge of net investment in foreign operations	(75,840)	–	(75,840)	26,805	–	26,805
Share-based payment transactions	8,371	553	8,924	12,637	469	13,106
Net change in fair value of available-for-sale financial assets	(829)	–	(829)	(95)	–	(95)
Foreign currency translation differences of foreign operations and equity-accounted investees	148,643	6,626	155,269	(203,029)	(4,575)	(207,604)
	54,464	14,455	68,919	(166,563)	(5,762)	(172,325)

Reference is also made to note 5.43.

5.36 Current tax assets and liabilities

The net current tax asset/(liability) of EUR (12,278) thousand (2013: EUR 3,012 thousand) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

5.37 Property, plant and equipment

(EUR x 1,000)						2014
	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Cost						
Balance at 1 January 2014	189,121	959,321	656,219	191,544	180,404	2,176,609
Acquisitions through business combinations	263	12,584	–	–	3,877	16,724
Investments in assets under construction	–	–	–	128,040	–	128,040
Other additions	17,813	86,384[1]	20,864[1]	–	27,109	152,170
Capitalised fixed assets under construction	–	71,813	81,264	(153,077)	–	–
Disposals	(5,344)	(15,877)	(2,547)	–	(7,270)	(31,038)
Effects of movement in foreign exchange rates	12,790	54,240	69,494	12,157	15,048	163,729
Balance at 31 December 2014	214,643	1,168,465	825,294	178,664	219,168	2,606,234
Depreciation and impairment losses						
Balance at 1 January 2014	65,600	617,461	211,116	2,169	150,343	1,046,689
Depreciation	7,260	131,201	43,354	–	18,588	200,403
Impairment loss	–	53,653	50,546	–	136	104,335
Disposals	(3,266)	(10,187)	(348)	–	(6,735)	(20,536)
Effects of movement in foreign exchange rates	4,398	37,234	22,823	100	12,764	77,319
Balance at 31 December 2014	73,992	829,362	327,491	2,269	175,096	1,408,210

(EUR x 1,000)						2014
	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Carrying amount						
At 1 January 2014	123,521	341,860	445,103	189,375	30,061	1,129,920
At 31 December 2014	140,651	339,103	497,803	176,395	44,072	1,198,024

1 The other additions under vessels include a non-cash amount of EUR 10,008 thousand relating to decommissioning assets (refer to note 5.53). Furthermore, an amount of EUR 3,848 thousand in plant and equipment has been deducted following the elimination of a gain of an upstream sale by a joint venture to Fugro. The net amount of EUR 6,160 thousand has been considered as a non-cash item for purpose of the consolidated statement of cash flows.

(EUR x 1,000)						2013
	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Cost						
Balance at 1 January 2013	182,334	876,166	631,001	161,890	178,562	2,029,953
Acquisitions through business combinations	3,481	61,023	–	–	923	65,427
Investments in assets under construction	–	–	–	141,865	–	141,865
Other additions	12,956	69,934	5,375	–	23,210	111,475
Capitalised fixed assets under construction	–	65,177	40,512	(105,689)	–	–
Reclassification	–	(18,473)	18,093	–	380	–
Disposals	(666)	(58,299)	(9,249)	8,387	(13,096)	(72,923)
Effects of movement in foreign exchange rates	(8,984)	(36,207)	(29,513)	(14,909)	(9,575)	(99,188)
Balance at 31 December 2013	189,121	959,321	656,219	191,544	180,404	2,176,609
Depreciation and impairment losses						
Balance at 1 January 2013	61,153	572,169	176,668	–	154,090	964,080
Depreciation	7,331	110,642	42,953	2,403	15,707	179,036
Disposals	(460)	(39,552)	(1,532)	–	(11,534)	(53,078)
Effects of movement in foreign exchange rates	(2,424)	(25,798)	(6,973)	(234)	(7,920)	(43,349)
Balance at 31 December 2013	65,600	617,461	211,116	2,169	150,343	1,046,689
Carrying amount						
At 1 January 2013	121,181	303,997	454,333	161,890	24,472	1,065,873
At 31 December 2013	123,521	341,860	445,103	189,375	30,061	1,129,920

5.37.1 Impairment loss and subsequent reversal

The Group has assessed whether any impairment triggers exist for its property, plant and equipment using external and internal sources of information. Reference is made to note 5.32 Impairments. The Group has not reversed any impairment losses.

5.37.2 Fixed assets under construction

This involves mainly vessels under construction and ROVs. These will become operational in 2015 and 2016.

At 31 December 2014, capitalised borrowing costs related to the construction of vessels amounted to EUR 7 million (2013: EUR 9 million), with an interest rate of 4.1% (2013: 4.7%).

5.37.3 Leased fixed assets

The Group has no leased fixed assets that have to be included in property, plant and equipment.

5.38 Intangible assets

(EUR x 1,000) 2014

	Goodwill	Multi-client data libraries	Software	Other	Total
Cost					
Balance at 1 January 2014	725,446	964,614	26,524	39,203	1,755,787
Acquisitions through business combinations	31,340	–	18	16,083	47,441
Purchase of intangible assets	–	–	3,014	9,569	12,583
Internally developed intangible assets	–	20,892	–	–	20,892
Disposals	–	–	(2,229)	(1,076)	(3,305)
Effect of movements in foreign exchange rates	48,533	13,652	2,096	4,331	68,612
Balance at 31 December 2014	805,319	999,158	29,423	68,110	1,902,010
Amortisation and impairment losses					
Balance at 1 January 2014	–	598,252	10,576	9,749	618,577
Amortisation	–	69,541	1,598	19,724	90,863
Impairment loss	213,956	175,698	9,350	5,709	404,713
Disposals	–	–	(1,472)	(1,480)	(2,952)
Effect of movements in foreign exchange rates	15,872	8,216	(361)	4,648	28,375
Balance at 31 December 2014	229,828	851,707	19,691	38,350	1,139,576
Carrying amount					
At 1 January 2014	725,446	366,362	15,948	29,454	1,137,210
At 31 December 2014	575,491	147,451	9,732	29,760	762,434

(EUR x 1,000)					2013
	Goodwill	Multi-client data libraries	Software	Other	Total
Cost					
Balance at 1 January 2013	520,219	1,021,382	40,957	24,647	1,607,205
Acquisitions through business combinations	241,616	–	–	27,808	269,424
Purchase of intangible assets	–	–	4,638	2,094	6,732
Internally developed intangible assets	–	48,327	–	3,904	52,231
Disposals	–	–	(15,477)	(17,250)	(32,727)
Effect of movements in foreign exchange rates	(36,389)	(105,095)	(3,594)	(2,000)	(147,078)
Balance at 31 December 2013	725,446	964,614	26,524	39,203	1,755,787
Amortisation and impairment losses					
Balance at 1 January 2013	–	562,903	25,948	4,153	593,004
Amortisation	–	88,029	2,901	8,481	99,411
Disposals	–	–	(14,946)	(2,272)	(17,218)
Effect of movements in foreign exchange rates	–	(52,680)	(3,327)	(613)	(56,620)
Balance at 31 December 2013	–	598,252	10,576	9,749	618,577
Carrying amount					
At 1 January 2013	520,219	458,479	15,009	20,494	1,014,201
At 31 December 2013	725,446	366,362	15,948	29,454	1,137,210

5.38.1 Impairment loss and subsequent reversal

For the impairment loss in 2014 reference is made to note 5.32. The Group has not reversed any impairment losses.

5.39 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. This is not higher than the Group's operating segments as reported in note 5.26.

The following CGU's have significant goodwill allocated as at 31 December 2014:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Division	Goodwil 2014
Subsea Services	(21%)	2.0%–3.5%	9.7%	Subsea Services	184,289
Offshore Survey	(15%)	2.0%–3.5%	9.7%	Survey	121,434
Geospatial Services	(2%)	2.0%–3.5%	9.7%	Survey	17,754
Offshore Geotechnical	(12%)	2.0%–3.5%	9.7%	Geotechnical	58,314
Onshore Geotechnical	6%	2.0%–3.5%	9.7%	Geotechnical	111,652
Seabed Geosolutions	29%	2.0%–3.8%	14.0%	Geoscience	78,252
Geoscience other [1]	n/a	n/a	n/a	Geoscience	3,796
Total					575,491

1 Geoscience other is treated as corporate assets which value is supported by the recoverable amounts of the other CGU's.

The capitalised goodwill was allocated to the following CGU's as at 31 December 2013:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Division	Goodwil 2013 [2]
Subsea Services	0%	3.5%	10.2%	Subsea Services	177,900
Offshore Survey	14%	3.5%	10.2%	Survey	119,120
Geospatial Services	10%	3.5%	10.2%	Survey	50,265
Offshore Geotechnical	12%	3.5%	10.2%	Geotechnical	53,943
Onshore Geotechnical	7%	3.5%	10.2%	Geotechnical	77,812
Seabed Geosolutions	160%	2.0%	12.7%	Geoscience	240,955
Geoscience other [1]	n/a	n/a	n/a	Geoscience	5,451
Total					725,446

1 Geoscience other is treated as corporate assets which value is supported by the recoverable amounts of the other CGU's.

2 Goodwill, previously reported in aggregate under other CGU´s, has been further allocated to the applicable CGU´s.

The recoverable amounts of the cash-generating units have been 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 CGU's. 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. About 80% 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. Industry experts believe that these resources will continue to be available for many decades and their reports indicate periods between fifty and hundred years.
- Cash flows in the first year of the forecast are based on management's approved financial budget. For all CGU's, the 2015 projections factor in, amongst others, already signed contracts, expected win rates on contracts out for bid, expected crew and vessel utilisation rates and/or industry developments. For Seabed a cash flow of around EUR 36 million negative is expected. Cash flows for the CGU's beyond the one year financial budget period are

extrapolated using an estimated long-term growth rate of 2.0%-3.5% (2013: 2.0%-3.5%). For individual significant CGU's the growth rates are based on an analysis of the long-term market price trends in the oil and gas industry adjusted for actual experience.

- The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes is determined through an iterative calculation using the projected post-tax cash flows, expected tax rate for the respective cash generating units and a post-tax discount rate for the group. The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes ranges for the CGU's from 9.7% to 14.0% (2013: 10.2% – 12.7%).

The recoverable amounts for Subsea Services, Offshore Survey, Geospatial Services, Offshore Geotechnical and Onshore Geotechnical exceed the carrying amounts of the CGU's with significant headroom.

As at 31 December 2014, an impairment loss of EUR 174.0 million has been recorded in respect of Seabed Geosolutions. Reference is made to note 5.32.

Fugro has analysed the sensitivities of a reasonably possible change on the excess of the expected future discounted cash flows over the carrying amount of the Seabed CGU including goodwill ('Headroom'). Changes to the assumptions used in the Seabed impairment test for which the recoverable amount equals the carrying amount (thus no headroom) are as follows:

An impairment charge of EUR 174.0 million was recorded in the Seabed CGU, resulting in the carrying amount of the CGU being written down to its recoverable amount. If the budgeted cash flow projections used in the value-in-use calculation for the CGU Seabed at 31 December 2014 had been showing no growth subsequent to 2015, the Group would have recognised an additional impairment of EUR 19.3 million. If the estimated cost of capital used in determining the post-tax discount rate for the CGU Seabed had been 1% higher than management's estimates, the Group would have recognised an additional impairment against goodwill of EUR 12.2 million.

5.40 **Multi-client data libraries**

The carrying amount of these seismic multi-client data libraries as at 31 December 2014 is EUR 147.5 million (31 December 2013: EUR 366.4 million).

The carrying amount consists of 2D and 3D data sets. 3D data sets constitute 81% of the carrying amount of the data libraries as at 31 December 2014 (2013: 91%). More than 90% of the carrying amount relates to 3D data which were acquired and processed after 2009. No data acquired in or before 2009 are significantly valued on the balance sheet as at 31 December 2014.

The geographical split of the carrying amount of the data libraries as at 31 December 2014 is as follows:

- Norway: 29% (31 December 2013: 30%)
- Australia: 60% (31 December 2013: 48%)
- Rest of the world: 11% (31 December 2013: 22%)

The recoverable amount of the 3D MCDL is EUR 130 million, which has been determined based on a value in use calculation up to a 5-year period in which the data is expected to be marketed.

For the 3D data libraries capitalised as at 31 December 2014, the estimated sales related amortisation in case of a sale is set between 50% and 90%. Combined with the 10% sales commission that has to be paid to CGG under the non-exclusive sales and marketing agreement, the expected net contribution to profit for the period relating to these 3D data sets is expected to be limited in the foreseeable future.

During 2014 Fugro generated EUR 76 million (2013: EUR 129 million) sales from the seismic libraries. Total straight line amortisation and additional sales related amortisation amounted to EUR 70 million (2013: EUR 88 million) and was charged to the income statement as amortisation.

The key assumptions for the determination of the value in use include:

- estimated sales cash flows by significant library and grouping thereof;
- up to a 5-year period in which the data is expected to be marketed; and
- a discount rate of 8.5% (2013: 8.5%).

The impairment loss on the multi-client data libraries amounts to EUR 175.7 million in 2014. Further reference is made to note 5.32.

Changes in assumptions, such as discount rate and in particular the expected sales cash flows, could significantly affect the value in use and result in an impairment of the data libraries. Management currently expects that on average between 3-4 years of sales are needed to recover the carrying amount of the data libraries as at 31 December 2014.

Fugro entered into a profit sharing agreement with Finder Exploration Pty Ltd (Finder) in 2012, an Australian based exploration company, for certain exploration projects of Finder. Fugro provided Finder with access to a number of Fugro's Australian multi-client data libraries and geoscience expertise. In return, Fugro receives a profit share in the projects in which Fugro participates with Finder in case the exploration projects enter into a farm-out resulting in proceeds as a result of sale of the exploration permit, in whole or in part, to third parties.

On 18 August 2014, Apache Corporation (NYSE, Nasdaq: APA) announced an oil discovery at the Phoenix South-1 exploration well in Australia. This is one of the projects where Fugro entered into a profit sharing agreement with Finder. Finder is a 20% equity interest holder in this (the WA-435-P) exploration permit and Fugro has a 50% profit share with Finder on this license. A farm out by Finder is under evaluation but is likely to take some time. One consideration is that the Phoenix South-1 discovery will require further drilling to appraise the discovery.

A significant portion of the future cash flows for MCDL relates to the profit sharing agreement with Finder. The future cash flows to be derived under the profit sharing agreement with Finder are dependent on further evaluation of the potential of the permits and proceeds to be derived upon exit by Finder. The future cash inflows from this arrangement can be characterized as high risk and high reward.

5.41 Investments in equity-accounted investees

The carrying amount of the equity-accounted investees which consist of joint ventures can be summarised as follows:

(EUR x 1,000)	2014	2013
Interest in joint ventures	34,582	52,659

The Group's share in realised profit (or loss) in joint ventures amounted to a net loss of EUR 9,566 thousand in 2014 (2013: EUR 4,937 thousand gain). In 2014, the Group received dividends of EUR 5,262 thousand (2013: EUR 2,939 thousand) from its investments in equity-accounted investees or other investments, of which EUR 51 thousand (2013: EUR 152 thousand) is related to available-for-sale financial assets. Refer to note 5.34.

None of the Group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations.

The following information is disclosed in aggregate as the joint ventures are not considered as individually material. Not adjusted for the percentage ownership held by the Group, the equity accounted investees have assets of EUR 113 million (2013: EUR 109 million), liabilities of EUR 41 million (2013: EUR 27 million), revenues of EUR 77 million (2013: 45 million) and a net gain of EUR 5 million (2013: EUR 6 million). The total comprehensive result generated by the joint ventures is similar to the net gain.

As at 31 December 2013, an amount of EUR 15.8 million, relating to a 49% share in the marine activities of the entity Arabian Geophysical Services Company ("ARGAS"), formed part of the interest in joint ventures totally amounting to EUR 52,659 thousand. ARGAS, situated in Saudi Arabia, formed part of the formation of Seabed by CGG and Fugro, and was economically contributed to Seabed on 16 February 2013. At 31 December 2013, the legal transfer of the shares was outstanding. As from 16 February 2013, the Group has recognised its part of the profits and losses generated in ARGAS as a result of being granted this right under the closing agreement related to the formation of Seabed. In 2014, the total loss of ARGAS amounts to EUR 6.8 million (2013: EUR 2.2 million gain). As the shares of ARGAS are not going to be contributed legally to Seabed, the contribution of ARGAS has been settled with Seabed as at 22 December 2014, in accordance with the joint venture closing agreement. The total amount settled, including all results up to settlement date, is EUR 10 million as per 22 December 2014.

The Group has no commitments relating to its joint ventures.

5.42 Other investments

The Group holds the following other investments:

(EUR x 1,000)	2014	2013
Other investments in equity instruments	1,095	1,095
Long-term loans	85,261	116,605
Financial assets at fair value through profit or loss	2,474	12,766
Available-for-sale financial assets	442	1,215
Other long-term receivables	2,153	3,423
Receivables under finance lease (refer to note 5.45)	–	15,500
	91,425	150,604

5.42.1 Other investments in equity instruments

The Group has the following other investments in equity instruments accounted for at cost:

Name of the company (EUR x 1,000)	Country	Ownership	Assets	Liabilities	Equity	Revenue	Profit/(loss)
La Coste & Romberg-Scintrex	USA	11%	26,014	9,524	16,490	18,938	5,152

The Group's other investments in equity instruments are not listed. A reliable fair value estimate cannot be made.

5.42.2 Long term loans

On 31 January 2013, a vendor loan was issued to CGG as part of the consideration of the sale of the majority of the Geoscience business. As at 31 December 2014, the nominal value of the vendor loan amounts to EUR 84.4 million (31 December 2013: EUR 112.5 million) and carries interest of 5.5% per annum. Due to the bifurcation of the Seabed warrant, the carrying value of this loan is EUR 75.6 million as per 31 December 2014 (31 December 2013: EUR 104.8 million). Reference is made to 5.47. The loan due from Sonar Tusk Nigeria Limited has been fully provided for as per 31 December 2014. This loan, which was agreed upon on 22 January 2013, amounted to EUR 3.5 million as at 31 December 2013.

Fugro has a loan due from Wavewalker B.V. for the principal amount of EUR 8.3 million (31 December 2013: EUR 8.3 million). The loan bears annual interest of 5%. The loan has to be repaid, including interest, before 30 April 2027.

5.42.3 Financial assets at fair value through profit or loss

At 31 January 2013, Fugro entered into a vendor loan agreement with CGG, including a warrant. The warrant represents the fair value of the underlying Seabed Geosolutions B.V. unquoted shares, accruing to Fugro in case of default of the counterparty. The warrant classifies as an embedded derivative and has been bifurcated from the loan. The warrant is accounted for at fair value through profit or loss. The carrying amount of the warrant amounts to EUR 2,474 thousand as at 31 December 2014 (31 December 2013: EUR 12,766 thousand). Further reference is made to paragraph 5.60.

5.42.4 Available-for-sale financial assets

The fair value of the available for sale financial assets is based on quoted prices of these companies on the Australian Securities Exchange (ASX).

5.43 Deferred tax assets and liabilities

5.43.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	10,955	9,428	(15,058)	(31,309)	(4,103)	(21,881)
Intangible assets	32,702	526	(27,035)	(63,318)	5,667	(62,792)
Other investments	–	50	–	–	–	50
Loans and borrowings	–	–	(193)	(2,441)	(193)	(2,441)
Employee benefits	26,556	20,908	–	–	26,556	20,908
Share based payments	–	301	–	–	–	301
Provisions for other liabilities and charges	11,100	7,712	–	(54)	11,100	7,658
Tax loss carry-forwards	56,852	71,117	–	–	56,852	71,117
Exchange rate differences	507	–	(53)	(271)	454	(271)
Other items	8,635	–	(3,596)	(1,319)	5,039	(1,319)
Deferred tax assets/(liabilities)	147,307	110,042	(45,935)	(98,712)	101,372	11,330
Set off of tax components	(42,178)	(60,481)	42,178	60,481	–	–
Net deferred tax asset/(liability)	105,129	49,561	(3,757)	(38,231)	101,372	11,330

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)					2014
	Balance 1 January 2014	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2014
Property, plant and equipment	(21,881)	(1,567)	19,345	–	(4,103)
Intangible assets	(62,792)	(818)	69,277	–	5,667
Other investments	50	(1,978)	1,928	–	–
Loans and borrowings	(2,441)	–	2,194	54	(193)
Employee benefits	20,908	–	(1,628)	7,276	26,556
Share based payment transaction	301	–	(301)	–	–
Provisions for other liabilities and charges	7,658	–	3,442	–	11,100
Tax loss carry-forward	71,117	–	(14,265)	–	56,852
Exchange differences	(271)	–	(6,909)	7,634	454
Other items	(1,319)	96	6,262	–	5,039
Total	11,330	(4,267)	79,345	14,964	101,372

(EUR x 1,000)					2013
	Balance 1 January 2013	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2013
Property, plant and equipment	(6,166)	313	(16,028)	–	(21,881)
Intangible assets	(73,985)	(4,307)	15,500	–	(62,792)
Other investments	81	–	(31)	–	50
Loans and borrowings	(3,156)	435	850	(570)	(2,441)
Employee benefits	23,054	–	(699)	(1,447)	20,908
Share based payment transaction	(134)	40	94	301	301
Provisions for other liabilities and charges	1,173	(1)	6,486	–	7,658
Tax loss carry-forward	81,818	236	(10,937)	–	71,117
Exchange differences	837	(1)	2,572	(3,679)	(271)
Other items	3,569	(595)	(4,289)	(4)	(1,319)
Total	27,091	(3,880)	(6,482)	(5,399)	11,330

5.43.2 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)	2014	2013
Deductible temporary differences	18,828	522
Tax losses	59,849	8,793
Total	78,677	9,315

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.

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.

Unrecognised tax assets changed over the period as follows:

Unrecognised deferred tax assets

(EUR x 1,000)	2014	2013
As of 1 January	9,315	18,836
Movements during the period:		
Additional losses	49,978	3,002
Unrecognised temporary differences	17,194	–
Utilisation	(96)	(334)
Recognition of previously unrecognised temporary differences	(292)	(2,643)
Recognition of previously unrecognised tax losses	–	(7,057)
Effect of change in tax rates	(122)	116
Exchange rate differences	2,470	(1,583)
Change from reassessment	47	(1,022)
Acquired from business acquisitions	183	–
As of 31 December	78,677	9,315

Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 419 thousand expires in periods varying from two to five years. An amount of EUR 21,386 thousand expires between five and ten years and an amount of EUR 94,896 thousand can be offset indefinitely. 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 2014, no deferred tax liabilities relating to investments in subsidiaries have been recognised (2013: nil), because Fugro controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future due to permanent reinvestments. The aggregate amount of temporary differences for which these deferred tax liabilities have not been recognised is EUR nil (2013: EUR nil).

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.

5.44 Inventories

In 2014 EUR 70,577 thousand (2013: EUR 31,551 thousand) of other inventories was recognised as an expense and EUR 300 thousand (2013: EUR 937 thousand) was written down. The write down is included in third party costs.

5.45 Trade and other receivables

(EUR x 1,000)	2014	2013
Unbilled revenue on (completed) projects	354,073	267,701
Trade receivables	479,944	481,312
Non-trade receivables	132,052	111,970
Receivables under finance lease	5,774	3,220
Current portion vendor loan	4,641	3,332
	976,484	867,535

Unbilled revenue on (completed) projects represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses. The contracts in progress for which this amount exceeds progress billings are presented as unbilled revenue on (completed) projects.

The contracts in progress for which progress billing exceeds costs incurred plus profits recognised to date less progress

billings and recognised losses are presented as advance instalments to work in progress.
At 31 December 2014, trade receivables include retentions of EUR 10.2 million (2013: EUR 7.3 million) relating to completed projects. Trade receivables are shown net of impairment losses amounting to EUR 50.6 million (2013: EUR 36.9 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 (2013: nil).

Non-trade receivables include VAT receivables, prepayments for insurance and claims, deposits, current portion of long term receivables and sundry receivables.

In 2012, the Group entered into a 5-years finance lease agreement for the sale of the Geo Pacific vessel and related seismic loose equipment. The lessee has undergone a debt restructuring and as a result the Group has (partly) impaired the receivables under finance lease for an amount of EUR 10.9 million. The future minimum lease payments under the contract can be broken down as follows:

(EUR x 1,000)			2014
	Total future payments	Discounted	Unearned interest income
Not later than one year	6,121	5,774	347
Total	6,121	5,774	347

The implicit rate used in calculating the present value of the future minimum lease payments amounts to 6%.
Reference is made to note 5.56 and 5.58 for detailed information on the credit and currency risks, and impairment losses related to trade receivables.

(EUR x 1,000)			2013
	Total future payments	Discounted	Unearned interest income
Not later than one year	4,181	3,220	961
Between one and five years	15,569	15,500	69
Total	19,750	18,720	1,030

5.46 Cash and cash equivalents

(EUR x 1,000)	2014	2013
Cash and cash equivalents	322,167	164,185
Bank overdraft	(169,089)	(92,085)
Cash and cash equivalents in the consolidated statement of cash flows	153,078	72,100

5.47 Discontinued operations

On 31 January 2013, Fugro sold the majority of its Geoscience division excluding the multi-client data library and the ocean bottom nodes activities, which latter now forms part of Seabed Geosolutions B.V., for a total consideration of EUR 1.2 billion.
Financial information relating to the Geoscience operations and the gain realised on the sale for the period to the date of disposal is set out below. The statement of comprehensive income and statement of cash flows are presented for discontinued operation and continuing operations.

(EUR x 1,000)	2014	2013
From discontinued operations		
Revenue	–	94,229
Third party costs	–	(39,947)
Other income	–	1,286
Personnel expenses	–	(33,136)
Depreciation and amortisation	–	(1)
Other expenses	–	(19,191)
Results from operating activities (EBIT)	–	3,240
Finance income	–	–
Finance expenses	–	(4,020)
Share of profit of equity accounted investees	–	–
Income tax expense	–	(231)
Gain/(loss) on sale of the majority of the Geoscience business, net of tax	(1,318)	205,084
Profit/(loss) for the period from discontinued operations	(1,318)	204,073

The loss of EUR 1,318 thousand mainly relates to an addition to the provision of tax indemnities and warranties in connection with the sale of the majority of the Geoscience activities, and releases of non-transferred pension obligations.

The cash flows associated with discontinued operations are as follows:

(EUR x 1,000)	2014	2013
Cash flows from discontinued operations		
Net cash (used in) / from operating activities	–	(1,011)
Net cash flows for the year from discontinued operations	–	(1,011)

5.48 Total equity

5.48.1 Share capital

(In thousands of shares)	Ordinary shares	
	2014	2013
On issue and fully paid at 1 January	84,572	82,844
Stock dividend 2013 respectively 2012	1,699	1,728
Repurchased and withdrawn	(1,699)	–
Repurchased for option programme at year-end	(3,623)	(3,798)
On issue and fully paid at 31 December – entitled to dividend	80,949	80,774

On 31 December 2014 the authorised share capital amounts to EUR 16 million (2013: EUR 16 million) divided into 96 million ordinary shares (2013: 96 million), each of EUR 0.05 nominal value and EUR 224 million (2013: EUR 224 million) various types of preference shares, each of EUR 0.05 nominal value.

On 31 December 2014 the issued share capital amounted to EUR 4,228,626.25. As of this date, 88.1% of the ordinary shares (84,572,525 shares) were issued. No preference shares have been issued. In 2014 a total number of 1,698,575 certificates of shares were issued by the Fugro Trust Office (2013: 1,728,154). The holders of ordinary shares are entitled to dividends as approved by the Annual General Meeting 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/her certificates into ordinary shares and vice versa.

No dividend is to be paid for 2014 (2013: EUR 1.50 per (certificate of) share).

5.48.2 Share premium

The share premium can be considered as paid in capital.

5.48.3 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.

5.48.4 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.

5.48.5 Reserve for own shares

Fugro purchases and sells own shares in relation to the share option scheme. The cost of these shares held by the Group is recorded as a reserve within shareholder's equity. Fugro has purchased 205,410 certificates own shares to cover its option scheme in 2014 at an average price of EUR 39.86 (2013: 3,000,000 at an average price of EUR 44.39). In 2014, Fugro purchased 1,698,575 own shares in connection with the market buyback program for the total amount of EUR 66 million. In the same period 380,830 shares were sold, which results in an increase of the reserve for own shares of EUR 9 million.

As per 31 December 2014 Fugro holds 3,623,316 own certificates of shares (2013: 3,798,736) with respect to the option scheme. This was 4.3% of the issued capital (2013: 4.5%).

5.48.6 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. No dividend is proposed to be paid-out for 2014.

(EUR x 1,000)	2014	2013
EUR - per qualifying (certificate of a) share (2013: EUR 1.50)	–	121,161
	–	121,161

5.49 Earnings per share

The basic earnings per share for 2014 amount to a loss of EUR 5.65 negative (2013: EUR 2.77 positive) from continuing operations and EUR 0.02 from discontinued operations (2013: EUR 2.52).The diluted earnings per share amount to EUR 5.63 negative (2013: EUR 2.76) from continuing operations and EUR 0.02 from discontinued operations (2013: EUR 2.51).

The calculation of basic earnings per share at 31 December 2014, is based on the loss from continuing operations attributable to owners of the Company consisting of EUR 547,645 thousand (2013: EUR 213,853 thousand) that is adjusted for the loss of the non-controlling interest of EUR 90,093 thousand (2013: EUR 10,377 thousand loss) and the loss from discontinued operations EUR 1,318 thousand (2013: EUR 204,073 thousand gain) and a weighted average number of shares outstanding during the year ended 31 December 2014 of 80,969 thousand (2013: 80,907 thousand), calculated as follows:

5.49.1 Basic earnings per share

Weighted average number of ordinary shares

(In thousands of shares)	2014	2013
On issue and fully paid at 1 January	80,774	81,642
Effect of own shares held	(161)	(1,898)
Effect of shares issued due to exercised options	238	188
Effect of shares issued due to optional dividend	964	975
Effect of purchased own shares for stock dividend	(846)	–
Weighted average number of ordinary shares at 31 December	80,969	80,907

5.49.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on loss attributable to owners of the Company from continuing operations of EUR 547,645 thousand (2013: EUR 213,853 thousand gain) adjusted for the loss of the non-controlling interest of EUR 90,093 thousand deficit (2013: EUR 10,377 thousand loss) and from discontinued operations of EUR 1,318 thousand loss (2013: EUR 204,073 thousand gain), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 81,253 thousand (2013: 81,380 thousand), calculated as follows:

Weighted average number of ordinary shares (diluted)

(In thousands of shares)	2014	2013
Weighted average number of ordinary shares at 31 December	80,969	80,907
Effect of share options on issue	284	473
Weighted average number of ordinary shares (diluted) at 31 December	81,253	81,380

5.50 Non-controlling interest

5.50.1 Subsidiaries with non-controlling interest

The total non-controlling interest for the period is EUR 5,348 thousand (deficit), of which EUR 21,268 thousand (deficit) is for Seabed Geosolutions B.V. and EUR 14,589 thousand (surplus) is attributed to Fugro-Suhaimi Ltd. The individual non-controlling interest of other subsidiaries is considered as not material.

5.50.2 Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for the subsidiaries Seabed Geosolutions B.V. (Seabed) and Fugro-Suhaimi Ltd (Suhaimi) that have non-controlling interests that are material to the Group. The non-controlling interest in Seabed and Fugro-Suhaimi is 40% and 50% respectively.

Summarised balance sheet

(EUR x 1,000)		Seabed		Suhaimi
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Current				
Assets	98,955	62,269	30,490	17,847
Liabilities	(123,915)	(68,060)	(16,276)	(9,569)
Total current net assets	(24,960)	(5,791)	14,214	8,278
Non-current				
Assets	111,550	196,403	14,964	9,986
Liabilities	(139,761)	(3,108)	–	–
Total non-current net assets	(28,211)	193,295	14,964	9,986
Net assets	(53,171)	187,504	29,178	18,264
NCI percentage	40%	40%	50%	50%
Carrying amount of NCI	(21,268)	75,001	14,589	9,132

Summarised income statement

(EUR x 1,000)		Seabed		Suhaimi
	For period ended 31 December 2014	For period ended 31 December 2013	For period ended 31 December 2014	For period ended 31 December 2013
Revenue	228,235	120,417	35,711	35,714
Profit/(loss) before income tax	(246,679)	(53,643)	14,829	11,014
Income tax expense/income	3,571	3,876	–	–
Post-tax profit/(loss) from continuing operations	(243,108)	(49,767)	14,829	11,014
Post-tax profit/(loss) from discontinued operations	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	(243,108)	(49,767)	14,829	11,014
Total comprehensive income allocated to non-controlling interests	(97,243)	(19,907)	7,414	5,507
Dividends paid to non-controlling interests	–	–	2,914	2,261

Summarised cash flows

(EUR x 1,000)	Seabed		Suhaimi	
	For period ended 31 December 2014	For period ended 31 December 2013	For period ended 31 December 2014	For period ended 31 December 2013
Net cash generated from operating activities	(39,482)	13,669	12,035	11,184
Net cash used in investing activities	(53,187)	1,208	(5,134)	(1,957)
Net cash used in financing activities	94,688	(287)	(7,469)	(6,501)
Net increase in cash and cash equivalents and bank overdrafts	2,019	14,590	(568)	2,726
Cash, cash equivalents and bank overdrafts at beginning of year	13,993	–	3,369	820
Exchange gains/(losses) on cash and cash equivalents	1,890	(597)	480	(177)
Cash and cash equivalents and bank overdrafts at end of year	17,902	13,993	3,281	3,369

The information above is the amount before inter-company eliminations.

5.51 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 liquidity risk, currency risk and interest rate risk and, refer to note 5.57, 5.58 and 5.59.

(EUR x 1,000)	2014	2013
Bank loans	154,869	–
Private placement loans 2011 in USD	609,754	545,929
Private placement loans 2011 in EUR	34,674	34,894
Private placement loans 2011 in GBP	85,634	80,767
Private placement loans 2002 in USD	30,025	55,287
Revolving credit facilities CGG	36,815	–
Other loans and long-term borrowings	2,260	3,741
Subtotal	954,031	720,618
Less: current portion of loans and borrowings	4,077	31,595
	949,954	689,023

The bank loans and private placement loans contain covenants. The covenants included in the senior notes are similar to the covenants as agreed upon in the bank loans.

On 30 December 2014, the Group reached agreement with its lenders on a temporary adjustment of two financial covenant ratios and on an amendment of the definitions.

The Group is in compliance with these new covenants as at 31 December 2014. Reference is made to 5.51.4.
As at 31 December 2014, Fugro has drawn a total amount of EUR 155.0 million under the 2011 committed multicurrency revolving facilities (31 December 2013: EUR nil).

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)					2014		2013
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank loans	EUR	EURIBOR + 116 bps	2016	155,000	154,869	–	–
Private placement loans:							
320 million USD bonds 2011	USD	4.05%	2018	262,400	260,356	233,600	232,936
330 million USD bonds 2011	USD	4.78%	2021	270,600	268,164	240,900	240,205
100 million USD bonds 2011	USD	4.88%	2023	82,000	81,234	73,000	72,788
27.5 million GBP bonds 2011	GBP	4.06%	2018	35,200	34,914	33,000	32,906
40 million GBP bonds 2011	GBP	4.82%	2021	51,200	50,720	48,000	47,861
35 million EUR bonds 2011	EUR	4.81%	2021	35,000	34,674	35,000	34,894
39 million USD bonds 2002	USD	6.95%	2014	–	–	28,470	28,373
37 million USD bonds 2002	USD	7.10%	2017	30,340	30,025	27,010	26,914
Revolving credit facilities CGG	USD	LIBOR + 500 bps	2015–2017	36,815	36,815	–	–
Mortgage and other loans and long-term borrowings	Variable	1.25%-13.57%	2015–2019	2,260	2,260	3,741	3,741
				960,815	954,031	722,721	720,618

5.51.1 Bank loans

In November 2011 Fugro signed agreements with eight banks for committed multicurrency revolving facilities with a maturity of five years. The total amount of these bilateral agreements with the banks is EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse AG provided EUR 50 million each.

The interest of the bank loans under the multicurrency revolving facilities is LIBOR, or in relation to any EUR loan EURIBOR, plus a margin based on Debt/EBITDA margin at each completed half year. The average interest rate of the facilities is currently EURIBOR plus base points. At 31 December 2014, a total amount of EUR 155 million of the new facilities was in use (20%), the loans were drawn in euro.

Transaction costs have been charged following the temporary adjustment of the covenant ratios and on an amendment of the definitions. Refer to note 5.51.4.
The transaction costs amount to EUR 3.3 million of which EUR 0.1 million relate to the drawn part of the bank loans.

5.51.2 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 during the remaining term of the loan. This resulted during 2014 in a cost of EUR 546 thousand (2013: EUR 835 thousand).

In August 2011 long-term loans were concluded with twenty-five American and two British institutional investors for a total amount equivalent to USD 909 million, with maturities of 7, 10 and 12 years and fixed interest rates.

At reporting date all the private placement loans are valued at the closing rate. The currency exchange difference on the loans between the initial exchange rate and the exchange rate at the reporting date is accounted for in the Translation reserve. For the year under review the currency exchange differences on the private placement loans amount to EUR 75,840 thousand loss (2013: EUR 26,805 thousand gain).

Transaction costs have been charged following the temporary adjustment of the covenant and the related definitions. Refer to note 5.51.4. The transaction costs amount to EUR 5.9 million, of which EUR 4.3 million has been paid in 2014.

5.51.3 Revolving credit facilities

In 2014 two revolving credit facilities have been granted by CGG to Seabed Geosolutions B.V. of USD 40 million in February 2014 and USD 10 million in September 2014. These facilities form part of two separate revolving credit agreements in which Seabed has entered into with Fugro and CGG on a 60/40 pro rata basis. The facilities were fully drawn. An amount of USD 5.1 million has been repaid to CGG on the latter facility as per 31 December 2014. The facilities have been valued at the closing rate totally amounting to EUR 36.8 million at reporting date. The facility of the USD 40 million has a maturity of 3 years. The USD 10 million facility has a maturity of 1 year and the outstanding amount of EUR 4 million (USD 4.9 million) has been presented under the current liabilities. The interest on both facilities is LIBOR plus 500 bps.

5.51.4 Covenant requirements

The committed multicurrency revolving credit facilities as well as the US private placement loans contain certain covenant requirements.

In the course of the second half of 2014, the pressure on EBITDA created a situation of tightness under the net leverage and fixed charge cover covenants. On 30 December 2014, Fugro agreed with its lenders on a temporary adjustment of these covenant ratios and on an amendment of the definitions, providing the company with additional headroom. The most important amendments to the financing agreements can be summarised as follows:

Additional headroom has been created for Net leverage until March 2015 and the Fixed charge cover(age) up to and including March 2016 ('the relief period') according to the following schedule:

Test date	Net leverage		Fixed charge cover	
	Original covenant	Adjusted covenant	Original covenant	Adjusted covenant
December 2014	< 3.00x	< 3.50x	> 2.50x	> 2.00x
March 2015	NA	< 3.25x	NA	> 2.00x
June 2015	< 3.00x	< 3.00x	> 2.50x	> 2.00x
September 2015	NA	< 3.00x	NA	> 2.00x
December 2015	< 3.00x	< 3.00x	> 2.50x	> 2.25x
March 2016	NA	< 3.00x	NA	> 2.25x
June 2016 onwards	< 3.00x	< 3.00x	> 2.50x	> 2.50x

In addition, the covenant definitions have been amended in order to bring the calculations in line with common practice:

- Permanent exclusion of uncalled performance bank guarantees from net debt calculation, subject to a cap (EUR 100 million) which is in excess of the current outstanding guarantees. Refer to note 5.61.2. Amounts in excess of the cap will be counted in the net debt/ EBITDA covenant calculation.
- Until the end of 2015, certain exceptional one-off items (Exceptional Items) will be excluded from consolidated EBITDA up to certain agreed thresholds.

Adjusted consolidated EBITDA for purpose of the covenant calculations comprises the profit (or loss) from operations before interest expense, depreciation, amortisation and taxes, including any Exceptional Items incurred and adjusted by:

- Including pre-acquisition profit / (loss) from businesses acquired (note 5.27).
- Excluding profit / (loss) from businesses disposed of, for the period for which they formed part of the Group.
- Excluding profit / (loss) on disposal of property, plant and equipment (note 5.30 and 5.33).
- Provided that the aforementioned are not related to the Seabed business.

Exceptional Items consist of:

- Onerous contract charges (note 5.29).
- Impairments (note 5.32).
- Restructuring costs (note 5.33).
- Write-off receivables (note 5.33).
- Certain adviser and other costs (to the extent not capitalised as transaction costs on loans and borrowings (note 5.51.1 and 5.51.2)).
- Early termination costs of loans and borrowings (not applicable for 2014).

For purpose of the calculation of the net interest expense, any amortised transaction costs directly attributable to covenant amendments (advisor and other costs) are excluded.

Certain additional conditions have been agreed with the lenders for the duration of the relief period:

- Dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels.
- The majority of any divestment proceeds will be applied for debt reduction.
- Capital expenditures for the year ending 31 December 2015, shall not exceed EUR 180 million.
- Minimum required borrowing of EUR 300 million during the relief period.
- Total assets should be higher than total liabilities for Fugro Finance AG, as guarantor.
- Quarterly covenant testing and reporting until December 2016.

The other covenants are:

- Equity > EUR 200 million (only applicable to USPP loans 2002).
- Net leverage (EBITDA coverage): Net financial indebtedness (loans and borrowings less net cash) plus outstanding guarantees in excess of EUR 100 million / Adjusted consolidated EBITDA.
- Margin fixed charge cover(age): Adjusted consolidated EBITDA plus Operating lease expense / Net interest expense plus Operating lease expense.
- Solvency: Consolidated net worth / Balance sheet total > 1.0: 3.0.
- Consolidated financial indebtness of the subsidiaries <10% for the private placement loans and < 20% for the bank loans of the consolidated balance sheet total.
- Declared dividend < 60% of the profit of the group for such financial year (dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels).

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

	(EUR x 1,000)	2014
	Adjusted consolidated EBITDA	366,230
(5.29)	Operating lease expense	149,424
(5.34)	Net interest expense	26,362
	Margin fixed charge coverage > 2.0	2.93
	Net consolidated financial indebtedness (loans and borrowings less net cash)	800,953
	Bank guarantees exceeding cap of EUR 100 million	–
	Total	800,953
	EBITDA coverage < 3.5	2.19
	Consolidated net worth	1,517,766
	Balance sheet total	3,565,672
	Solvency > 33.33%	42.6%
	Margin Indebtedness subsidiaries < 10%	6.8%
	Dividend < 60% of the profit	–

The table below summarises the covenant requirements of 2013 based on the original covenants:

(EUR x 1,000)[1]		2013
	Consolidated EBITDA	460,679
(5.29)	Operating lease expense	151,974
(5.34)	Net interest expense	15,650
	Margin > 2.5	3.7
	Net consolidated financial indebtedness (loans and borrowings less net cash)	648,518
	Bank guarantees	52,223
	Total	700,741
	EBITDA coverage < 3.0	1,52
	Consolidated net worth	2,024,971
	Balance sheet total	3,630,602
	Solvency > 33.33%	55.8%
	Margin Indebtedness subsidiaries < 15%	3.8%
	Dividend < 60% of the profit	28.3%

1 Amounts including discontinued operations.

5.51.5 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 1.25%-13.57% (2013: 6%).

5.51.6 Change of control provisions

A change of control of Fugro could result in early repayment of the bank loans (note 5.51.1) and the private placement loans (note 5.51.2). An amount of EUR 155 million was drawn from the bank facilities as at 31 December 2014 (31 December 2013: nil).

5.52 Employee benefits

(EUR x 1,000)	2014	2013
Present value of funded obligations	454,345	352,301
Fair value of plan assets	(352,063)	(268,451)
Recognised net liability for defined benefit obligations	102,282	83,850
Liability for long-service leave	13,840	11,153
Total employee benefit liabilities	116,122	95,003

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 retirement age is in line with the provisions in the different plans. 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 a pension plan based on average salary. This plan qualifies as a defined benefit scheme. The plan has been changed to comply with the new Dutch Tax law. The pensionable age has changed from 65 to 67 years and for salaries above EUR 100 thousand pension accrual is no longer provided through the plan. Employees are compensated in salary for the decrease in pension accrual. The pension entitlements from this plan are insured with an insurance company that guarantees the accrued pension entitlements. The group pays additional amounts to fund (part of) the indexation for active participants. For the deferred pensioners, the scheme includes a (conditional) indexation of pension benefits as far as the return on the separated investments exceeds the unwinding of interest.
- In the United Kingdom (UK) the Group operates two defined benefit pension schemes. For Fugro Holdings, the Company operates a final salary defined benefit pension scheme. The Scheme is an HMRC registered pension schemes and is subject to standard UK pensions and tax law. The Robertson Research International Group Pension Scheme is a funded, defined benefit pension plan. 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 schemes assets are held in separate Trustee-administered funds. The schemes includes indexation in line with RPI.
- In Norway a defined benefit pension plan exists with retirement age 67. The entitlements are insured with an insurance company.
- 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.

Plan assets consist of the following:

(EUR x 1,000)	2014	2013
Equity securities	110,801	91,544
Government bonds	166,543	118,478
Corporate bonds	45,361	37,695
Real estate	13,628	10,105
Cash	15,730	10,629
	352,063	268,451

Movements in the present value of the funded obligations

(EUR x 1,000)	2014	2013
Present value of the funded obligation at 1 January	352,301	337,999
Current service costs (see below)	8,282	8,313
Interest expenses	14,635	13,064
	22,917	21,377
Remeasurements:		
(Gain)/loss from change in demographic assumptions	2,438	671
(Gain)/loss from change in financial assumptions	73,915	(3,171)
Experience (gains)/losses	2,552	4,402
	78,905	1,902
Exchange differences	9,573	(6,354)
Paid by plan participants	1,993	2,059
Benefits paid by the plan	(6,377)	(6,245)
Plan amendments and curtailments	(4,967)	–
Transfer from liability for long service leave	–	1,563
Present value of the funded obligation at 31 December	454,345	352,301

In 2014, the loss from change in financial assumptions highly relate to a decrease in market interest rates. The special events for 2014 relate to the plan amendments in the Netherlands and Norway.

Movement in the fair value of plan assets

(EUR x 1,000)	2014	2013
Fair value of plan assets at 1 January	268,451	259,454
Interest income	11,324	9,989
Remeasurement:		
Return on plan assets, excluding amounts included in interest income	52,814	(1,814)
Exchange differences	7,249	(4,304)
Paid by the employer	17,163	9,863
Contributions paid by plan participants	2,244	2,130
Benefits paid by the plan	(6,377)	(6,245)
Administrative expenses	(805)	(622)
Fair value of plan assets at 31 December	352,063	268,451

Expenses recognised in profit or loss

(EUR x 1,000)	2014	2013
Current service costs	8,282	8,313
Past service costs[1]	(4,967)	–
Administrative expenses	805	622
Interest on obligation	14,635	13,064
	18,755	21,999
Interest income	(11,324)	(9,989)
	7,431	12,010

1 The Past service cost relates to the plan amendments in the Netherlands and in Norway. The amendment in the Netherlands was made in order to comply with the new Dutch tax regulation which reduced the tax effective accrual in the pension plan. This resulted in a decrease in the defined benefit obligations, which is presented as past service costs.

The expenses are recognised in the following line items in the statement of comprehensive income:

(EUR x 1,000)	2014	2013
Personnel expenses	7,431	12,010

Actual return on plan assets

(EUR x 1,000)	2014	2013
Actual return on plan assets	64,138	8,175

Remeasurements recognised directly in other comprehensive income

(EUR x 1,000)	2014	2013
Cumulative amount at 1 January	(46,472)	(43,785)
Recognised during the year	(26,091)	(3,716)
Effect of movement in exchange rates	(1,332)	1,029
Cumulative amount at 31 December	(73,895)	(46,472)

Refer to note 5.35 with respect to the income tax impact on the actuarial loss of EUR 26,091 thousand (2013: EUR 3,716 thousand loss).

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

		2014			2013	
	UK	Norway	Netherlands	UK	Norway	Netherlands
Discount rate at 31 December	3.6%	2.1%	2.0%	4.5%	4.0%	3.5%
Future salary increases	2.7%	2.4%	2.0%	3.0%	3.6%	2.0%
Medical cost trend rate	n/a	n/a	n/a	n/a	n/a	n/a
Future pension increases	2.6%	3.3%	0.5%	2.9%	3.3%	1.0%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the remeasurements.

Assumptions regarding future mortality are based on published statistics and mortality tables:

the Netherlands: AG2014 Generation table for men and women, an age correction of (– 1: – 1) is applied.
United Kingdom: 90% of S1NXA using CMI 2012 allowing for long term future improvements of 1.5% per annum and SAPS CMI 2013 1% long term + 1 year adjustment.
Norway: GAP07.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 10.0%	Increase by 11.2%
Salary growth rate	0.50%	Increase by 1.6%	Decrease by 1.5%
Pension growth rate	0.50%	Increase by 7.7%	Decrease by 6.7%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 2.8%	Decrease by 2.7%

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded.

Historical information

(EUR x 1,000)	2014	2013	2012	2011	2010
Present value of the defined obligation	454,345	352,301	337,999	329,428	272,497
Fair value of plan assets	352,063	268,451	259,454	243,220	207,978
Deficit in the plan	(102,282)	(83,850)	(78,545)	(86,208)	(64,519)
Experience adjustments arising on plan liabilities	2,552	(4,403)	1,879	10,910	1,418
Experience adjustments arising on plan assets	52,814	(1,814)	12,559	10,840	7,066

Plan assets are comprised as follows:

(EUR x 1,000)				2014				2013
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	110,801	–	110,801	31%	91,544	–	91,544	34%
Debt instruments	211,904	–	211,904	60%	156,173	–	156,173	58%
Government	166,543	–	166,543	47%	118,478	–	118,478	44%
Corporate bonds (Investment grade)	45,361	–	45,361	13%	37,695	–	37,695	14%
Corporate bonds (Non-investment grade)	–	–	–	–	–	–	–	–
Property	–	13,628	13,628	4%	–	10,105	10,105	4%
US	–	–	–	–	–	–	–	–
UK	–	13,628	13,628	4%	–	10,105	10,105	4%
Norway	–	–	–	–	–	–	–	–
Cash and cash equivalents	15,730	–	15,730	5%	–	10,629	10,629	4%
Total	338,435	13,628	352,063	100%	247,717	20,734	268,451	100%

Through its defined benefit pension plans, the Group is exposed to a number of risks. Most of these risks come with the nature of a defined benefit plan, and are therefore not country specific. The most significant risks are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to AA credit-rated corporate bond yields; if plan assets underperform this yield, the deficits will increase. The UK plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy. This risk is limited in the Netherlands and Norway where the insurer guarantees the payment of the accrued benefits.

In addition, the Group is exposed to a number of local risks:

In the Netherlands the Company has taken out an insurance contract to cover the pension plan. The insurance company guarantees all accrued entitlements. The insurance contract includes a separate account in which 80% of the investments are used to match the liability on a funding basis and 20% of the investments are used to invest in equity. The insurance company ultimately decides on investment policies and governance, as they run the downside risk. Returns over the unwinding interest are used to increase pensions. Fugro pays additional amounts to fund the indexation for active participants, but otherwise is only responsible for the annual cost of pension accrual. The pension increases for deferreds and pensioners are depending on the means available in the investment depot and therefore changes in the value of the investment depot will affect future pension increases as well.

In the UK, the Trustees set the Scheme's investment strategy, in consultation with the employer. The Robertson and UK Holdings plan include return seeking assets and bonds. The Robertson plan also includes matching assets to cover the pensioner liabilities. The UK Holdings plan, put a revised Recovery Plan in place in 2014 which increased the contributions made by the employer. The employer is ultimately responsible for funding the accrued pensions and the pension increases.
In Norway, the pension scheme is insured with an insurance company. The insurance company guarantees the accrued benefits and a fixed return that is used to increase pensions. Future contributions depend on the actuarial rates as set by the insurer.

The expected contributions 2015 amount to EUR 20.1 million (2014: EUR 15.8 million).

The weighted average duration of the defined benefit obligation is 23 years (2013: 22 years).

As at 31 December 2014	Netherlands	United Kingdom	Norway	Total weighted
Duration of plan	26	20	19	23

5.53 Provisions for other liabilities and charges

(EUR x 1,000)	2014				2013			
	Onerous contracts	Asset retirement obligations	Procedures	Total	Onerous contracts	Asset retirement obligations	Procedures	Total
Balance at 1 January	–	–	225	225	–	–	1,165	1,165
Transfer from Trade and other payables	–	–	19,455	19,455	–	–	–	–
Provisions made during the year	83,803	10,008	3,140	96,951	–	–	–	–
Provisions used during the year	(2,604)	–	–	(2,604)	–	–	–	–
Provisions reversed during the year	–	–	–	–	–	–	(940)	(940)
Unwinding of discount	–	797	–	797	–	–	–	–
Effect of movement in foreign exchange rates	2,074	1,027	–	3,101	–	–	–	–
Balance at 31 December	83,273	11,832	22,820	117,925	–	–	225	225
Non-current	26,394	11,832	22,820	61,046	–	–	225	225
Current	56,879	–	–	56,879	–	–	–	–

Fugro has accounted for certain tax indemnities and warranties in respect of the sale of the majority of the Geoscience activities to CGG for liabilities arising from tax exposures amounting to EUR 22.8 million as at 31 December 2014 (31 December 2013: EUR 19.5 million). Previously, these indemnities were included in trade and other payables. An amount of EUR 3.2 million was added to the provision in 2014, which costs form part of the result on disposal of the majority of the Geoscience operations. A provision of EUR 83,803 thousand has been accounted for in respect of certain onerous vessel lease contracts and onerous customer service contracts in 2014. The related onerous contract costs have been included in third party costs. Furthermore, a provision has been accounted for contractual decommissioning obligations of EUR 10 million relating to a vessel.

5.54 Trade and other payables

(EUR x 1,000)	2014	2013
Trade payables	210,445	138,349
Advance instalments to work in progress	54,441	41,291
Non-trade payables	322,802	304,050
Balance at 31 December	587,688	483,690

Non-trade payables include accrued expenses of invoices to be received, employee related accruals, interest payable and considerations payable regarding acquisitions.

5.55 Financial risk management

5.55.1 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.

5.55.2 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. Fugro typically has no single client that generates more than 5% of its revenue in the year. On occasion a client may generate more than 5%, which can happen in case of exceptionally large contracts where most of the revenue falls in the accounting year. 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 Executive Committee. 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 Executive Committee frequently reviews the outstanding trade receivables. Local management is requested to take additional precaution in working with these 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 receivables 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 322.2 million at 31 December 2014 (2013: EUR 164.2 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 2014 and at 31 December 2013 no significant guarantees were outstanding.

5.55.3 Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow on a regular basis. Consolidated cash flow information, including a six months projection, is reported on a monthly basis to the Executive Committee, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected operational expenditures for the next half-year, including the servicing of financial obligations from lease commitments not included in the statement of financial position and investment programs in vessels. Cash flows exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

- A total amount of bilateral revolving facility agreements with eight banks totalling EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse provided EUR 50 million each. At 31 December 2014 an amount of EUR 155 million has been drawn. These bank facilities have been secured until October 2016.
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 433 million of which EUR 169 million has been drawn at 31 December 2014 (2013: around EUR 491 million with EUR 47 million drawn).
- US private placement loans totaling EUR 767 million. The facility needs to be repaid, in fixed installments denominated in the several currencies, as follows: in 2017 EUR 31 million, in 2018 EUR 297 million, in 2021 EUR 357 million and in 2023 EUR 82 million. Refer to note 5.51.4 Covenant requirements.

5.55.4 Market risk
Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. The Group's business is exposed to currency risk whenever it has revenues in a currency that is different from the currency in which it incurs the costs of generating those revenues. In the case that the revenues can be offset against the costs incurred in the same currency, the balance may be affected if the value of the currency in which the revenues and costs are generated varies relative to the Euro. This risk exposure primarily affects those operations of the Group that generate a portion of their revenue in foreign currencies and incur their costs primarily in Euros.

Cash inflows and outflows of the operating segments are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to currency risk.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. Given the current investment program in vessels and the fact that the majority of the investments are denominated in US dollar, the Group is currently not using derivative financial instruments as positive cash flow in US dollar from operations is offset to a large extent by these investments.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.
The Group's investment in its subsidiaries with US dollar as functional currency is partly hedged by means of the US dollar private placement loans, which reduces the currency risk arising from the subsidiary's net assets. The Group's investment in its subsidiaries in the United Kingdom is partly hedged by means of the GB pound private placement loans. The Group's investments in other subsidiaries are not hedged.

The hedge on the investment on foreign operations is fully effective. Consequently all exchange differences relating to this hedge have been accounted for in other comprehensive income. The Group is sensitive to translation differences resulting from translation of its operations in non-Euro currencies to Euros. In 2014, significant exchange differences arose from the US dollar, Australian dollar, Norwegian krone and British pound.

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's exposure to variable Interest rates is short term and related to ad hoc working capital needs.

5.55.5 Capital Management

The Board of Management's policy is to maintain a strong capital base in order to retain 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 shareholders. The Board strives for a dividend pay-out ratio of 35 to 55% of the net result. No dividend is proposed to be paid-out for 2014 (2013: 54 %). The targeted solvency is set > 33.33%. The Solvency at the end of 2014 was 42.6 % (2013: 55.8%). The Board strives 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. However, the return is significantly affected by the impairments identified in 2014. As a result the return is 25.9% (negative) in 2014 compared to last year's return of 21.6%.

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 5.51.4. As per 31 December 2014 and 31 December 2013 the Group complied with all imposed external capital requirements.

5.56 Credit risk

Exposure to credit risk

(EUR x 1,000)	Carrying amount	
	2014	2013
Other investments in equity instruments	1,095	1,095
Available-for-sale financial assets	442	1,215
Long-term loans	85,261	116,605
Financial assets at fair value through profit or loss	2,474	12,766
Other long-term receivables	2,153	3,423
Unbilled revenue on (completed) projects	354,073	267,701
Trade receivables	479,944	481,312
Non-trade receivables	132,052	111,970
Receivables under finance lease	5,774	18,720
Current portion vendor loan	4,641	3,332
Cash and cash equivalents	322,167	164,185
	1,390,076	1,182,324

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above. The Group holds no collateral as security on the long-term loans.

The maximum exposure for trade receivables and unbilled revenue on completed contracts at the reporting date by geographic region was:

(EUR x 1,000)	Carrying amount	
	2014	2013
Netherlands	105,889	58,550
Europe other	213,131	276,678
Africa	54,418	33,563
Middle East	105,386	107,890
Asia	90,895	99,144
Australia	66,284	38,299
Americas	198,014	134,889
	834,017	749,013

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	
	2014	2013
Oil and gas	599,988	570,433
Infrastructure	83,359	127,384
Mining	8,145	4,271
Other	142,525	46,925
	834,017	749,013

Impairment losses

The ageing of trade receivables and unbilled revenue on (completed) contracts at the reporting date was:

- As of 31 December 2014, trade receivables and unbilled revenue on (completed) projects of EUR 834,017 thousand (31 December 2013: EUR 749,013 thousand) were fully performing.
- As of 31 December 2014, trade receivables of EUR 195,486 thousand (31 December 2013: EUR 256,197 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 2014, trade receivables and unbilled revenue on (completed) projects of EUR 50,590 thousand (31 December 2013: EUR 36,888 thousand) were impaired and provided for.

The individually impaired receivables mainly relate to customers, which are in 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)	2014		2013	
	Gross	Impairment	Gross	Impairment
From 0 to 30 days	639,797	1,266	492,816	–
From 31 to 60 days	89,731	2,506	125,557	–
From 61 to 90 days	33,778	58	53,671	–
Over 90 days	108,968	46,760	105,739	36,888
Retentions and special items	12,333	–	8,118	–
	884,607	50,590	785,901	36,888

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)	2014	2013
Balance at 1 January	36,888	34,716
Impairment loss recognised	36,894	12,359
Impairment loss reversed	(15,759)	(5,093)
Trade receivables written off	(9,589)	(4,522)
Effect of movement in exchange rates	2,156	(572)
Balance at 31 December	50,590	36,888

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.

The impairment loss recognised is mainly attributable to a limited number of clients for which receipt is doubtful or no longer probable.

No impairments related to other financial assets than trade receivables and unbilled revenue on (completed) contracts are recognised. In general, the Group considers credit risk on other receivables and cash and cash equivalents to be limited. Cash and cash equivalents are held with large well known banks with adequate credit ratings only. Refer to 5.55.2.

5.57 Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

(EUR x 1,000)							2014
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	154,869	160,839	1,593	1,593	157,653	–	–
Private placement loans:							
320 million USD bonds	260,356	300,921	5,314	5,314	10,627	279,666	–
330 million USD bonds	268,164	356,286	6,467	6,467	12,934	38,804	291,614
100 million USD bonds	81,234	116,513	2,001	2,001	4,002	12,005	96,504
27.5 million GBP bonds	34,914	40,381	715	715	1,429	37,522	–
40 million GBP bonds	50,720	67,548	1,234	1,234	2,468	7,403	55,209
35 million EUR bonds	34,674	46,153	842	842	1,684	5,050	37,735
37 million USD bonds	30,025	35,397	1,077	1,077	2,154	31,089	–
Revolving credit facilities CGG	36,815	38,810	968	4,919	32,923	–	–
Other loans and long-term borrowings	2,260	2,260	31	30	2,199	–	–
Trade and other payables	587,688	587,688	587,688	–	–	–	–
Bank overdraft	169,089	169,089	169,089	–	–	–	–
	1,710,808	1,921,885	777,019	24,192	228,073	411,539	481,062

The interest included in the above table is based on the current amounts borrowed with current interest rates against the current exchange rate (if applicable). No assumptions are included for possible future changes in borrowings or interest payments.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(EUR x 1,000)							2013
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	–	–	–	–	–	–	–
Private placement loans:							
320 million USD bonds	232,936	275,832	4,704	4,704	9,409	257,015	–
330 million USD bonds	240,205	341,204	5,726	5,726	11,452	34,356	283,944
100 million USD bonds	72,788	106,699	1,771	1,771	3,543	10,629	88,985
27.5 million GBP bonds	32,906	39,197	670	670	1,340	36,517	–
40 million GBP bonds	47,861	65,641	1,157	1,157	2,314	6,941	54,072
35 million EUR bonds	34,894	47,838	842	842	1,684	5,051	39,419
39 million USD bonds	28,373	28,999	28,999	–	–	–	–
37 million USD bonds	26,914	33,248	954	954	1,907	29,433	–
Other loans and long-term borrowings	3,741	3,741	3,741	–	–	–	–
Trade and other payables	483,690	483,690	483,690	–	–	–	–
Bank overdraft	92,085	92,085	92,085	–	–	–	–
	1,296,393	1,518,174	624,339	15,824	31,649	379,942	466,420

5.58 Currency risk

The following significant exchange rates applied during the year:

(In EUR)	Average rate	Reporting date mid-spot rate
USD	0.758	0.820
GBP	1.247	1.280
NOK	0.119	0.111
AUD	0.679	0.680

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 2013.

Effect in EUR thousands	Equity	Profit or loss
31 December 2014		
USD	(46,796)	27,203
GBP	(31,580)	(753)
NOK	(18,907)	482
AUD	(24,077)	8,949
31 December 2013		
USD	(60,755)	(3,367)
GBP	(26,824)	(1,819)
NOK	(27,285)	(2,388)
AUD	(4,781)	1,703

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

5.59 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	
	2014	2013
Fixed rate instruments		
Financial assets	85,261	116,605
Financial liabilities	(762,347)	(720,618)
Variable rate instruments		
Financial assets	322,167	164,185
Financial liabilities	(360,773)	(92,085)
	(715,692)	(531,913)

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 2013.

(EUR x 1,000)	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2014				
Variable rate instruments	(18)	18	–	–
Cash flow sensitivity (net)	(18)	18	–	–
31 December 2013				
Variable rate instruments	721	(721)	–	–
Cash flow sensitivity (net)	721	(721)	–	–

At 31 December 2014, 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 18 thousand (2013: EUR 721 thousand negative).

5.60 **Fair values**

5.60.1 **Financial assets and liabilities**

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)	2014		2013	
	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	2,474	2,474	12,766	12,766
Loans and receivables				
Trade receivables and other receivables	976,484	976,484	867,535	867,535
Cash and cash equivalents	322,167	322,167	164,185	164,185
Long-term loans	85,261	85,261	116,605	116,605
Other long-term receivables	2,153	2,153	3,423	3,423
Available-for-sale financial assets				
Other investments in equity instruments[1]	1,095	1,095	1,095	1,095
Available-for-sale financial assets	442	442	1,215	1,215
Financial liabilities measured at amortised cost				
Bank loans	(154,869)	(154,869)	–	–
Mortgage and other loans and long-term borrowings	(2,260)	(2,260)	(3,741)	(3,741)
Private placement loans in USD	(639,779)	(655,859)	(601,216)	(636,906)
Private placement loans in GBP	(85,634)	(87,842)	(80,767)	(85,788)
Private placement loans in EUR	(34,674)	(35,623)	(34,894)	(37,004)
Revolving credit facilities CGG	(36,815)	(36,815)	–	–
Bank overdraft	(169,089)	(169,089)	(92,085)	(92,085)
Trade and other payables	(587,688)	(587,688)	(483,690)	(483,690)
Total	(320,732)	(339,969)	(129,569)	(172,390)
Unrecognised gains/(losses)		(19,237)		(42,821)

1 The other investments in equity instruments do not have a quoted market price in an active market. The fair value cannot be reliably measured by the Group.

The private placement loans carried for which fair value is disclosed are categorised within level 2 of the fair value hierarchy.

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:

Interest rates

	2014	2013
Loans and borrowings	1.25–13.57%	4.1–7.1%
Finance lease receivable	6.0 %	6.0%
Long term receivables	5.0–17.0%	5.0–17.0%

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

	31 December 2014 (EUR x 1,000)	Level 1	Level 2	Level 3	Total
(5.42)	Available-for-sale financial assets	442	–	–	442
(5.42)	Financial asset at fair value through profit or loss	–	–	2,474	2,474
	Total	442	–	2,474	2,916

The fair value less cost of disposal for the Fugro Synergy was based on bids received as well as market/broker quotes prepared by an independent external valuator. Management considers the value which has mainly been derived from third-party pricing information to be within level 3 of the fair value hierarchy.

	31 December 2013 (EUR x 1,000)	Level 1	Level 2	Level 3	Total
(5.42)	Available-for-sale financial assets	1,215	–	–	1,215
(5.42)	Financial asset at fair value through profit or loss	–	–	12,766	12,766
	Total	1,215	–	12,766	13,981

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

Fair value measurements using significant unobservable inputs (Level 3)

(EUR x 1,000)	Derivatives 2014	Derivatives 2013
Opening balance at 1 January	12,766	–
Initial measurement of derivative at fair value	–	12,260
Gain/(loss) recognised in profit or loss	(10,292)	506
Closing balance at 31 December	2,474	12,766
Total gain/(loss) for the period included in the result for assets held at the end of the reporting period, under 'Finance costs'	(10,292)	506

At 31 January 2013 Fugro entered into a loan agreement with CGG, including a warrant. The warrant represents the fair value of the underlying Seabed Geosolutions B.V. unquoted shares, accruing to Fugro in case of default of the counterparty (CGG). The warrant classifies as an embedded derivative and has been bifurcated from the loan. The warrant is accounted for at fair value through profit or loss.

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

If the change in the credit spread of the counterparty for the warrant shifted +/- 5%, the impact on the result would amount to EUR 0.1 million (2013: EUR 0.9 million). If the change in the underlying Seabed Geosolutions B.V. unquoted shares shifted +/- 5%, the impact on profit or loss would be EUR 0.1 million (2013: EUR 0.6 million). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event of change in circumstances that caused the transfer.

There were no changes in valuation techniques during the period.

5.60.2 Fugro's valuation processes

The group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The valuations are directly reported to the Chief Financial Officer.

Changes in Level 2 and Level 3 values are analysed at each reporting date.

5.60.3 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Financial assets (EUR x 1,000)	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
As at 31 December 2014			
Cash and cash equivalents	335,472	(13,305)	322,167
As at 31 December 2013			
Cash and cash equivalents	166,098	(1,913)	164,185

Financial liabilities (EUR x 1,000)	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
As at 31 December 2014			
Bank overdraft	(211,255)	42,166	(169,089)
As at 31 December 2013			
Bank overdraft	(122,680)	30,595	(92,085)

5.61 Commitments not included in the statement of financial position

5.61.1 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(EUR x 1,000)	2014	2013
Less than one year	140,156	106,401
Between one and five years	226,003	257,751
More than five years	12,962	7,218
	379,121	371,370

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 303 million was recognised as an expense in profit or loss in respect of operating leases and other rentals (2013: EUR 249 million). The 2013 figures have been adjusted for an amount of EUR 38 million, as this amount relates to bank guarantees which form part of the guarantees as disclosed below under 5.61.2.

5.61.2 Bank guarantees
Per 31 December 2014, Fugro's bank has issued bank guarantees to clients for an amount of EUR 91 million (2013: EUR 52 million).

5.61.3 Capital commitments
At 31 December 2014, the Group has contractual obligations to purchase property, plant and equipment for EUR 40.4 million (2013: EUR 46 million).

5.61.4 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, it is not probable that the financial position of the Group will 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 unity for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

In the second half of 2013 Fugro terminated a shipbuilding contract and successfully recovered the prepayments. Subsequently, the shipyard has filed a request for arbitration with the London Court of International Arbitration with total claim of EUR 14.4 million. The Company believes that the contract was terminated in line with contractual stipulations. The Company vigorously defends this claim and expects that it is unlikely that this case will result in a material adverse impact.

5.62 Subsequent events
No such events have been identified.

5.63 Related parties

5.63.1 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.

5.63.2 Transactions with the Board of Management
Members of the Board of Management of Fugro hold 0.3% of the outstanding voting shares and certificates of shares in Fugro. Members of the Board of Management also participate in Fugro's share option scheme (refer note 5.31.1).

The remuneration of the Board of Management for 2014 and 2013 is as follows:

(in EUR)	P. van Riel		P. Verhagen		W.S. Rainey	
	2014	2013	2014	2013	2014	2013
Fixed salary	600,000	460,000	450,000	–	350,000	350,000
Bonus with respect to the previous year	301,667	320,083	–	–	233,333	243,542
Pension costs (including disability insurance)	122,735	284,952	89,707	–	275,000	275,000
Crisis tax	–	154,412	–	–	–	–
	1,024,402	1,219,447	539,707	–	858,333	868,542
Value of options granted	–	748,550	–	–	–	639,670
Long-term incentive plan (see note 5.31)	49,106		36,830		36,830	–
One-off compensation of restricted certificates of shares[1]	–	–	216,000	–	–	–
Total	1,073,508	1,967,997	792,537	–	895,163	1,508,212

(in EUR)	S.J. Thomson		J. Rüegg		A. Jonkman		A. Steenbakker	
	2014	2013	2014	2013	2014	2013	2014	2013
Fixed salary	450,000	233,334	–	116,667	350,000	350,000	–	–
Bonus with respect to the previous year	215,771	160,000	111,872	272,708	233,333	243,542	–	–
Pension costs (including disability insurance)	(321,708)	188,184	–	6,000	284,818	284,831	–	–
Crisis tax	–	28,830	–	25,752	–	77,377	–	232,326
	344,063	610,348	111,872	421,127	868,151	955,750	–	232,326
Value of options granted	–	639,670	–	–	–	639,670	–	–
Long-term incentive plan	36,830	–	–	–	–	–	–	–
One-off compensation of restricted certificates of shares	–	–	–	–	–	–	–	–
Total	380,893	1,250,018	111,872	421,127	868,151	1,595,420	–	232,326

1 These costs of EUR 216 thousand relate to one-off compensation to Mr. P. Verhagen of 15,000 restricted certificates of shares in Fugro's share capital.

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 on 14 May 2008. This remuneration policy is available on Fugro's website: www.fugro.com.

As of 1 January 2014, some members of the Board of Management started to participate in the Dutch employee Fugro pension plan. Previously, these members were entitled to a defined contribution plan. The pension plan for the Board of Management has therefore changed from a defined contribution plan to a defined benefit plan as per 1 January 2014. Furthermore, as per 1 January 2015 the Dutch employee pension plan has changed due to new tax legislation. These changes include the introduction of the EUR 100 thousand maximum salary limit and the change to a pension age of 67. The results following the changes in the pension plan have been considered as past service costs. Prior to 2013, the pension charges for the Board of Management were equal to the contributions paid into their defined contribution scheme. Whereas the 2014 pension charges are based on the service costs and past service costs of the defined benefit plan. As the past service costs are significantly impacted by the introduction of the maximum salary limit, a significant, one-off gain is reported. The regular service cost 2014 plus the past service cost as a result of the change in best estimate for the future due to the plan change result in relatively limited pension cost for Mr. Van Riel and for Mr. Verhagen and a pension gain for Mr. Thomson.

Annual bonus

Each member of the Board of Management is eligible for an annual bonus. The bonus may vary from 0% to 100% of fixed base salary, with 67% being applicable when targets are achieved.

Targets are set yearly by the Supervisory Board, based on the budget and taking into account the strategy aspirations. Financial targets determine 75% of the bonus, non-financial or personal targets determine the remaining 25%. For each of the financial targets, a performance zone is set, with no bonus below the threshold level and the maximum bonus when performance exceeds the upper end of the performance zone. There will be no overshoot possibility for personal targets. The maximum multiplier for financial targets is therefore 1.67. All targets are excluding the impact of the multi-client library results as the multi-client business is not part of Fugro's strategic plan. The Supervisory Board ensures that the targets are challenging, realistic and consistent with Fugro's strategy.

The measures used and their relative weight are as follows:

Financial Targets:	Earnings Per Share (EPS)	35%
	EBIT margin	20%
	Working capital	20%
Non-financial (personal) targets		25%

The non-financial (personal) targets give the possibility to include health and safety, corporate social responsibility, personal development goals, etc. as targets into the bonus program.

Bonuses may vary from 0% to 100% of fixed base salary, with 66.7% being applicable when targets are achieved. For each of the measures included in the remuneration policy, the Supervisory Board has set targets based on the budget for 2014. As of 2014 the bonus percentage is determined using the following table:

		Cash bonus as percentage of base salary		
Criterion	Weight	Minimum	At target	Maximum
EPS	35%	0%	23.3%	38.9%
EBIT margin	20%	0%	13.3%	22.2%
Working capital	20%	0%	13.3%	22.2%
Personal targets (discretionary)	25%	0%	16.7%	16.7%
Total	100%	0%	66.7%	100%

The Supervisory Board has reviewed and established the extent to which the targets for 2014 were achieved. Both EPS and EBIT margin came out well below the minimum threshold set for these measures. Working capital improved compared to the previous year and would result in a bonus of 7% of fixed base salary. Based on input from the remuneration committee, the Supervisory Board also evaluated the personal performance of the members of the Board of Management.

The Supervisory Board has decided not to grant a bonus to the members of the Board of Management for the year 2014, with the exeption of Mr. P. Verhagen. A bonus has been granted to him of 24% of his base salary based on improvements in working capital and on his personal performance.

Board of Management				Number of options				In EUR		Number of months
	Year	Number at 01-01-14	Granted in 2014	Exercised in 2014	Forfeited in 2014	Number at 31-12-14	Exercise price	Share price at exercise day	Expiring date	Bonus
P. van Riel	2008	67,500	–	–	67,500	–	20.485		31–12–2014	11
	2009	60,000	–	–	–	60,000	40.26		31–12–2015	10
	2010	52,900	–	–	–	52,900	61.50		31–12–2016	10
	2011	53,000	–	–	–	53,000	44.895		31–12–2017	9
	2012	60,000	–	–	–	60,000	44.52		31–12–2018	8
	2013	55,000	–	–	–	55,000	43.315		31–12–2019	8
Total		348,400	–	–	67,500	280,900				
P. Verhagen	2013–2014	30,000	–	–	–	30,000	43.315		31–12–2019	
Total		30,000	–	–	–	30,000				

Board of Management										
				Number of options				In EUR	Number of months	
	Year	Number at 01-01-14	Granted in 2014	Exercised in 2014	Forfeited in 2014	Number at 31-12-14	Exercise price	Share price at exercise day	Expiring date	Bonus
W.S. Rainey	2009–2010	66,700	–	–	–	66,700	50.35[1]		31–12–2016	–
	2011	53,000	–	–	–	53,000	44.895		31–12–2017	9
	2012	53,000	–	–	–	53,000	44.52		31–12–2018	8
	2013	47,000	–	–	–	47,000	43.315		31–12–2019	8
Total		219,700	–	–	–	219,700				
S. Thomson	2009–2012	165,700	–	17,500	17,500	130,700	41.864[1]		31–12–2018	–
	2013	47,000	–	–	–	47,000	43.315		31–12–2019	5
Total		212,700	–	17,500	17,500	177,700				
J. Rüegg	2009	52,500	–	–	–	52,500	40.26		31–12–2015	10
	2010	52,900	–	–	–	52,900	61.50		31–12–2016	10
	2011	53,000	–	–	–	53,000	44.895		31–12–2017	9
	2012	53,000	–	–	–	53,000	44.52		31–12–2018	9
Total		211,400	–			211,400				
A. Jonkman	2008	72,500	–	72,500	–	–	20.485		31–12–2014	11
	2009	60,000	–	–	–	60,000	40.26		31–12–2015	10
	2010	52,900	–	–	–	52.900	61.50		31–12–2016	10
	2011	53,000	–	–	–	53,000	44.895		31–12–2017	9
	2012	53,000	–	–	–	53,000	44.52		31–12–2018	8
	2013	47,000	–	–	–	47,000	43.315		31–12–2019	8
Total		338,400	–	72,500	–	265,900				
K.S. Wester	2008	107,500	–	–	107,500	–	20.485		31–12–2014	11
	2009	90,000	–	–	–	90,000	40.26		31–12–2015	10
	2010	79,400	–	–	–	79,400	61.50		31–12–2016	10
	2011	80,000	–	–	–	80,000	44.895		31–12–2017	9
Total		356,900	–	–	107,500	249,400				
A. Steenbakker	2008	67,500	–	67,500	–	–	20.485		31–12–2014	11
Total		67,500	–	67,500	–	–				
Total		1,785,000	–	157,500	192,500	1,435,000				

1 Weighted average.

5.63.3 Executive Committee

The Group considers the Executive Committee, including the Board of Management, as 'key management'.
The Executive committee currently consists of the members of the Board of Management and the Director of the Survey division. 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:

	2014	2013
Fixed salary	2,462,500	1,685,000
Bonus with respect to the previous year	1,270,976	1,309,875
Pension costs (including disability insurance)	38,185	1,176,467
Crisis tax	–	549,969
Value of options granted	–	3,463,745
Long-term incentive plan	187,423	–
One-off compensation of restricted certificates of shares	216,000	–
	4,175,084	8,185,056

* The Executive Committee's compensation includes the compensation of André Jonkman for the full year. André Jonkman stepped down as Chief Financial Officer as per 6 May 2014 and does not form part of the Board of management and Executive Committee as of that date.

5.63.4 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	2014	2013
H.L.J. Noy, Chairman	80,000	71,375
J.C.M. Schönfeld, Vice-Chairman	63,260	38,750
J.A. Colligan	58,601	61,729
A.J. Campo	57,973	–
D.J. Wall	67,746	–
M. Helmes	20,022	58,000
G-J. Kramer	50,001	60,000
Th. Smith	35,022	88,000
F.H. Schreve	–	32,500
F.J.G.M. Cremers	–	6,644
	432,625	416,998

Mr. G-J. Kramer stepped down from the Supervisory Board as per 31 October 2014. Mr. Antonio J. Campo has been appointed as member of the Supervisory Board of Fugro as from 6 May 2014. Mr. Douglas Wall has been appointed as a member of the Supervisory Board with effect from 6 May 2014. Both are appointed for a term of four years.
Mrs. Marion Helmes and Mr. Th. Smith stepped down as members of the Supervisory Board at 6 May 2014.
Mr. J.C.M. Schönfeld took over the role as vice-chairman of the Supervisory Board from Mr. J.A. Colligan. 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.

5.63.5 Other related party transactions

5.63.5.1 Joint ventures

The Group has not entered into any significant joint ventures in 2014.

5.64 Subsidiaries

5.64.1 Significant subsidiaries

For an overview of (significant) subsidiaries we refer to chapter 6.

5.65 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 5.43.
- Impairments: Impairment analyses, amongst other relating to vessels, are performed whenever a triggering event has occurred to determine whether the carrying amount exceeds the recoverable amount. Goodwill is at least tested for impairment

annually. Impairment tests are based on estimates of future cash flows. The accounting policies regarding impairments are included in note 5.16. Note 5.39 contains information about the key assumptions used to determine the recoverable amount of the various cash generating units. Specific information on credit risk is disclosed in notes 5.55.2 and 5.56. These notes contain information about the assumptions used relating to impairment of trade receivables, unbilled revenue on (completed) projects and other receivables and appropriate sensitivity analysis.

- 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 5.52 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.
- Seismic data libraries: Significant estimates relate mainly to the determination of recoverable amount. The determination of recoverable amount requires significant judgment and is determined based on expected sales cash flows. Management first assess whether write downs to recoverable amount for individual libraries is needed based on specific circumstances. Then management assess write downs of data libraries by reference in groups of libraries with similar characteristics, with respect to amongst others 2D versus 3D, customers and geographical area. The group uses sales estimates that are based on our budget plan for next year, sales prospects and an outlook for the seismic industry. Changes in assumptions, in particular the expected sales cash flows, could significantly affect the carrying amount and require an impairment to the recoverable amount of our multi-client data library. Refer to note 5.40.
- Other provisions, tax and other contingencies: Information on the assumptions used in estimating the effect of legal claims, asset retirement obligations and onerous contract provisions are included in note 5.24 and 5.53. The provisions in respect of onerous contracts are based on the obligation that the Group has with counterparties involved and represent the best estimate of the obligation.
- Business combinations: As part of business combination accounting, the purchase price allocation involves the use of estimates for determining the fair value of property, plant and equipment and intangible assets at acquisition date. For intangible assets, this mainly relates to the expected profits in the backlog of the acquired companies and the customer lists at the moment of acquisition, and the value of the trade name. The fair value is based on discounted cash flows expected to be received from these identifiable intangible assets. Refer to note 5.27.

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.

The information as required by sections 2:379 and 2:414 of the Dutch Civil Code has been filed at the trade registry of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro Albania s.h.pk.		Tirana, Albania
Fugro Angola, Limitada	49%	Luanda , Angola
Fugro ROAMES Pty Ltd.		Brisbane, Australia
TSM Finance Pty Ltd.		Perth, Australia
Fugro Survey Pty Ltd.		Balcatta, Australia
Fugro LADS Corporation Pty Ltd.		Kidman Park, Australia
Fugro Holdings Australia Pty Ltd.		Perth, Australia
Fugro Multi Client Services Pty Ltd.		Perth, Australia
Fugro Spatial Solutions Pty Ltd.		Perth, Australia
Fugro TSM Pty Ltd.		Perth, Australia
Fugro Satellite Positioning Pty Ltd.		Perth, Australia
Fugro AG Pty Ltd.		Perth, Australia
Fugro Austria GmbH		Bruck an der Mur, Austria
Fugro Survey GmbH (Caspian branch office)		Baku, Azerbaijan
SOCAR-Fugro LLC	49%	Baku, Azerbaijan
Fugro Belgique/België S.A./N.V.		Brussels, Belgium
Fugro In Situ Geotecnia Ltda.		Pinhais, Brazil
Fugro In Situ Engenharia Ltda.		Pinhais, Brazil
Fugro Brasil Levantamentos Ltda.		Rio de Janeiro, Brazil
Sudeste Servicos Ltda		Rio de Janeiro, Brazil
Fugro Sdn Bhd. (Brunei)		Bandar Seri Begawan, Brunei Darussalam
Fugro Survey (B) Sdn Bhd.	70%	Kuala Belait, Brunei Darussalam
Fugro Canada, Corp.		St. John's, Canada
Geofor Cameroon S.A.		Douala, Cameroon
Geofor Afrique GIE		Douala, Cameroon
Fugro Chile S.A.		Santiago, Chile
Fugro Technical Services (Beijing) Ltd.		Beijing, China
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%	Shekou, Shenzhen, China
Geofor Congo S.A.		Pointe Noire, Congo
Fugro Curacao N.V.		Willemstad, Curacao

Company	%	Office, Country
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro GeoSurveys N.V.		Willemstad, Curaçao
Fugro Satellite Services N.V.		Willemstad, Curaçao
Fugro Survey Caribbean N.V.		Willemstad, Curaçao
Fugro Aerial Mapping A/S		Horsholm, Denmark
Fugro S.A.E.		Cairo, Egypt
Fugro Geoid S.A.S.		Jacou, France
Fugro GeoConsulting S.A.S		Nanterre, France
Fugro Holding France S.A.S		Nanterre, France
Fugro Topnav S.A.S.		Paris (Massy), France
Fugro GEOTER S.A.S.		Clapiers, France
Geofor Gabon S.A.		Libreville, Gabon
Fugro Consult GmbH		Berlin, Germany
Fugro Holding (Deutschland) GmbH		Berlin, Germany
Fugro-OSAE GmbH		Bremen, Germany
Fugro Certification Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services 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 Hydrographic Surveys Ltd.		Wanchai, Hong Kong
Fugro Geospatial Services (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geotechnics Vietnam (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Marine Survey International Ltd.		Wanchai, Hong Kong
Fugro SEA Ltd.		Wanchai, Hong Kong
Fugro Searcher Inc.		Wanchai, Hong Kong
Fugro Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro Survey Management Ltd.		Wanchai, Hong Kong
Markab Marine Inc.		Wanchai, Hong Kong
MateriaLab Consultants Ltd.		Tuen Mun, Hong Kong
Fugro Consult Kft.		Budapest, Hungary
Fugro Geotech (Pvt) Ltd.		Navi Mumbai, India
Fugro Survey (India) Pvt Ltd.	90%	Navi Mumbai, India
P.T. Fugro Indonesia		Jakarta Selatan, Indonesia
Fugro-ETW LLC	50%	Basra, Iraq
FAZ Technology Ltd.	93%	Dublin, Ireland
FAZ Research Ltd.	93%	Dublin, Ireland
Fugro Oceansismica S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro-KGNT LLP	50%	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

Company	%	Office, Country
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
O-Cell Loadtest (Malaysia) Sdn. Bhd.		Johor Bahru, Malaysia
Fugro TSMarine Labuan Pty Ltd.		Federal Territory of Labuan, Malaysia
Seabed Geosolutions Sdn Bhd		Petaling Jaya, Selangor Darul Ehsan, Malaysia
Fugro Holding Malta Ltd.		Luqa, Malta
Fugro Malta Ltd.		Luqa Malta
Geofor International S.A.		Quatre Bornes, Mauritius
Fugro Mauritius Ltd.		Quatre Bornes, Mauritius
Fugro Geotechnical Mauritius 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 CIS B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Engineers B.V.		Leidschendam, The Netherlands
Fugro GeoServices B.V.		Leidschendam, The Netherlands
Fugro Intersite B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Nederland 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 Geospatial B.V.		Leidschendam, The Netherlands
Fugro Inpark Detacheringen B.V.		Leidschendam, The Netherlands
Fugro Satellite Positioning B.V.		Leidschendam, The Netherlands
Seabed Geosolutions B.V.	60%	Leidschendam, The Netherlands
Fugro Raildata B.V.		Utrecht, The Netherlands
Fugro BTW Ltd.		New Plymouth, New Zealand
Fugro Survey (Nigeria) Ltd.		Port Harcourt, Nigeria
Fugro Nigeria Ltd.		Port Harcourt, Nigeria
Fugro Survey A/S		Bergen, Norway
MR Subsea A/S		Haugesund, Norway
Fugro Subsea 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 Satellite Positioning r A/S		Oslo, Norway
Fugro Oceanor A/S		Trondheim, Norway
Seabed Geosolutions A/S	60%	Trondheim, Norway
Fugro Middle East & Partners LLC	70%	Muscat, Oman
Fugro Geodetic Ltd.		Karachi, Pakistan

Company	%	Office, Country
Fugro Panama S.A.		Panama City, Panama
Fugro TerraLaser S.A.		Lima, Peru
Fugro Peninsular Geotechnical Services		Doha, Qatar
Fugro Engineering LLP		Moscow, Russia
Electro Magnetic Marine Exploration EMMET ZAO	60%	Moscow, Russia
GEOINGSERVICE LLP		Moscow, Russia
Geofor Sao Tome Lda.		Sao Tome City, Sao Tome
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Decca Survey Saudi Arabia Ltd.	40%	Dammam, Saudi Arabia
Fugro Saudi Arabia Ltd.		Riyadh, Saudi Arabia
Fugro Loadtest Asia Pte Ltd.		Singapore, Singapore
Fugro Satellite Positioning Pte Ltd.		Singapore, Singapore
Fugro Singapore Pte Ltd.		Singapore, Singapore
Fugro Survey Pte Ltd.		Singapore, Singapore
Fugro TSM Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro-GEOS Pte Ltd.		Singapore, Singapore
Setouchi Services Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Maps South Africa (Pty) Ltd.		Cape Town, South Africa
Earth Resources (Pty) Ltd.		Johannesburg, South Africa
Fugro Data Services GmbH		Zug, Switzerland
Fugro Finance AG		Zug, Switzerland
Fugro Geodetic AG		Zug, Switzerland
Fugro International Holding AG		Zug, Switzerland
Fugro South America GmbH		Zug, Switzerland
Fugro Survey GmbH		Zug, Switzerland
Middle East Investment GmbH		Zug, Switzerland
Fugro Survey Caribbean Inc.		St. Clair, Trinidad and Tobago
Fugro Sial Ltd.		Ankara, Turkey
Fugro DCN Global Ltd.		Abu Dhabi, United Arab Emirates
Fugro Survey (Middle East) Ltd.		Abu Dhabi, United Arab Emirates
Fugro Middle East B.V. (Dubai branch office)		Dubai, United Arab Emirates
Seabed Geosolutions JLT		Dubai, United Arab Emirates
Fugro-MAPS (UAE)		Sharjah, United Arab Emirates
Fugro Survey Ltd.		Aberdeen, United Kingdom
Fugro Synergy Ltd.		Aberdeen, United Kingdom
Fugro-ImpROV Ltd.		Aberdeen, United Kingdom
Fugro Subsea Services Ltd.		Aberdeen, United Kingdom
Fugro BKS Ltd.		Coleraine, United Kingdom
Fugro Seacore Ltd.		Falmouth, United Kingdom
Fugro Alluvial Offshore Ltd.		Great Yarmouth, United Kingdom
Fugro EMU Ltd.		Southampton, United Kingdom
Fugro GeoConsulting Ltd.		Wallingford, United Kingdom
Fugro-GEOS Ltd.		Wallingford, United Kingdom

Company	%	Office, Country
Fugro Holdings (UK) Ltd.		Wallingford, United Kingdom
Fugro EarthData, Inc.		Frederick, United States
Fugro (USA), 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-GEOS, Inc.		Houston, United States
Fugro-ImpROV, Inc.		Houston, United States
Fugro-McClelland Marine Geosciences, Inc.		Houston, United States
Fugro Drilling & Well Services, Inc.		Houston, United States
Fugro Satellite Positioning Inc.		Houston, United States
Seabed Management Company Inc.	60%	Houston, United States
Fugro Americas Inc.		Houston, United States
Fugro Chance, Inc.		Lafayette, United States
John Chance Land Surveys, Inc.		Lafayette, United States
FAZ Technology Inc.	93%	Orlando, United States
Fugro Geospatial, Inc.		Rapid City, United States
Fugro Roadware, Inc.		Richmond, United States
Fugro Pelagos, Inc.		San Diego, United States
Fugro Geotechnics Vietnam LLC		Ho Chi Minh City, Vietnam

7 COMPANY BALANCE SHEET

As at 31 December, before profit appropriation

	(EUR x 1,000)	2014	2013
	Assets		
(9.1)	Intangible assets	1,289	279
(9.2)	Tangible fixed assets	391	162
(9.3)	Financial fixed assets	2,408,947	2,783,030
	Deferred tax assets	428	–
	Total non-current assets	2,411,055	2,783,471
(9.4)	Trade and other receivables	10,970	36,766
	Current tax assets	–	6,346
	Cash and cash equivalents	105,026	21
	Total current assets	115,996	43,133
	Total assets	2,527,051	2,826,604
	Equity		
	Share capital	4,228	4,228
	Share premium	431,227	431,227
	Translation reserve	(81,638)	(158,185)
	Hedging reserve	(868)	(1,078)
	Other reserves	(353,958)	(288,625)
	Retained earnings	1,977,645	1,609,101
	Unappropriated result	(458,870)	428,303
(9.5)	**Total equity**	1,517,766	2,024,971
	Provisions		
(9.6)	Provisions for other liabilities and charges	22,669	–
	Deferred tax liabilities	–	2,018
	Liabilities		
(9.7)	Loans and borrowings	760,087	689,669
	Total non-current liabilities	782,756	691,687
	Bank overdraft	146,338	37,469
	Loans and borrowings	–	28,470
(9.8)	Trade and other payables	71,078	41,508
	Current tax liabilities	6,178	–
	Other taxes and social security charges	2,935	2,499
	Total current liabilities	226,529	109,946
	Total liabilities	1,009,285	801,633
	Total equity and liabilities	2,527,051	2,826,604

8 COMPANY INCOME STATEMENT

For the year ended 31 December

(EUR x 1,000)	2014	2013
Share in results from participating interests, after taxation	(455,043)	393,076
Other results after taxation	(3,827)	35,227
Net result	(458,870)	428,303

9 NOTES TO THE COMPANY FINANCIAL STATEMENTS

General
The company financial statements form part of the 2014 consolidated financial statements of Fugro. As the financial data of Fugro N.V. are included in the consolidated financial statements, the statement of income of Fugro N.V. is condensed in conformity with Section 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 Clause 8 Section 2:362 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. Investments in subsidiaries are accounted for at net asset value which comprises the cost, excluding goodwill, of Fugro's share in the net assets of the subsidiaries. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. 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 108 to 124 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)	2014	2013
Cost		
Balance at 1 January	287	70,538
Disposals	–	(70,538)
Additions	1,010	287
Balance at 31 December	1,297	287
Amortisation and impairment losses		
Balance at 1 January	8	–
Amortisation of intangible assets	–	8
Balance at 31 December	8	8
Carrying amount		
At 1 January	279	70,538
At 31 December	1,289	279

Goodwill represents amounts arising on acquisition of subsidiaries. The capitalised goodwill is not systematically amortised. Goodwill is tested for impairment annually, or when there is an indication for impairment. No impairment has been recognised.

9.2 Tangible fixed assets

(EUR x 1,000)	2014	2013
	Other	Other
Cost		
Balance at 1 January	1,594	1,648
Other investments	475	100
Disposals	–	(154)
Balance at 31 December	2,069	1,594
Depreciation		
Balance at 1 January	1,432	1,546
Depreciation	246	76
Disposals	–	(190)
Balance at 31 December	1,678	1,432
Carrying amount		
At 1 January	162	102
At 31 December	391	162

9.3 Financial fixed assets

(EUR x 1,000)	2014	2013
Subsidiaries	1,205,542	1,870,905
Financial assets at fair value through profit or loss	2,474	12,766
Long-term loans	1,200,931	899,359
	2,408,947	2,783,030

9.3.1 Subsidiaries

(EUR x 1,000)	2014	2013
Balance at 1 January	1,870,905	2,240,717
Share in result of participating interests	(455,043)	393,076
Capital increase	30,000	–
Dividends	(308,107)	(632,957)
Currency exchange differences	75,954	(166,656)
Other	(8,167)	36,725
Balance 31 December	1,205,542	1,870,905

9.3.2 Long-term loans

(EUR x 1,000)	2014	2013
Balance at 1 January	899,359	600,172
Loans provided	330,691	640,877
Redemptions	(29,119)	(342,530)
Currency exchange differences	–	830
Balance 31 December	1,200,931	899,359

This concerns loans to subsidiaries at 3.6% (2013: 4.4%) interest.

9.4 Trade and other receivables

(EUR x 1,000)	2014	2013
Receivables from Group companies	265	29,162
Other taxes and social security charges	4,810	1,268
Other receivables	5,895	6,336
Balance 31 December	10,970	36,766

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 5.48 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 other liabilities and charges

For the notes on provisions reference is made to note 5.53 of the consolidated financial statements.
Fugro has accounted for certain tax indemnities and warranties in respect of the sale of the majority of the Geoscience activities to CGG for liabilities arising from tax exposures amounting to EUR 22.7 million as at 31 December 2014 (31 December 2013: EUR 19.5 million). Previously, these indemnities were included in trade and other payables. An amount of EUR 3.2 million was added to the provision in 2014, which costs form part of the result on disposal of the majority of the Geoscience operations.

9.7 Loans and borrowings

(EUR x 1,000)	2014	2013
Private placement loans	760,087	689,669
Balance at 31 December	760,087	689,669

For the notes on private placement loans reference is made to note 5.51 of the consolidated financial statements. The average interest on loans and borrowings amounts to 4.8 % per annum (2013: 4.4%).

9.8 Trade and other payables

(EUR x 1,000)	2014	2013
Trade payables	1,856	3,653
Interest private placement loans	12,852	11,966
Non-trade payables and accrued expenses	56,370	25,889
Balance 31 December	71,078	41,508

9.9 Commitments not included in the balance sheet

Fiscal unity

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 unity.

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 2014 and at 31 December 2013 no significant guarantees were outstanding.

In 2014 two revolving credit facilities have been granted by Fugro N.V. to Seabed Geosolutions B.V. of USD 60 million in February 2014 and USD 15 million in September 2014. These facilities form part of two separate revolving credit agreements in which Seabed has entered into with CGG on a 60/40 pro rata basis. The facilities were fully drawn. An amount of USD 7.6 million has been repaid to Fugro on the latter facility as per 31 December 2014. The facilities have been valued at the closing rate totally amounting to EUR 55.2 million at reporting date. The facility of the USD 60 million has a maturity of 3 years. The USD 15 million facility has a maturity of 1 year. The interest on both facilities is LIBOR plus 500 bps.In addition, Fugro and CGG have provided Seabed with financial support for a maximum amount of USD 163 million (EUR 133.5 million) on a 60/40 pro rata basis. The financial support is to enable Seabed to meet all liabilities as they fall due for at least for the next twelve months as from 27 February 2015.

9.11 Contingencies

For the notes to contingencies reference is made to note 5.61 of the consolidated financial statements.

9.12 Related parties

For the notes to related parties, reference is made to note 5.63 of the consolidated financial statements.
In note 5.61 the remuneration of the Board of Management, Executive Committee and Supervisory Board is disclosed.

9.13 Audit fees

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG to the Company and its subsidiaries:

(EUR x 1,000)			2014			2013
	KPMG Acountants N.V.	Other KPMG network	Total KPMG	KPMG Acountants N.V.	Other KPMG network	Total KPMG
Statutory audit of financial statements	1,713	1,501	3,214	2,762	1,693	4,455
Other assurance services	–	–	–	663	179	842
Tax advisory services	–	304	304	–	131	131
Other non-audit services	–	–	–	–	55	55
Total	1,713	1,805	3,518	3,425	2,058	5,483

In 2014, the audit fees under the category statutory audit of financial statements, include an amount of EUR 300,000 thousand for the audit of the 2013 statutory financial statements. Tax services primarily consist of tax compliance work. Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis.

The fees paid for the above mentioned services, which are included in profit or loss of the consolidated financial statements in the line other expenses, are evaluated on a regular basis and in line with the market.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervision Act.

Leidschendam, 26 February 2015

Board of Management
P. van Riel, Chairman Board of Management,
Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer
W.S. Rainey, Director Geotechnical division
S.J. Thomson, Director Subsea Services division
and Geoscience divisions

Supervisory Board
H.L.J. Noy, Chairman
J.C.M. Schönfeld, Vice-Chairman
A.J. Campo
J.A. Colligan
D.J. Wall

10 OTHER INFORMATION

10.1 Independent Auditor's report

To: the Annual General Meeting of Shareholders of Fugro N.V.

Report on the Audit of the Financial Statements 2014

Our opinion

We have audited the accompanying financial statements 2014 of Fugro N.V. (the Company), based in Leidschendam, as set out on pages 100 to 185. The financial statements include the consolidated financial statements and the company 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 2014 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 (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2014;
- the company income statement for the year then ended; and
- notes to the company financial statements, including a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under these standards have been further specified in the "Our Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Fugro N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements may arise due to fraud or error and will be considered material if, individually or in the aggregate, one can reasonably expect them to influence the economic decisions made by users based on the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at EUR 8 million. The materiality is determined with reference to a benchmark of consolidated result before tax which represents approximately 1.3% of the consolidated result before tax for 2014. We consider this benchmark to be the most relevant benchmark given the nature and business of the Company. We have taken into consideration a lower materiality than the EUR 8 million for possible misstatements which in our opinion will be material to the user of the financial statements based on qualitative reasons.

The audits undertaken for group reporting purposes at the group entities (components) were all performed with materiality levels set by, or agreed with, us. In our audit instructions sent to our component auditors, we instructed the component auditors to apply allocated group materiality of EUR 4.0 million or, in case of a statutory audit requirement, the lower statutory materiality.

We agreed with the Supervisory Board that misstatements in excess of EUR 0.4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of our group audit

Fugro N.V. is the parent company of the Fugro Group (the 'Group'). The financial information of this Group is included in the consolidated financial statements of Fugro N.V.
Considering our ultimate responsibility for the auditor's opinion on the consolidated financial statements, we are responsible for directing, supervising and performing the Group audit. We have considered this responsibility when

determining the nature and extent of the audit procedures carried out for components. When doing so, the significance and/or risk profile of components or activities were taken into consideration. On this basis, we selected components for which an audit, review or specified audit procedures had to be carried out on the complete set of component financial statements or on specific items.
Based on these scoping criteria we involved component auditors as follows:

(a) audits for group reporting purposes were carried out at 70 Fugro components, including the main components in Australia, Brazil, United Kingdom, Norway, Switzerland and USA (including Seabed).

(b) reviews for group reporting purposes were performed at a further 14 components.

(c) specified audit procedures were carried out over specific items at a further 9 components.

In total our procedures covered 85% of Group revenue and 84% of Group assets. None of the remaining components represented more than 1% of total Group revenue or total Group assets. For these remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatements within these remaining components.

We sent detailed instructions to all component auditors. The instructions addressed the significant audit areas that should be covered in those local audits (which amongst others included the Key Audit Matters detailed below) and set out the information required to be reported back to the group audit team. We performed site visits and/or file reviews on a rotational basis. Site visits and/or file reviews for USA (including Seabed), Switzerland and the United Kingdom were performed. Conference calls were also held with the auditors of these components and with part of the other in-scope components. At these visits and calls, the planning, risk assessment, procedures performed, findings and observations reported to us were, where considered necessary, reviewed and discussed in more detail, and any further work deemed necessary was then performed.

By implementing the above-mentioned scoping of the group components, together with additional procedures at group level, including our involvement in the procedures described in more detail below, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sensitivities with respect to the valuation of goodwill and impairments of goodwill

Goodwill amounting to EUR 575.5 million as at 31 December 2014 represents 16% of the balance sheet total. The goodwill impairment tests performed by management resulted in EUR 174.0 million impairment of goodwill related to Seabed Cash Generating Unit (CGU) and EUR 38.3 million impairment of goodwill Geospatial Services CGU. Management's impairment tests are significant to our audit because the assessment process is complex and requires significant management judgement and imposes significant estimates. Management used assumptions in respect of future market and economic conditions such as the economic growth and expected inflation rates.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing the assumptions, methodologies, CGU determination, the WACC and data used by the Company, for example by comparing them to external data. We assessed whether the CGU structure is aligned with the organisational structure.

We included in our team a valuation expert to assist us with our assessment of the WACC, expected inflation rates and the appropriateness of the model used. Further we have analysed sensitivities such as the impact on the headroom if the growth rate would be decreased, or the WACC would be increased. We specifically assessed sensitivities in the available headroom of CGUs and whether a reasonably possible change in assumptions such as forecasted EBITDAs, growth rate in the first year, long term growth rate and WACC could cause the carrying amount to exceed its recoverable amount.

We assessed the adequacy of the Company's disclosures included in note 5.39 of the consolidated financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

Sensitivities with respect to the valuation of multi-client data libraries and impairments of multi-client data libraries
Multi-client data libraries are significant to our audit due to the complexity of the valuation process based on the significant management judgement involved, and because the valuation is based on assumptions that are affected by expected future market conditions. In 2014 an impairment has been recorded of EUR 175.7 million.

We evaluated management's assessment of impairment indications for the multi-client data libraries. In addition, our audit procedures included, amongst others, evaluation of historical accuracy of prior year's assumptions, evaluation of the 2015 assumptions used by comparing them with sales forecast information provided by external sales representatives involved and reasonability of assumptions for the years 2016-2019 as estimated by management based on developments in the seismic market. Furthermore, we performed an evaluation of the level of consistency applied in the valuation methodology and amortisation policy. We have evaluated the accounting policy change in classification of the amortisation of multi-client data libraries in the consolidated statement of comprehensive income. This also involved a comparison of the methodology with those used by industry peers. We further used a valuation specialist to assist us in evaluating the discount rate applied in the value in use model. We also assessed the adequacy of the Company's disclosures regarding those assumptions and the impairment losses of multi-client data libraries recorded, which are disclosed in notes 5.32 and 5.40 of the consolidated financial statements.

Estimates relating to impairment testing of property, plant and equipment and other non-financial assets
Property, plant and equipment are significant to our audit because of the magnitude of the balance sheet position of EUR 1,198.0 million as at 31 December 2014 and the impairments recorded in 2014 of in total EUR 104.3 million.

We evaluated management's assessment of impairment indications for property, plant and equipment and other non-financial assets, we tested management's assumptions used in the value in use calculations and obtained supporting broker and market reports to evaluate the fair value less cost of disposal, where applicable. Furthermore, we evaluated the adequacy of the Company's disclosures regarding the impairments of these property, plant and equipment and other non-financial assets, which are disclosed in notes 5.32, 5.37 and 5.38 of the consolidated financial statements.

Estimates with respect to the valuation of trade receivables and unbilled revenues on (completed) projects
Trade receivables and unbilled revenues on (completed) projects were significant to the Company as these represent approximately 23% of the balance sheet total of the Company, further assessing the trade receivables and unbilled revenues on (completed) projects valuation requires management judgment due to the specific risks associated with each individual trade receivable and unbilled revenues on (completed) projects.

With involvement of our component auditors, we evaluated the adequacy of the valuation of the trade receivables and unbilled revenues on (completed) projects and the appropriateness of the impairments recognised taking into account the local facts and circumstances which are considered key considerations for each individual receivable. Furthermore, where applicable, we tested key internal controls and performed detailed procedures on individually significant projects, such as, substantiating transactions with underlying documents and performing recalculations of management's models to determine revenue recognition. In addition, we evaluated the adequacy of the Company's disclosures regarding trade receivable and unbilled revenues on (completed) projects, the related risks such as credit risk and the aging of trade receivables in note 5.56 of the consolidated financial statements.

Accuracy and completeness of onerous contracts provision
In 2014, onerous contract provisions of EUR 83.8 million have been recorded. Based on the significance of the provision recorded and the deteriorated market outlook resulting in an increased risk of onerous contracts we considered this significant to our audit.

We have tested the accuracy of the onerous contracts provisions by assessing the key assumptions in the onerous contract provision calculations amongst others by analysis of the underlying contracts in place. Our component auditors were involved in the audit of the accuracy and the completeness of the onerous contracts provisions. We also used a valuation specialist to assist in the evaluation of the discount rates used by the Company. We performed sensitivity analyses, where considered necessary and assessed the consistency of valuation methodologies applied throughout the Group. Furthermore, we evaluated the adequacy of the Company's disclosures regarding the onerous contracts, which are disclosed in notes 5.29 and 5.53 of the consolidated financial statements.

Determination of income tax positions involves high degree of judgment
Income tax was significant to our audit because the assessment process is complex and involves high degree of judgment and the amounts involved are material to the financial statements as a whole.

Fugro's operations are subject to income taxes in various jurisdictions. We have tested the completeness and accuracy of the amounts recognised as current and deferred tax, including the assessment of other judgemental tax positions.

In this area our audit procedures included, among others, assessment of correspondence with the relevant tax authorities and the evaluation of tax exposures.

In addition, in respect of deferred tax assets we assessed management's assumptions to determine the probability that deferred tax assets recognised in the statement of financial position will be recovered through taxable income in future years and available tax planning strategies. We included in our team local and international tax and valuation specialists to analyse and challenge the assumptions used to determine tax positions and we corroborated the assumptions with supporting evidence. During our procedures, we used amongst others management's budgets/ forecasts and tax laws. In addition, where considered relevant, we assessed the historical accuracy of management's assumptions. We also assessed the adequacy of the Company's disclosure in notes 5.35 and 5.43 of the consolidated financial statements.

Compliance with amended debt covenant requirements
Based on the developments of results in 2014 we identified compliance with debt covenants (private placement loans and multicurrency revolving facility) and adequate disclosure of the amended covenant requirements as a key audit matter, in particular with respect to the calculation of the fixed coverage ratio and net financial indebtedness coverage.

We have reviewed the loan amendment agreements and paid particular attention to the amended terms for covenant ratios, the amended definitions for Adjusted EBITDA and net debt and events of default. Furthermore, our procedures included evaluation of the accounting treatment of the amendment fees and adequate calculation of the covenants in accordance with the loan amendment agreements. Given the relevance of the EBITDA amount in the covenant calculations, we paid particular attention to the classification of items in EBITDA and specific and exceptional items included in Adjusted EBITDA. We also assessed the adequacy of the Company's disclosure regarding the covenants and loan amendments, which are disclosed in note 5.51.4 of the consolidated financial statements.

Responsibilities of Board of Management and the Supervisory Board for the Financial Statements
The Board of Management is responsible for the preparation and fair presentation in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Board of Management report in accordance with Part 9 of Book 2 of the Netherlands Civil Code; and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements
Our objective is to plan and perform the audit assignment in a manner that allows sufficient and appropriate audit evidence to be obtained for our final opinion.

Our audit has been performed with a high, but not absolute level of assurance, which means we may have not uncovered all fraud or error. Therefore, the opinion included in this auditor's report can be seen to provide a reasonable level of assurance.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events and or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provided the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the Board of Management report and the other information

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Netherlands Civil Code (concerning our obligation to report about the Board of Management report and other data), we declare that:

- We have no deficiencies to report as a result of our examination whether the Board of Management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.
- Further we report that the Board of Management report, 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.

Appointment

Our reappointment by the General Meeting of Shareholders as auditor of Fugro N.V. for 2014 and 2015 was approved on 6 May 2014. We have operated as the statutory auditor of Fugro N.V. for more than eight years and based on the rotation requirements for audit firms we are no longer allowed to perform the statutory audit of the Company after the year ending 31 December 2015.

Amstelveen, 26 February 2015

KPMG Accountants N.V.

R.P. Kreukniet RA

10.2 Subsequent events

Reference is made to note 5.62.

10.3 Foundation Boards

Stichting Administratiekantoor Fugro ('Fugro Trust Office')

The Board of the Fugro Trust Office, Leidschendam, the Netherlands, is composed as follows:

Name	Function	Term
R. van der Vlist, Chairman	Board member	2015
L.P.E.M. van den Boom	Board member	2017
J.F. van Duyne	Board member	2015
J.A.W.M. van Rooijen	Board member	2017

The (Board of the) Fugro Trust Office operates completely independent of Fugro.

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

The Board of Foundation Protective Preference Shares, Leidschendam, the Netherlands, is composed as follows:

Name	Function	Term
M.W. den Boogert, Chairman	Board member	2015
M.A.M. Boersma	Board member	2018
S.C.J.J. Kortmann	Board member	2016
J.C. de Mos	Board member	2017

The (Board of the) Foundation operates completely independent of Fugro.

Stichting Continuïteit Fugro ('Foundation Continuity')

The Board of Foundation Continuity, Curaçao, is composed as follows:

Name	Function	Term
G.E. Elias, Chairman	Board member B	2016
A.C.M. Goede	Board member B	2017
R. de Paus	Board member B	2015
M. van der Plank	Board member B	2018
G-J. Kramer	Board member A	2017

The (Board of the) Foundation operates completely independent of Fugro.
Board member A is appointed by the Board of Management of Fugro with the approval of the Supervisory Board of Fugro.

10.4 Statutory provisions regarding the appropriation of net result

The provisions regarding the appropriation of profit are contained in article 36 of the Articles of Association of Fugro and, as far as relevant, read as follows:

36.2 a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.

b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3 a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 – 8 years', calculated and determined in the manner as described hereinafter.

b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or preceding the day on which the dividend percentage is adjusted, increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 to 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 to 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the General Meeting of Shareholders either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.

10.5 Proposal regarding the appropriation of net result

As previously announced, Fugro will not propose to the Annual General Meeting on 30 April 2015 to declare a dividend for 2014 to shareholders.

REPORT OF STICHTING ADMINISTRATIEKANTOOR FUGRO ('TRUST OFFICE')

In accordance with article 19 of the administration terms and conditions of the Trust Office 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 in the share capital of Fugro N.V. ('Fugro').

During the 2014 reporting year all the Trust Office's activities were related to the administration of ordinary shares against which certificates have been issued.

During 2014 the Board met five times. In the meeting of 5 March 2014 the Board was updated by the chairman of the Supervisory Board of Fugro on the Supervisory Board's intention to propose amendments to the remuneration policy for the Board of Management. The meeting of 2 April 2014 was dedicated, among other things, to the preparation for the annual general meeting of Fugro of 6 May 2014. The meeting of 17 September 2014, after the publication of Fugro's half-yearly results, was dedicated, among other things, to general business developments. In a telephone conference with the chairmen of Fugro's Supervisory Board and Board of Management of 24 November 2014 and at its meeting on 11 December 2014, the Board discussed developments following the announcement by Boskalis of its acquisition of a 14.8% stake in Fugro. In the meetings in April and September 2014, it was also discussed whether it would be necessary or useful to convene a meeting of holders of certificates. Both times it was decided that at that particular moment this was not the case. Prior to both meetings the Board discussed with members of the Board of Management and the Supervisory Board of Fugro the activities and performance of Fugro on the basis of the annual report 2013 and the half-yearly report 2014 respectively. Corporate Governance within Fugro and the Trust Office was also discussed in the 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. The voting policy of the Trust Office has been laid down in a document that can be found on the website: http://www.fugro.com/about-fugro/corporate-governance/fugro-trust-office. 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 2014. In the annual general meeting the Trust Office represented 24.7% of the votes cast. The Trust Office voted in favour of all the proposals submitted to the meeting. In accordance with the administration terms and conditions, 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 holders of certificates representing 74% of the votes cast at the annual general meeting.

In accordance with the roster no members of the Trust Office's Board stepped down in 2014. On 30 June 2015, both Mr. R. van der Vlist and Mr. J.F. van Duyne will step down because their maximum (third four-year) term expires. The Trust Office intends to appoint Mr. A.L. Asscher and Mr. M. van Gelder as members of the Board for a period of four years. In accordance with article 4.3 of the articles of association, the Board offers holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 10 April 2015, that the Board convenes a meeting of holders of certificates in order to recommend candidates to the Trust Office's Board. The request should be submitted in writing and should state the name and address of the recommended candidates.

Mr. Asscher was a partner in the law firm of Houthoff Buruma until January 2005 and is presently active as arbitrator and advisory counsel. Mr. Van Gelder was Chairman of the Board of Management and Chief Executive Officer of Mediq N.V.

At present the Board of the Trust Office comprises:

1. Mr. R. van der Vlist, Chairman
2. Mr. L.P.E.M. van den Boom
3. Mr. J.F. van Duyne
4. Mr. J.A.W.M. van Rooijen

Mr. Van der Vlist was Company Secretary of N.V. Koninklijke Nederlandsche Petroleum Maatschappij.
Mr. Van den Boom was a member of the Board of Management of NIB Capital Bank N.V. and he is a Senior Partner of PARK Corporate Finance.
Mr. Van Duyne was Chairman of the Board of Management of Koninklijke Hoogovens N.V. and afterwards joint Chief Executive Officer of Corus Group PLC.
Mr. Van Rooijen was, amongst others, Chairman of KPMG Corporate finance N.V. and member (CFO) of the Board of Management of KPMG Holding N.V.

In 2014 the total remuneration of the members of the Board amounted to EUR 31,000 and the total costs of the Trust Office amounted to EUR 94,488.

On 31 December 2014, 83,349,632 ordinary shares with a nominal value of EUR 0.05 were in administration against which 83,349,632 certificates of ordinary shares had been issued. During the financial year 10,211 certificates were exchanged into ordinary shares and 29,452 ordinary shares were exchanged into certificates. A total number of 1,673,048 certificates of ordinary shares was 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, 26 February 2015

The Board

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HISTORICAL REVIEW

	IFRS 2014 5)*7)	IFRS 2013 5)*7)	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Income and expenses (x EUR 1,000)						
Revenue	2,572,191	2,423,971	2,164,996	1,858,043	2,280,391	2,052,988
Third party costs	1,227,011	915,412	793,250	617,107	765,587	624,413
Net revenue own services (revenue less third party costs)	1,345,180	1,508,559	1,371,746	1,240,936	1,514,804	1,428,575
Impairments	(509,048)	–				
Results from operating activities (EBIT) 2)	(548,568)	267,020	306,624	352,016	351,479	367,422
EBITDA 8)	251,746	545,467	465,368	481,925	561,083	551,130
Cash flow 9)	336,696	365,381	400,148	431,495	489,757	456,773
Net result (including discontinued operations) 2)	(458,870)	428,303	289,745	287,595	272,219	263,410
Net result for continuing operations	(457,870)	224,230	231,535	293,911	–	–
Balance sheet (x EUR 1,000)						
Property, plant and equipment	1,198,024	1,129,920	1,065,873	981,104	1,291,314	1,043,227
Investments	296,934	318,767	261,687	359,238	446,755	330,244
of which in acquisitions	16,724	65,427	3,371	117,500	2,931	9,882
Depreciation of property, plant and equipment	200,403	179,036	155,619	127,196	201,493	173,593
Net current assets 1)	451,703	413,446	264,477	521,017	253,186	140,301
Total assets	3,565,672	3,630,602	4,169,716	3,861,595	3,089,991	2,366,317
Provisions for other liabilities and charges	61,046	225	1,165	4,215	5,204	6,240
Loans and borrowings	949,954	689,023	1,166,734	1,215,173	590,862	441,339
Equity attributable to owners of the company 1)	1,517,766	2,024,971	1,956,729	1,655,785	1,508,318	1,187,731
Key ratios (in %) 2)						
Results from operating activities (EBIT)/revenue	(21.3)	11.0	14.2	18.9	15.4	17.9
Profit/revenue	(17.8)	9.3	10.7	15.8	11.9	12.8
Profit/net revenue own services	(34.0)	14.9	16.9	23.7	18.0	18.4
Profit/average capital and reserves 1)	(25.8)	11.3	12.8	18.6	22.3	24.9
Total equity/total assets 1)	42.4	58.1	47.4	43.4	49.3	50.7
Interest cover	(20.8)	22.4	17.1	48.9	29.0	47.8
Data per share (x EUR 1.–) 2) 4)						
Equity attributable to owners of the Company 1)	17.95	23.94	23.62	20.34	18.79	15.08
Results from operating activities (EBIT) 3)	(6.78)	3.30	3.82	4.44	4.49	4.82
Cash flow 3)	4.16	4.52	4.99	5.45	6.25	5.99
Net result 3)	(5.65)	5.29	3.61	3.63	3.47	3.46
Dividend paid in year under review 6)	–	1.50	1.50	1.50	1.50	1.50
One-off extra dividend in connection with the divestment of the majority of the Geoscience business			0.50			
Share price (x EUR 1.–) 4)						
Year-end share price	17.26	43.32	44.52	44.895	61.50	40.26
Highest share price	47.72	48.81	57.88	63.53	62.06	41.85
Lowest share price	9.07	35.24	37.65	34.47	37.095	19.085
Number of employees						
At year-end	13,537	12,591	12,165	11.495	13,463	13,482
Shares in issue (x EUR 1,000) 4)						
Of nominal EUR 0.05 at year-end	84,573	84,573	82,844	81,393	80,270	78,772

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.
5) On a continued basis, unless otherwise stated.

IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	IFRS 2003	Dutch GAAP 2002	Dutch GAAP 2001	Dutch GAAP 2000	Dutch GAAP 1999
2,154,474	1,802,730	1,434,319	1,160,615	1,008,008	822,372	945,899	909,817	712,934	546,760
722,321	604,855	503,096	405,701	364,644	273,372	328,401	331,685	250,132	176,067
1,432,153	1,197,875	931,223	754,914	643,364	549,000	617,498	578,132	462,765	370,648
385,732	324,813	211,567	144,070	104,236	63,272	111,873	98,470	73,697	61,805
535,178	439,590	295,948	218,833	177,453	124,056	158,814	142,039	113,269	98,334
438,902	337,106	226,130	176,093	125,802	80,480	119,161	105,301	85,596	77,233
283,412	216,213	141,011	99,412	49,317	18,872	72,220	61,732	46,024	40,704
–	–	–	–	–	–	–	–	–	–
859,088	599,298	412,232	262,759	232,956	268,801	192,293	163,298	120,526	114,035
337,469	299,699	203,944	90,414	71,028	123,983	100,036	89,352	49,008	37,301
14,423	8,666	21,041	10,057	2,296	70,888	24,852	11,196	3,686	9,257
140,429	107,684	78,169	69,445	66,139	54,004	46,941	43,569	39,572	36,529
56,060	171,347	150,733	222,485	(95,348)	114,852	129,071	(50,514)	92,269	15,066
2,123,306	1,700,130	1,405,698	1,138,660	983,350	1,056,003	793,245	814,772	474,741	380,495
13,155	16,278	13,888	398	1,075	584	12,706	8,056	6,746	10,573
395,384	449,957	341,997	300,753	184,268	431,895	273,520	121,450	120,713	23,234
928,329	699,989	562,417	465,460	223,913	211,196	271,698	244,660	101,453	107,909
17.9	18.0	14.8	12.9	10.3	9.2	11.8	10.8	10.3	11.3
13.2	12.0	9.8	8.6	4.9	2.3	7.6	6.8	6.5	7.4
19.8	18.0	15.1	13.2	7.7	8.3	11.7	10.7	9.9	11.0
34.8	34.3	27.4	28.8	22.7	17.6	27.4	35.7	45.4	41.0
44.1	41.6	40.2	41.3	23.2	20.2	34.6	30.4	22.1	29.3
13.9	13.1	10.9	7.2	3.7	2.2	6.1	7.8	8.1	13.1
12.12	9.94	8.08	6.76	3.60	3.48	4.57	4.17	2.10	2.29
5.29	4.67	3.08	2.18	1.76	1.09	1.95	1.86	1.48	1.27
6.01	4.84	3.29	2.67	2.12	1.39	2.08	1.98	1.72	1.59
3.88	3.11	2.05	1.51	0.83	0.33	1.26	1.16	0.92	0.84
1.25	0.83	0.60	0.48	0.48	0.46	0.46	0.40	0.34	0.31
20.485	52.80	36.20	27.13	15.35	10.20	10.78	12.53	17.19	9.23
59.95	62.00	36.64	27.40	16.41	12.86	16.50	18.91	17.81	9.98
19.32	34.91	27.13	15.14	10.05	6.13	9.88	10.75	9.31	4.10
13,627	11,472	9,837	8,534	7,615	8,472	6,923	6,953	5,756	5,114
76,608	70,421	69,582	68,825	62,192	60,664	59,449	58,679	51,048	50,449

6) Including a one off extra dividend of EUR 0.50 in 2013.

* Including effect change of presentation multi-client data libraries.

7) The amortisation on multi-client data libraries is reclassified from third party costs to amortization costs in 2014. The comparative numbers of 2013 have been adjusted.

8) EBITDA is excluding impairments.

9) As of 2013 the cash flow represents the net cash generated from operating activities.

GLOSSARY

Technical terms

2D Seismic acoustic measuring technology which uses single vessel-towed hydrophone streamers. This technique generates a 2-D cross-Article of the deep seabed and is used primarily when initially searching 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.

Bathymetry the study of underwaterdepth of lake or ocean floors. Underwater equivalent of topography.

Brent crude a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. Brent Crude is sourced from the North Sea.

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.

CPT cone penetration test(ing).

CPT truck a truck that can be used for estimation of soil type and soil properties.

DGPS (differential global positioning system) a GPS based positioning system using territorial reference points to enhance accuracy.

FLI-MAP® Fugro's airborne laser scanning system for obtaining highly accurate topographic data.

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) a system of satellites, computers, and receivers that is able to determine the latitude and longitude of a receiver on Earth by calculating the time difference for signals from different satellites to reach the receiver.

Gravity precision gravity measurements to detect geological and other anomalies.

HSE health, safety and environment.

HSSE health, safety, security and environment.

In situ in the original situation, position.

IRRM (inspection, repair, replacement, maintenance) IRRM services are a core service of Fugro's subsea services portfolio.

Jack-up platform Self-elevating platform. The buoyant hull is fitted with a number of movable legs, capable of raising its hull over the surface of the sea.

QHSSE quality, health, safety, security and environment.

LiDAR a measuring system based on laser technology that can make extremely accurate recordings from an aircraft.

LNG liquefied natural gas.

Metocean meteorological and oceanographic.

Multi-client data 2D and 3D seismic data collected at own risk and expense and sold to multiple clients.

NOC national oil company.

Node autonomous battery powered component recording device deployed by ROV.

Ocean bottom node (OBN) 4D imaging through individual nodes placed on the seabed.

Ocean bottom cable (OBC) 4D imaging through nodes attached to a cable on the seabed.

OHSAS a British standard for occupational health and safety management systems. It is widely seen as the world's most recognized occupational health and safety management systems standard.

Pemex the national oil company of Mexico.

Petrobras the national oil company of Brazil.

Petronas the national oil company of Malaysia.

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.

Saturation diving a method of prolonged diving, using an underwater habitat to allow divers to remain in the high-pressure environment of the ocean depths long enough for their body tissues to become saturated with the inert components of the pressurised gas mixture that they breathe: when this condition is reached, the amount of time required for decompression remains the same, whether the dive lasts a day, a week, or a month.

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.

Work class ROV large remotely operated vehicle with the ability to operate multiple tools and sensors. With their ability to operate across the depth range required by the client base, these systems operate in support of subsea operations across all business line segments.

Financial terms

Capital employed average total equity plus net interest bearing debt minus the interest bearing CGG vendor loan and related warrant. The vendor loan relates to the divestment of the majority of the Geoscience business. The capital employed is calculated at the end of the (full/half year) reporting period.

Days of revenue outstanding Trade receivables plus the unbilled revenue minus advances expressed as a number of days. The number of days is calculated backwards based on monthly revenue.

Dividend yield dividend as a percentage of the (average) share price.

EBIT result from operating activities.

EBITDA reported result from operating activities before interest, taxation, depreciation, amortisation, and impairments related to goodwill, intangible fixed assets, and property, plant and equipment.

Adjusted consolidated EBITDA for purpose of the covenant calculations comprises the profit (or loss) from operations before interest expense, depreciation, amortisation and taxes, including any Exceptional Items incurred and adjusted by:

- Including pre-acquisition profit / (loss) from businesses acquired.
- Excluding profit / (loss) from businesses disposed of, for the period for which they formed part of the Group.
- Excluding profit / (loss) on disposal of property, plant and equipment.
- Provided that the aforementioned are not related to the Seabed business.
- Exceptional Items consist of:
- Onerous contract charges.
- Impairments.
- Restructuring costs.
- Write-off receivables.
- Certain adviser and other costs (to the extent not capitalised as transaction costs on loans and borrowings.
- Early termination costs of loans and borrowings.

Gearing loans and borrowings plus bank overdraft minus cash and cash equivalents, divided by shareholders equity.

Interest cover result from operating activities (EBIT) divided by the net interest charges.

Net debt comprises loans and borrowings, bank overdraft minus cash and cash equivalents.

Net profit margin profit as a percentage of revenue.

NOPAT net operating profit after tax.

Pay-out ratio proposed dividend, multiplied by the number of shares entitled to dividend, divided by one thousand, divided by the net result.

Private placement long-term financing (7 – 15 years), entered into in May 2002 and in August 2011 via private placements with American and British institutional investors.

Return on capital employed NOPAT as a percentage of a three points average capital employed. The three points consists of the last three reporting periods. The non-cash impairments and one-offs (post-tax) are added back both in the NOPAT as well as the capital employed for the same period.

Solvency shareholders' equity as a percentage of the balance sheet total.

Colophon

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