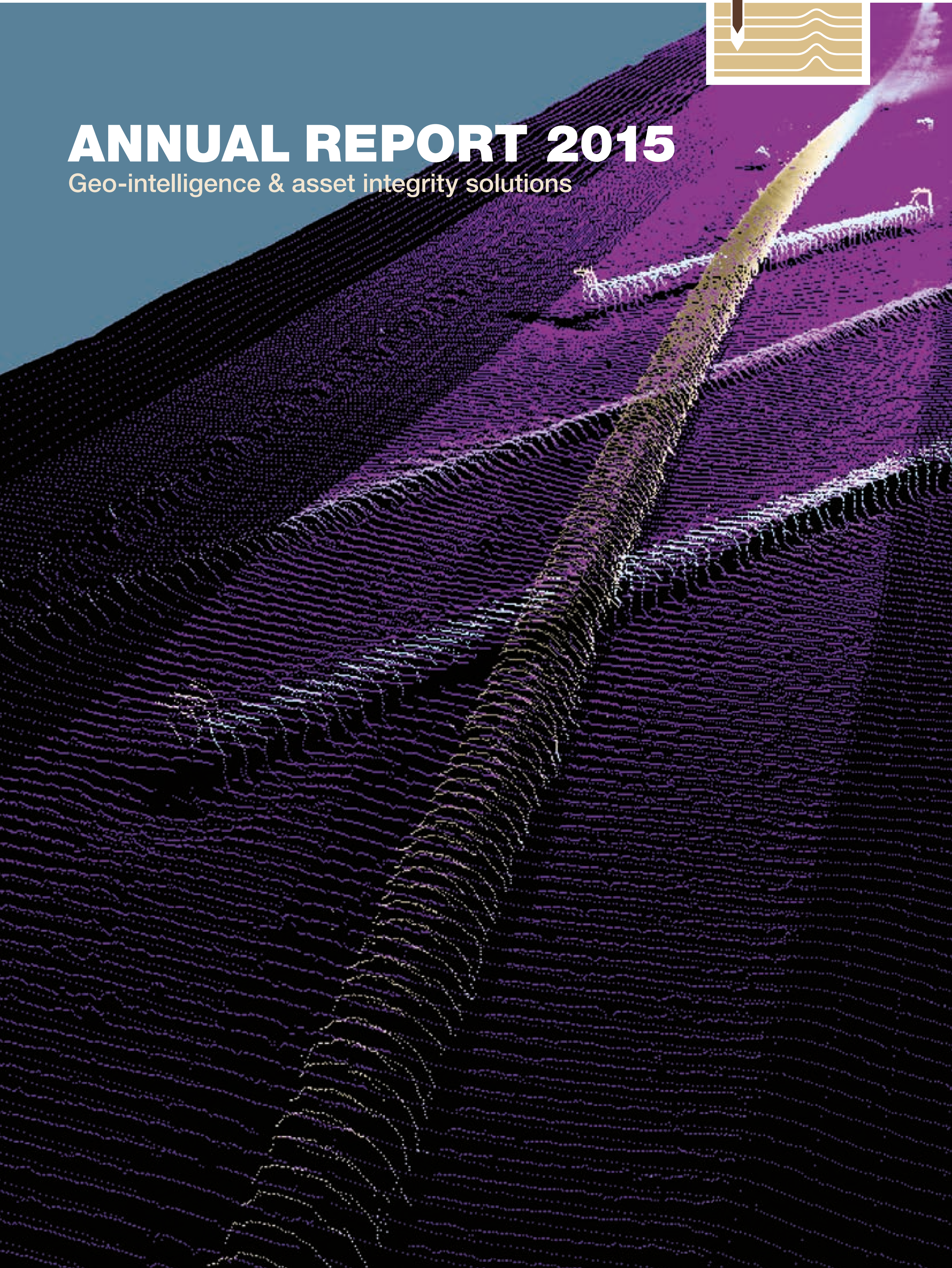
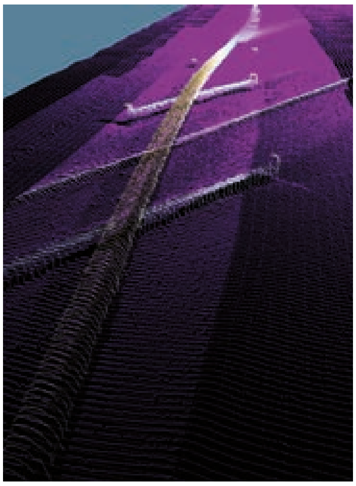
ANNUAL REPORT 2015

Geo-intelligence & asset integrity solutions





The cover shows a high-resolution image of one of our clients' pipelines in the Caspian sea. Fugro has gathered the data from one of its proprietary survey vessels, using acoustic technology. This provides the client with optimal insight into the condition and location of their offshore infrastructure.
This is a clear example of how we gather, process and visualise the data that are crucial to our clients' project design and infrastructure maintenance.

GEO-INTELLIGENCE & ASSET INTEGRITY SOLUTIONS

In the 1960s Fugro started as the first soil investigation and foundation engineering company in the Netherlands. Over the past 54 years we have become the world's leading, independent provider of essential earth and related construction testing, inspection and monitoring data and consulting services. From the deepest oil field and the largest wind farm to the most challenging tunnels and bridges, we collect and interpret the data needed to advise our clients on the optimal design, construction and integrity of their large constructions and infrastructure.

Increasingly, we are extending our service portfolio with consulting and data management services including processing, analysis, interpretation, visualisation and hosting. In short: we don't only acquire the data but transform it into information which is crucial to our clients' design of constructions and infrastructure, and assuring integrity of their assets during construction and operation. By being involved in all stages of the asset life cycle and by being an independent services provider, we are a trusted long term partner to our clients. Thus we have become the leading geo-intelligence and asset integrity solutions provider.

Our ability to offer efficient, integrated solutions is key, especially in the oil services market, where the prolonged market downturn is driving the need to cut unproductive costs from the supply chain. We support our clients by providing smarter and more cost effective ways to develop, operate and maintain the integrity of their large construction and infrastructure assets.

For the theme pages of this annual report, we have selected 7 examples that illustrate our engagement to offering our clients efficient and integrated solutions.

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'.

CONTENTS

FUGRO AT A GLANCE - WHO WE ARE

We are the world's leading, independent provider of essential earth and related construction testing, inspection and monitoring data and consulting services. From the deepest oil fields and the largest wind farms to the most challenging tunnels and bridges, we collect and interpret the data needed to advise our clients on the optimal design, construction and integrity of their large constructions and infrastructure.

OIL & GAS | BUILDING & INFRASTRUCTURE | POWER | MINING

70% OFFSHORE
12,000 EMPLOYEES
60 COUNTRIES

HIGHLIGHTS

GENERAL

Fugro is dealing with an unprecedented downturn in the oil and gas markets
- Reducing capacity, operating cost and investments.
- Focusing on winning work, strengthening leadership positions and executing well on projects.
- Delivering strong cash flow after investments.
- Significant reduction of net debt.
- Strongly improved performance Seabed Geosolutions.

While proceeding with the implementation of its Building on Strength strategy
- Offering integrated geo-intelligence and asset-integrity solutions, among others by combining the geophysical survey and offshore geotechnical activities into an integrated site characterisation proposition.
- Strong focus on performance improvement programmes and innovation.
- Progress portfolio changes
  - Divestment of multi-client data library.
  - Planned portfolio changes in relation to Subsea and Seabed selectively pursued.

FINANCIAL

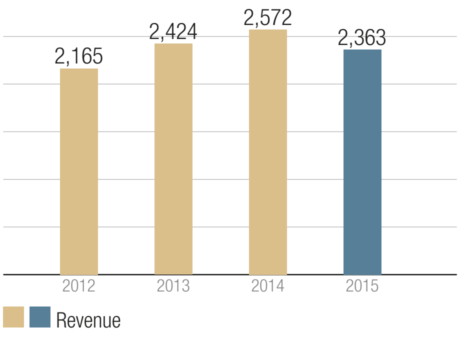
- EUR 314.7 million cash flow from operating activities after investments of driven by improved EBIT margin, curtailed investments, lower working capital, sale of multi-client data library, and sale and lease back of a vessel.
- EBIT margin (before exceptional items) increased from 3.2% to 4.8% due to strong improvement in Seabed Geosolutions.
- Significant net debt reduction leading to net debt/EBITDA of 1.6 versus covenant requirement of below 3.0.
- Year-on-year revenue decline of 8.1% or 17.3% on a currency comparable basis in a strongly deteriorating oil and gas market.
- Cost reduction and performance improvement programmes stepped up and progressing ahead of schedule.
- Backlog for the next 12 months down by 20.4% on currency comparable basis compared to a year ago and by 3.7% compared to the previous quarter.
- Outlook 2016: positive cash flow and further reduction of cost base in a challenging oil and gas market with continuing pressure on margins.

KEY FIGURES

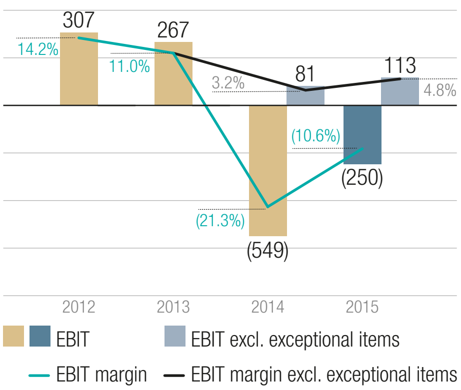
(x EUR million)	2015	2014
Revenue	2,363.0	2,572.2
- reported growth	(8.1%)	6.1%
- currency comparable growth	(17.3%)	5.9%
EBITDA excluding exceptional items	353.0	372.7
EBIT excluding exceptional items	113.1	81.4
EBIT	(249.9)	(548.6)
EBIT margin excluding exceptional items	4.8%	3.2%
EBIT margin	(10.6%)	(21.3%)
Net result	(372.5)	(457.6)
Net result (including discontinued operations)	(372.5)	(458.9)
Backlog next 12 months	1,323.4	1,575.5
- reported growth	(16.0%)	(8.6%)
- currency comparable growth	(20.4%)	(14.8%)
Cash flow from operating activities after investments	314.7	42.4
Capex	160.5	280.2
Capital employed	1,689.7	2,230.6
Return on capital employed	1.3%	1.3%
Net debt/EBITDA	1.6	2.2
Earnings per share (x EUR 1)	(4.60)	(5.65)
Earnings per share (incl. discontinued operations) (x EUR 1)	(4.60)	(5.67)
Dividend per share for year under review (x EUR 1)	0.00	0.00
Number of employees (at year-end)	11,960	13,537
Lost time injury frequency (x million hours)	0.45	0.74

Refer to the glossary for an overview of definitions.

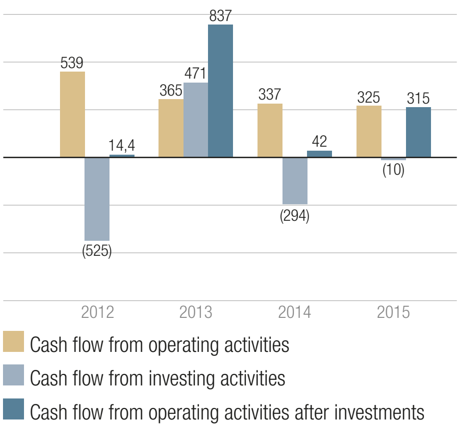
Revenue



EBIT (margin)



Cash flow



MESSAGE FROM THE CEO

We are dealing with an unprecedented downturn in our largest market: oil and gas services. We are reducing capacity, operating cost and investments, as well as divesting non-core assets. At the same time, we are fully focused on winning work, strengthening our leadership positions and executing well on our projects. As a result, we delivered strong cash flow and reduced net debt significantly. We will continue to take measures required to support our business until the oil and gas market recovers.

Dear Reader,

The year 2015 was a turbulent year for Fugro due to the impact of the continued decline of the oil price on the oil and gas services market, the largest market we operate in. Oil companies strongly reduced their investment and operational budgets. Project delays, postponements and some cancellations resulted in lower work volumes for oil and gas services companies such as Fugro. In addition, we experienced price pressure as the market has not yet reduced capacity sufficiently to balance supply with demand.

In response to the deteriorated market conditions, we reduced cost, lowered investments and divested our multi-client seismic library. As the year progressed and the oil price continued to decline, we stepped up our cost and investment reduction programmes even further.

In our infrastructure and sustainable energy markets we continued to perform according to expectations, except in Africa. Several African countries are strongly dependent on income from oil and gas and mineral resources. With reduced income from natural resources, these countries started to postpone large infrastructure projects, which impacted Fugro.

We expect a weak oil and gas market for some time to come. We have reviewed our balance sheet positions under such a scenario and have concluded, as announced in our third quarter 2015 trading update, that significant (non-cash) impairments were required, in particular for our Subsea Services division.

We continued to execute on our strategy, with particular focus on performance improvement, innovation and successfully winning larger, multi-disciplinary projects to which Fugro has access due to its capabilities, global footprint and position as independent services provider.

MEASURES

In the second quarter of 2014, at the start of the downward trajectory in the oil and gas market, Fugro initiated a cost reduction programme to improve profitability and cash flow. These measures were stepped up during the course of 2015.

During 2015, headcount was reduced by 1,577 people (12% of total personnel including up to 25% reduction for oil and gas service segments), compared to the initially planned reduction of 750. The fleet was reduced significantly: the number of geotechnical vessels was reduced from 11 to 7, the survey fleet capacity by around 20% and the subsea fleet by 2 long-term charters. Capital expenditure was curtailed from EUR 280 million in 2014 to EUR 160 million. Despite the increased pressure from clients to extend payment terms, we have managed to keep days revenue outstanding in line with last year at 102 days versus 103 at the end of 2014. This is the result of the ongoing working capital improvement programme.

In this turbulent environment the company was able to counteract the declining market thanks to the measures taken and our strong focus on winning work and executing well on projects. EBIT improved significantly compared to 2014, we delivered a strong cash flow from operations after investments and we reduced net debt significantly.

In 2016, we will continue to address costs and resources proactively. In addition, capex will be reduced to around EUR 100 million.

STRATEGY

Successful implementation of our 'Building on Strength' strategy is essential to driving Fugro forward. A key element is to focus on our geotechnical and survey services, where we have built up global market leadership positions on our foundation of being an independent services provider. From this position we are uniquely positioned to work through the complete life cycle of infrastructure construction and operations from inception to decommissioning and for a broad range of potential clients involved in construction. This is a necessary requirement to achieve market leadership and enjoy the benefits of robust through-the-cycle financial performance.

During 2015 we actively sought to align our current portfolio of activities with our strategy. We were successful in divesting our multi-client seismic data library. However, due to current market conditions, no agreement on a (partial) divestment or development of a partnership for Seabed Geosolutions, (parts of) Subsea Services or the Synergy vessel could be reached. We continue to pursue opportunities, but more selectively and phased in time.

The second part of our strategy focuses on improving our organisational capabilities. Over 2015 our main effort was directed at performance improvement, winning and executing well on large projects and innovation to further differentiate us from the competition. We improved performance on large, multi-disciplinary projects.
We successfully and safely completed several complex coastal LNG site characterisation projects, a very large hydrography programme for Saudi Aramco, and significant projects in Seabed Geosolutions, turning it from a large loss into profitability.

We successfully launched several new innovative solutions. Among others we launched OARS™, a worldwide available solution to reduce the need for on-board surveyors by using an industry first, automated shore supported alternative which is lower cost and safer. We also launched 'Back2Base', a satellite based industry first solution to rapidly get survey data from an offshore vessel operation back to shore for processing and quality control. Working directly with client teams we can now optimise surveying programmes while the vessel is still on the job. Our ability to offer more efficient and cost effective yet profitable solutions is key, especially in the oil services market, where there is a strong drive to cut unproductive costs from the supply chain.

Fugro has built up and holds strong positions in many of its markets. Client focus underpins this success, and we must continually improve the services we offer and our relationships. A key opportunity is to position ourselves as a single source, integrated, independent provider of geo-intelligence and asset integrity solutions that combine geotechnical and survey data acquisition, data management and consulting services. In short: we don't only acquire the data but transform it into information which is crucial to our clients' design of constructions and infrastructure, and assuring integrity of their assets during construction and operation. Clients benefit from a superior service, and we benefit from access to large projects and long term frame agreements.

In 2016, we will be aligning the organisation to efficiently and cost effectively generate and execute larger, integrated projects and long term frame agreements by integrating existing business lines and operating companies in our onshore and offshore work environments. Apart from improving service to our clients, we expect this to result in efficiency gains as we merge operating companies, reduce overhead and further standardise work flows.

We will also continue to work on creating a better balance between the market segments we serve. Currently we depend too strongly on the oil and gas services market. Therefore, over time, we target a relative increase in our revenues from other markets. The development of the world speaks to this with continued rapid population growth and massive urbanisation in coastal areas predicted for the coming decades. To maintain health, safety and quality of life, development must be done in a sustainable way. This requires huge investments in infrastructure, power generation and distribution, in high quality water management for water as both a resource and as a hazard, and in mineral resources. This provides strong growth opportunities for Fugro in building and infrastructure, power and mining businesses, while maintaining leadership in its oil and gas market. This market will continue to be large for a long time as strong population growth and increasing wealth will drive demand for oil and gas that cannot be met even with a fast growth of renewables.

PRIORITIES FOR 2016

In 2016, our largest market, oil and gas services, will continue to be challenging. Hence our operational priorities for 2016 are clear: we will continue to focus on financial performance, cash flow and strengthening our balance sheet. The organisation will be adjusted and cost and capacity reduced as needed.

In the company, we are excited about our strategic potential and we will continue with the implementation of our strategic plan. This will support improvement of our performance, even in the short term, and will ensure our long term success.

Fugro is a great company. As leading geo-intelligence and asset integrity solutions provider, we contribute to major constructions and infrastructure onshore and offshore across the world, in all phases from concept, through design, construction and operation to eventual decommissioning. We can be a true long-term partner to our clients as we contribute objective, independent information, advice and solutions during the entire life cycle of their construction and infrastructure assets.

I look forward to continuing our work as Team Fugro. We are building on our strengths to create an ever better company that truly contributes to building a liveable world.

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

PROFILE

Fugro is the world's leading, independent provider of geo-intelligence and asset integrity solutions for large constructions, infrastructure and natural resources. We collect geotechnical and survey data on and offshore. We transform this data into geo-intelligence and information on asset integrity by providing data management services (processing, visualisation, analysis and storage). In addition, we provide geo-related design and asset integrity solutions through our consulting services. Our services are critical to our clients for the design, build and operation phases of their large construction and infrastructure projects.

Fugro is involved with large constructions and infrastructure, onshore and offshore anywhere in the world. We undertake projects for oil and gas fields, pipelines, wind farms, large and tall buildings, rail, highways, airports, power plants and networks, mines, flood control, dams, large tunnels and bridges, industrial plants, telecom and harbours. We also provide general earth mapping and resource exploration services.

Fugro also undertakes the repair, replacement and maintenance of subsea infrastructure, and the acquisition of seabed seismic data.

CONTRIBUTING TO BUILDING A LIVEABLE WORLD

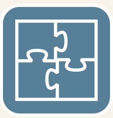
The need for Fugro's solutions will continue to grow in a world where the population is increasing at a rapid rate. Predictions indicate this will continue for decades to come. All these people need to live and work and they aspire to at least reasonable living standards, resulting in economic growth. Most of this will take place in large, rapidly growing urban centres close to the coast. These centres require infrastructure for distribution of raw materials, transport,

OUR VALUES

Leadership – We aim for leadership in our markets, based on an impartial and independent position in relation to 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 other's. 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 and 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.

power and communication. The attendant industrial installations and large buildings will themselves be interconnected with existing forms of infrastructure. This is all happening in an environment of climate change where the very areas subject to most growth are also increasingly vulnerable to natural disturbances. To maintain a safe and liveable world in the face of such strong growth, sustainable development is a necessary requirement. In addition, our climate is changing so we will need to protect low lying coastal areas where the majority of the world's population lives.

Aside from the demand to create liveable cities and the supporting infrastructure, the world's growing population is putting an ever increasing demand on natural resources. More mineral resources, water and energy are required. To mitigate climate change, energy must increasingly come from renewables although energy from fossil fuels will dominate for many years to come.

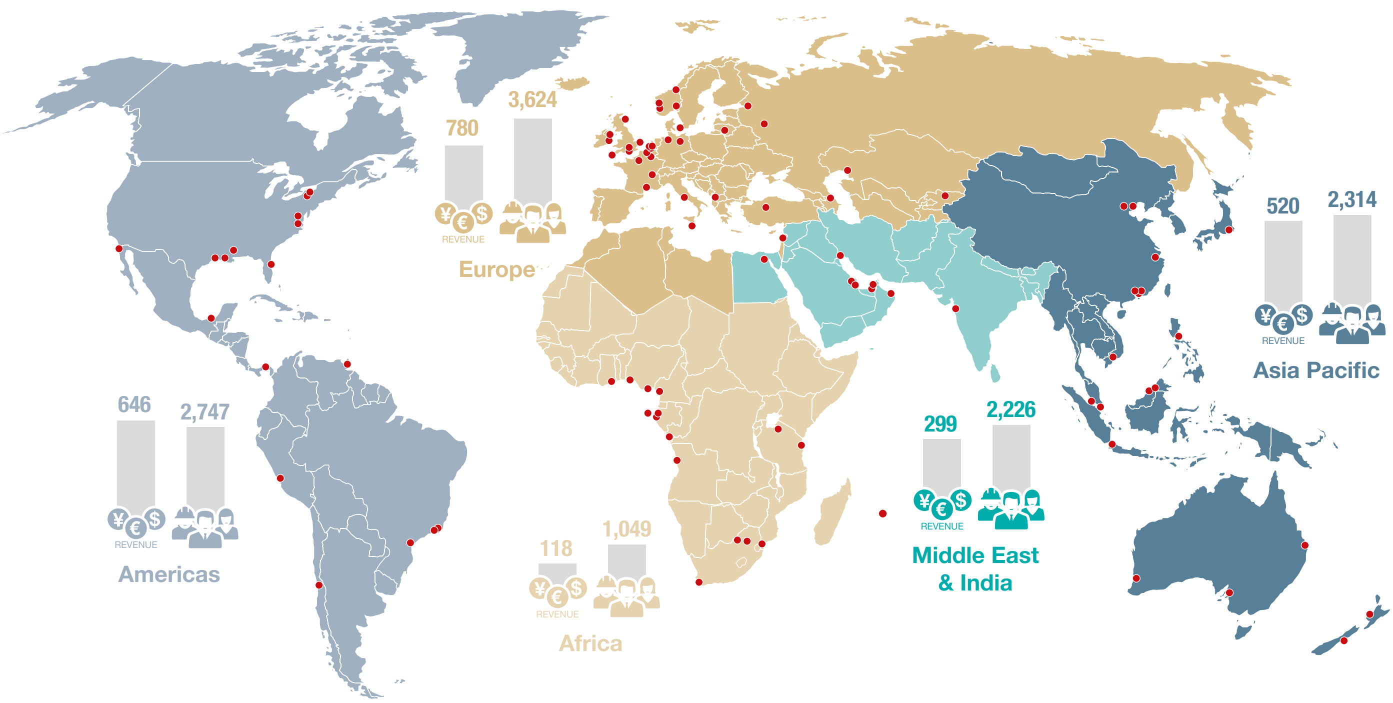
Fugro, with its geo-intelligence and asset integrity solutions, globally delivers a critical capability to realise and operate large, sustainable construction projects and infrastructure onshore and offshore, and supports mapping of the earth as well as natural resource exploration. With our services we provide a vital contribution to building a liveable world.

OUR VISION AND MISSION

We create value by acquiring earth and asset integrity data, managing the data and providing associated consulting and advisory services. With the services we provide, we support our clients with data, intelligence and solutions that is essential for the design, construction, installation, operation and eventual decommissioning of their large infrastructure, industrial installations and buildings. We also provide mapping and natural resource exploration services and further support our clients with the repair, replacement and maintenance of their subsea infrastructure, as well as collecting seabed geophysical data.

Fugro is an independent services provider and has no further commercial or other direct interests in the projects of its clients. Our clients can fully rely on the integrity, impartiality and confidentiality of results, advice and solutions provided by Fugro and are assured there are no conflicts of interest with respect to construction contractors and other parties involved in their projects. This allows Fugro to work for any client across the full life cycle of construction and infrastructure management.

We operate around the globe, predominantly in the energy and infrastructure markets, both offshore and onshore.



Office locations

We strive to be the preferred partner of our clients by safely and consistently delivering quality solutions on time and on budget with teams of employees that apply world class, innovative and often proprietary technology and 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, know-how and capabilities to generate superior, sustainable value for our customers and solid long term returns for our shareholders.

Our strategy and capabilities serve our ultimate purpose, which is to contribute to developing a liveable world.

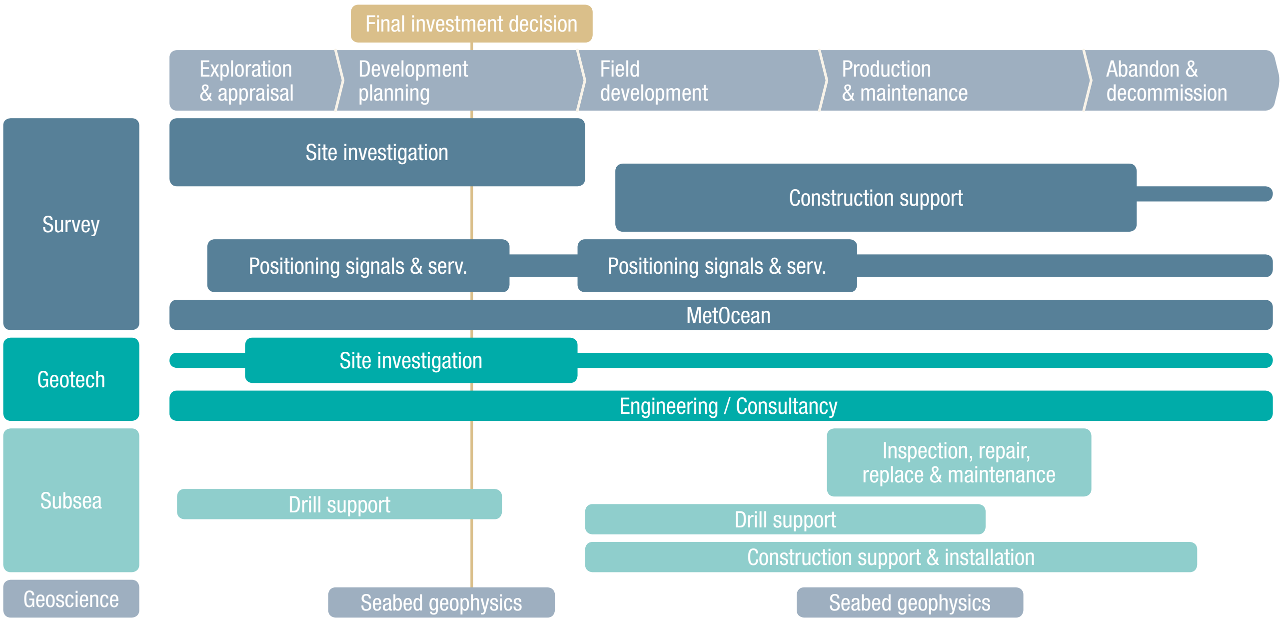
OUR MARKET POSITION

We are the global leader in offshore survey, offshore geotechnical and seabed geophysical services, with particular strength in specialist areas such as deep water, our capability to take on large, integrated projects and providing data management services. In the onshore geotechnical, geospatial and subsea markets, we hold leading market positions in niche and regional markets.

Fugro's competitive edge is built upon:

- Our clear market leadership in several market segments.
- Our capability to deliver a complete suite of services, from data acquisition, data management including processing, interpretation, visualisation and hosting, through to consultancy, advice and solutions.
- Our independent position, which assures clients of the integrity, impartiality and confidentiality of our results and of the absence of any 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.
- Our local presence throughout the world, from a large network of around 200 offices located in 60 countries.
- Our technology leadership through continuous investment in R&D and innovation.
- Our capability to take on large integrated projects anywhere and to take on large multi-year framework contracts.
- Consistently delivering quality services safely, meeting standards, on time and meeting or exceeding requirements.

Exposure across full oil and gas field life cycle



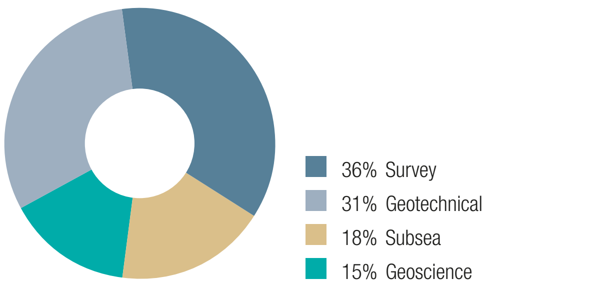
- Multi-market exposure, creating resilience against market volatility:
  - In oil and gas, balanced exposure across the full field life cycle.
  - Access to non-oil and gas markets such as general infrastructure, wind farms, large installations and buildings, power, mining, hydrography and telecom.

OUR ACTIVITIES

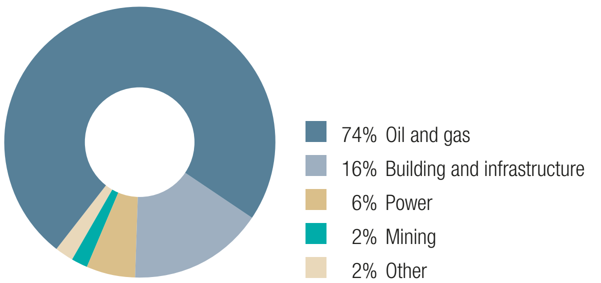
Our activities are organised into four divisions:

Geotechnical	▪ Site investigation including soil testing ▪ Testing of foundations and construction materials ▪ Monitoring ▪ Consulting and advisory services
Survey	▪ Mapping and inspection of the Earth's surface, subsurface and infrastructure ▪ Positioning ▪ Construction support ▪ Environmental, oceanographic and meteorological services ▪ Inspection and monitoring ▪ Consulting and advisory services
Subsea Services	▪ Inspection, repair, replacement and maintenance of subsea infrastructure
Geoscience	▪ Seabed seismic data acquisition services

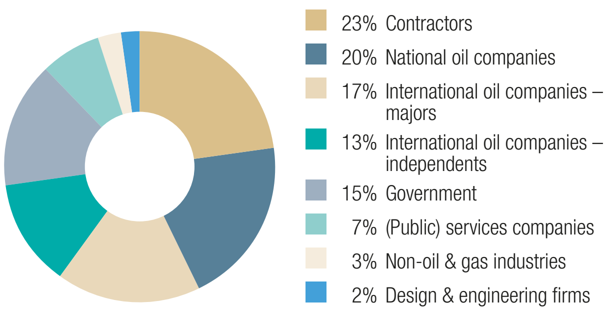
Revenue by division



Revenue by market segment



Revenue by client type



OUR PEOPLE AND EXPERTISE

11,960 employees
42 laboratories
15 research and development centres
37 consultancy and advisory centres

OUR OTHER RESOURCES

48 vessels (of which 29 owned)
100 cone penetration testing (CPT) trucks
330 onshore and 18 offshore drilling rigs
33 jack-up platforms
6 autonomous underwater vehicles (AUVs)
129 remotely operated vehicles (ROVs)
29 diving systems
2,194 seabed seismic nodes

OUR CLIENTS

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

Our clients operate in locations around the globe in varying environments. As many of our clients operate internationally, we aim to deliver a consistent, standardised level of service across divisions and geographies. We are seeing an increase in demand for large, integrated multi-disciplinary projects and long term framework agreements. We have a very large client base, and typically in any year there is no client that accounts for more than around 5% of total revenue.

Oil and gas

In the oil and gas market the majority of our revenue is in the upstream segment (related to the exploration, development and production of oil and gas). Our largest client groups are the global 'super majors', other independent oil companies (IOCs) and the national oil companies (NOCs). In addition, we provide services to a diverse group of service providers such as the construction and installation contractors and design and engineering companies. We have a balanced exposure to these client segments. We provide our services in the upstream oil and gas market across the globe, mostly offshore, where we have a balanced exposure across the entire 'life of field' value chain. We provide a range of 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.

In the downstream segment we provide our services to support the construction and operation of LNG facilities, refineries and pipelines.

Building and infrastructure

Our main clients are a broad range of government agencies, construction project developers, railroad companies, power companies, design and engineering contractors, construction and installation contractors and industrial companies. We provide data, information and advice to clients across most of the globe to help them optimise the design, construction, installation and operation 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, water management, hydrographic charting and telecom cables.

Power

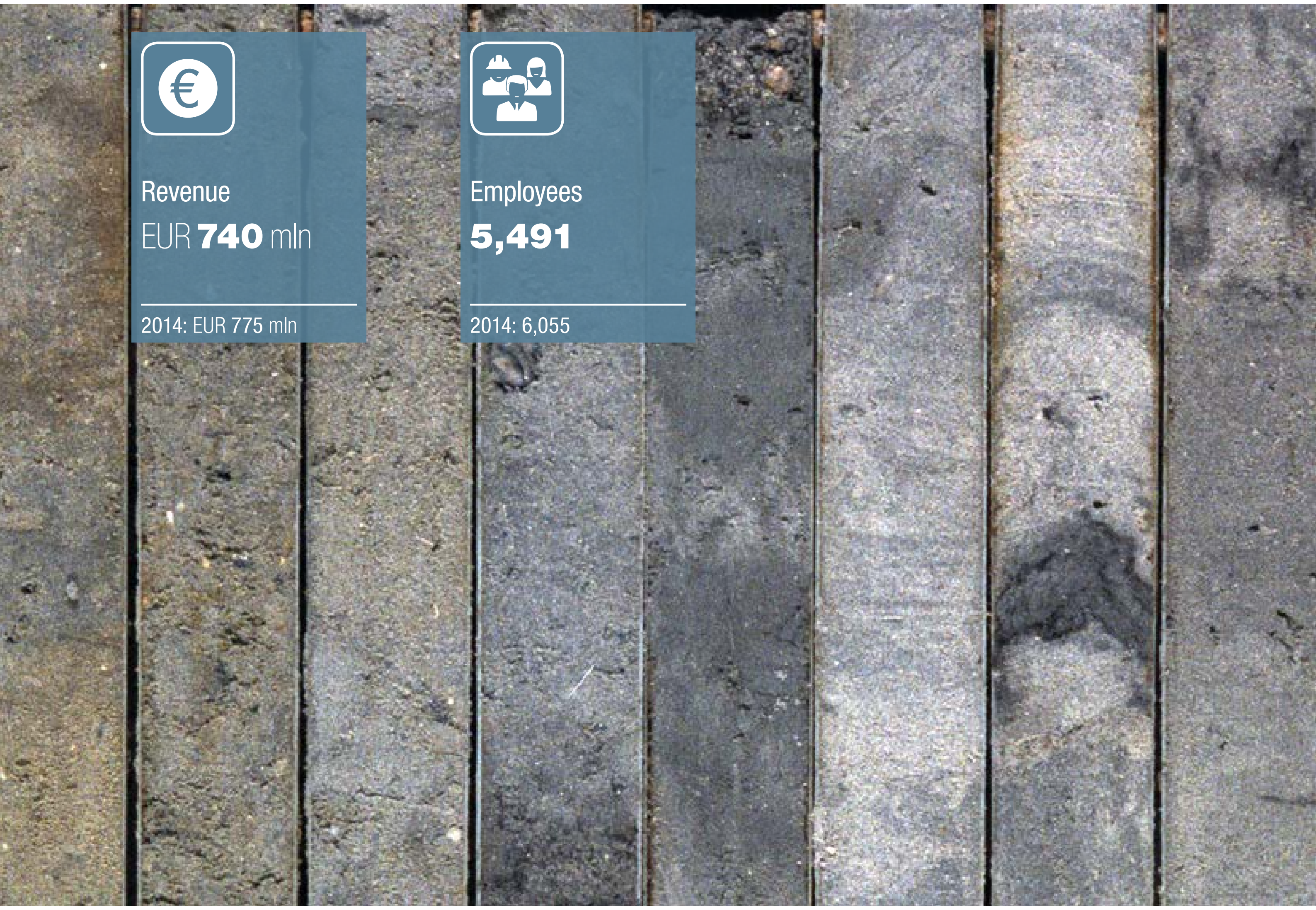
Our key clients in this market are the offshore wind farm developers in North Western Europe. We are the largest provider of services to optimally locate and design the foundations of wind turbines. In addition we provide power cable routing, specialist installation and construction support and inspection services. We also provide monitoring and testing services. The offshore wind farm market offers growth potential in other parts of the world. Niche markets for Fugro in the power segment are hydro, geothermal, nuclear and conventional power installations and plants. Power distribution is a rapidly developing niche market where we are offering innovative asset integrity solutions based on geospatial technology.

Mining

Clients in this market are global and local mining companies, government agencies, contractors and design and engineering companies. Services that we offer are site characterisation, site inspection and monitoring, hydrogeology and consultancy services.

GEOTECHNICAL DIVISION

SITE CHARACTERISATION, FOUNDATIONS AND MATERIALS TESTING, MONITORING, CONSULTING AND ADVISORY SERVICES



PROFILE

Our geotechnical division focuses on helping clients to understand and manage the risks associated with the ground conditions at their project sites. This begins with developing an understanding of the geologic setting and characterising the specific geologic conditions and engineering properties of the soils and rocks that are present in the area, using data gathered using proprietary Fugro technology and supplemented with already available data. Our skilled geoscientists and geotechnical engineers integrate the various data and create ground models that are used to assess the 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). The knowledge and insight that we provide are crucial to our clients for managing ground risk, optimising design, constructions schedules and costs of construction, and ensuring that the built project performs efficiently and reliably for its intended life span.

The division also provides inspection, foundation and materials testing services to help clients manage their risks and monitor quality during the construction and installation phase of their projects. Post construction inspection and monitoring services are provided to help clients manage the integrity of their assets.

Fugro's geotechnical services support clients' projects worldwide, both on land and in marine 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, water and power. The largest part of the revenue

offshore (around 40% of divisional revenue) is generated in the oil and gas sector and increasingly, in the offshore wind farm market.

MARKET POSITION

By globally deploying the world's largest dedicated marine geotechnical fleet, Fugro is the acknowledged market leader in offshore. We have a particularly strong market share in deepwater environments. Our global presence and ability to execute large, complex and technically demanding projects worldwide are key drivers of our success. In the onshore and nearshore markets, which are fragmented with many local operators, we have a leading position in many niche and regional markets.

Our competitive edge is built on:

- Operating as an independent service provider, allowing us to address all clients active in our markets.
- Combination of data collection, laboratory testing and advisory services based on a large resource of knowledgeable and experienced staff.
- Broad geographic presence, and across the globe in offshore.
- Technical expertise.
- Track record across a diverse customer base.
- Ability to combine with services from our Survey division to offer unique, integrated site characterisation and asset integrity solutions to clients.

MAIN RESOURCES

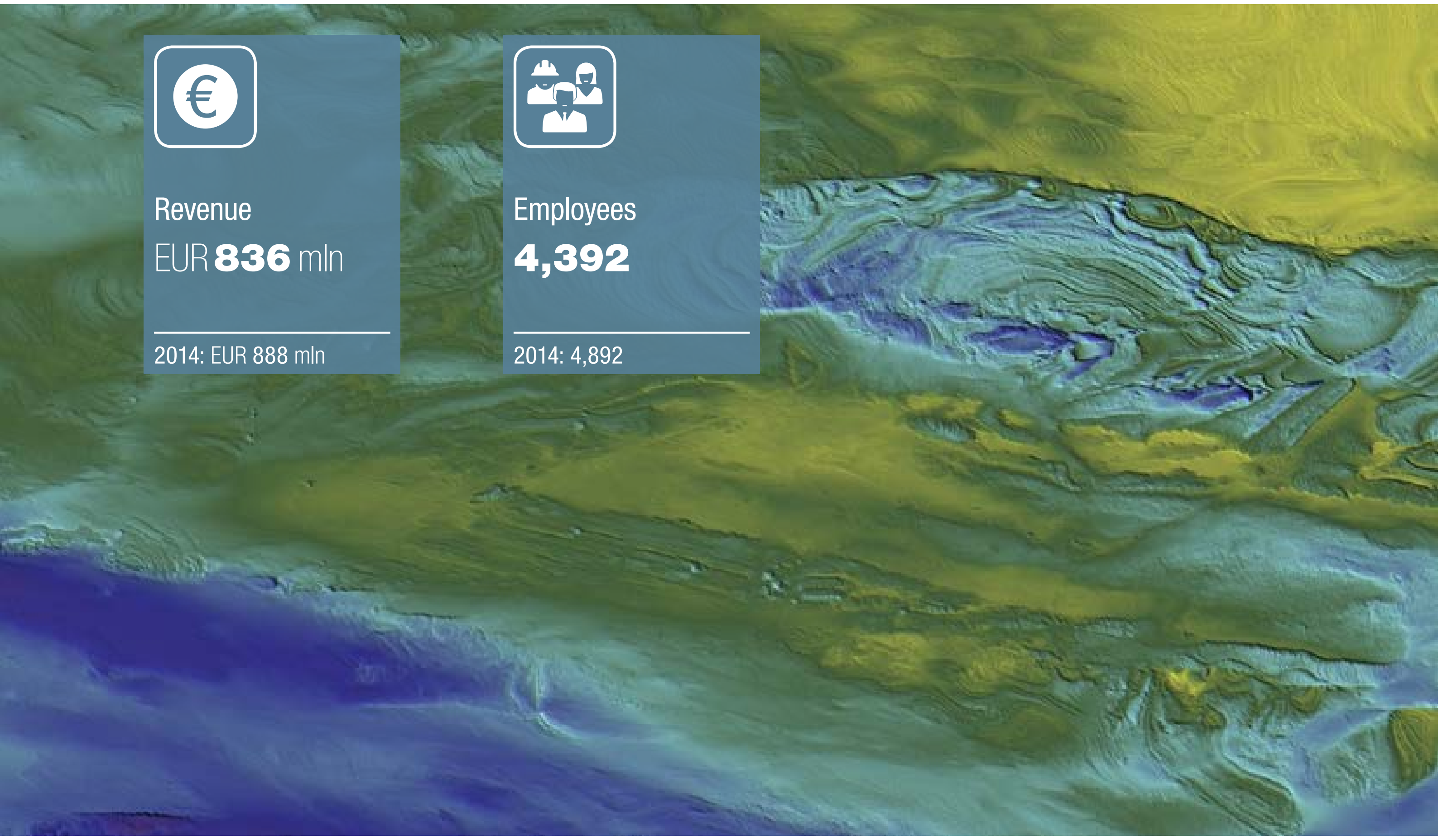
5,491 employees, 40 laboratories, 33 consultancy and advisory centres, 4 research and development centres, 7 vessels (5 owned and 2 long-term leases), 330 onshore and 18 offshore drilling rigs, 100 cone penetration testing (CPT) trucks and 33 jack-up platforms.

ACTIVITIES

	Our services	Value to our clients
Site investigations	Offshore - drilling, sampling, and in-situ testing from drill ships, seafloor drills, and seabed equipment in water depths down to 3,000 metres. Nearshore - drilling, sampling, and seabed testing from jack-up platforms; near the shoreline to water depths of around 40 metres. Onshore - drilling, sampling, and testing of soils and rock. All generally involve the soil and rock layers in the upper 100 meters range below the seabed or ground surface, with deeper data collection and testing for special projects.	Reliable and independent data on ground conditions at a project site reduces uncertainties in design, construction schedules and costs, and ensures better reliability in performance of the constructed facility.
Specialist services	Laboratory testing of soil and rock samples, foundation testing, construction materials testing, inspection, instrumentation and monitoring, pavement management, water management, environmental and permitting support, seep surveys.	Provides additional information for characterising a site or for managing risks specific to a client's development. Large volumes of data and information can be hosted by Fugro.
Geoconsulting services	Geohazard assessment, integrated site characterisation, geo-data management, numerical analysis, geotechnical engineering, related advice.	Customised geological, geophysical and geotechnical analysis, risk assessment and reporting supports the client's project development from planning and design through execution and into operation.

SURVEY DIVISION

MAPPING OF THE EARTH AND INFRASTRUCTURE, POSITIONING, MONITORING AND CONSULTING



PROFILE

The Survey division provides an extensive range of measurement, positioning, mapping and inspection services to our clients worldwide. Measurements and data from a variety of sensors and other sources are processed, analysed and integrated by our specialists to cover a wide range of client requirements for data, information and solutions. Deliverables range from comprehensive geo-intelligence reports, to detailed charts and solutions, pertaining to natural and man-made features on the surface of the Earth, the seabed and shallow geological features below the seabed.

The asset condition and geo-information we collect is enhanced with environmental, oceanographic and meteorological information. The results we provide are vital for the planning, design, installation and maintaining the integrity of large constructions and infrastructure and natural resources both on- and offshore.

While the majority of our activities are carried out for clients in the oil and gas sector (including construction and installation contractors), other sectors such as wind farms, transportation infrastructure and hydrography are growing in importance.

MARKET POSITION

Fugro is the only company to offer the full range of survey services across all geographies and is the global market leader for survey services offshore, specifically in relation to seabed mapping, construction support and positioning services. In other offshore services such as metocean, Fugro is one of the top-three players globally and also holds strong regional positions in the onshore survey market. Our global footprint, well established reputation and focus on innovation are key to maintaining our strong market position.

Our competitive edge is built on:

- Our independent status, assuring clients of the integrity and confidentiality of our services and results.
- Our unmatched scale in terms of geography, asset base and number and expertise of our staff.

ACTIVITIES

	Our services	Value to our clients
Geophysical site surveys	Mapping and sampling of the seabed and the geological features and hazards just below the seabed in advance of oil and gas field development, wind farm installation and other infrastructure projects offshore.	Critical to reduce cost and risk of installing or mooring structures on the seabed, by facilitating optimum site selection and engineering design for assets such as oil and gas facilities, pipelines, wind turbines and telecommunication cables.
Positioning	A subscription based service which enhances public satellite navigation services (GPS, GLONASS etc.) on a global basis and the provision of positioning equipment, expertise and solutions to support a wide variety of marine operations.	Highly reliable, centimetre accuracy 3D positioning services, available in any weather condition, anytime, anywhere to make offshore operations more predictable, faster and safer.
Construction support	The provision of survey systems and expertise to support offshore construction projects. These services are delivered from vessels offshore or via sub-sea platforms (e.g. ROVs and AUVs) or remotely from control centres in key locations.	Time (cost) savings, reduced risk and independent quality assurance for construction contractors offshore.
Metocean systems and services	The provision of systems and services to measure, analyse, model and predict meteorological, oceanographic and environmental conditions, principally in the marine environment.	Reliable information about current and predicted meteorological and oceanographic conditions is critical when planning, de-risking and undertaking projects offshore.
Geospatial	Services which capture, analyse, model and graphically represent geo-information in 3D in order to spatially map and document the earth's surface and build environments and the changes which occur over time.	Accurate up-to-date representations of Earth's surface and man-made structures to support asset management, engineering, construction and decision making across a wide range of disciplines onshore.

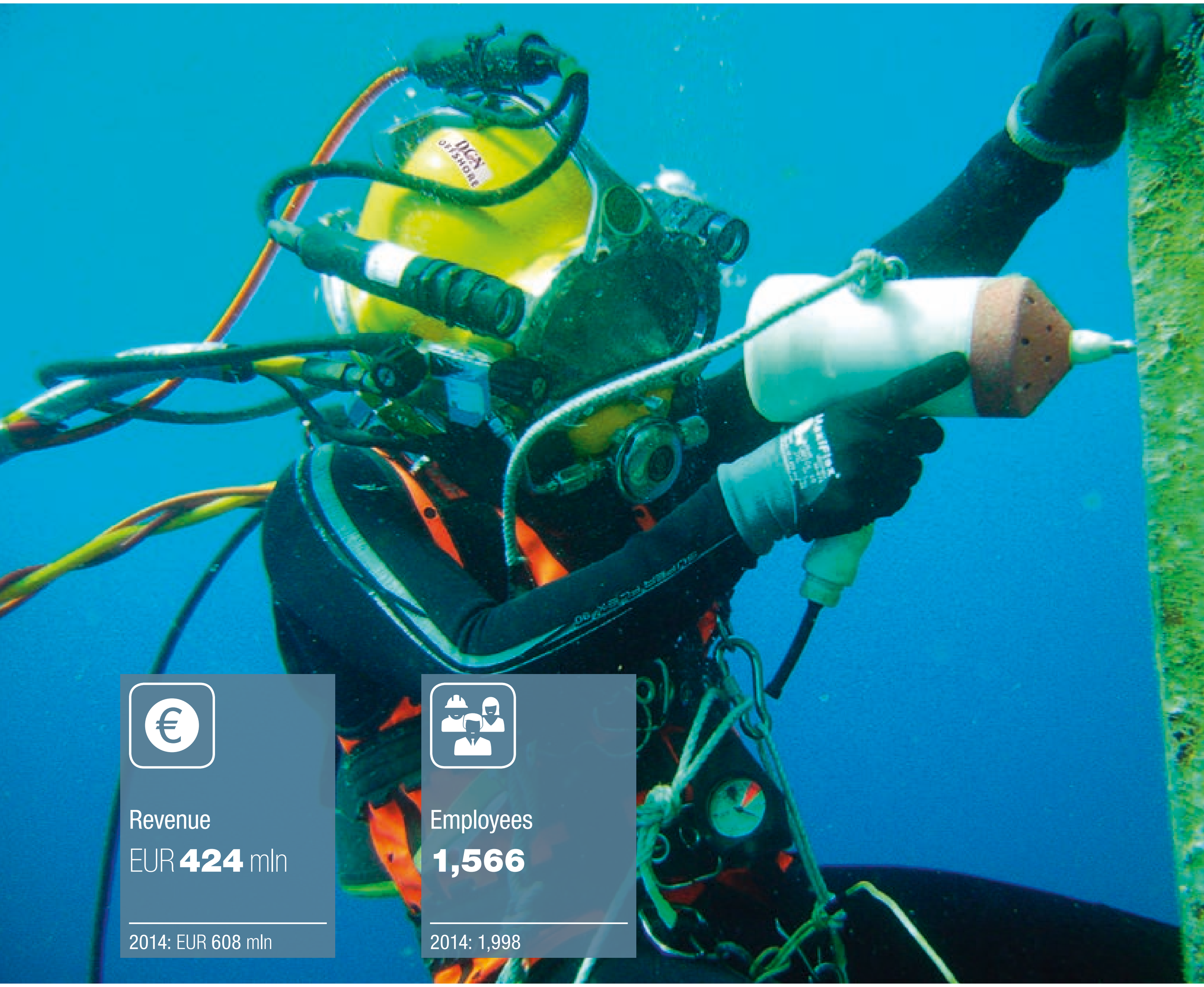
- Our track-record for innovation and product development to support faster, cheaper and safer solutions.
- Our track record as an experienced and reliable partner for our clients.
- Our ability to combine survey, geotechnical and subsea services to offer unique, integrated solutions from construction project inception through its lifetime to decommissioning.

MAIN RESOURCES

4,392 employees, 4 consultancy centres, 9 research and development centres, 2 laboratories, 21 vessels (all owned) and 6 autonomous underwater vehicles (AUVs).

SUBSEA SERVICES DIVISION

INSPECTION, REPAIR, REPLACEMENT AND MAINTENANCE OF OFFSHORE INFRASTRUCTURE



Revenue
EUR **424** mln

2014: EUR 608 mln

Employees
1,566

2014: 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, 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 remotely operated vehicles (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), the Middle East (ROV services) and Far East (inspection, repair and maintenance and light construction).

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, safe service provider executing projects where, when and as planned.

MAIN RESOURCES

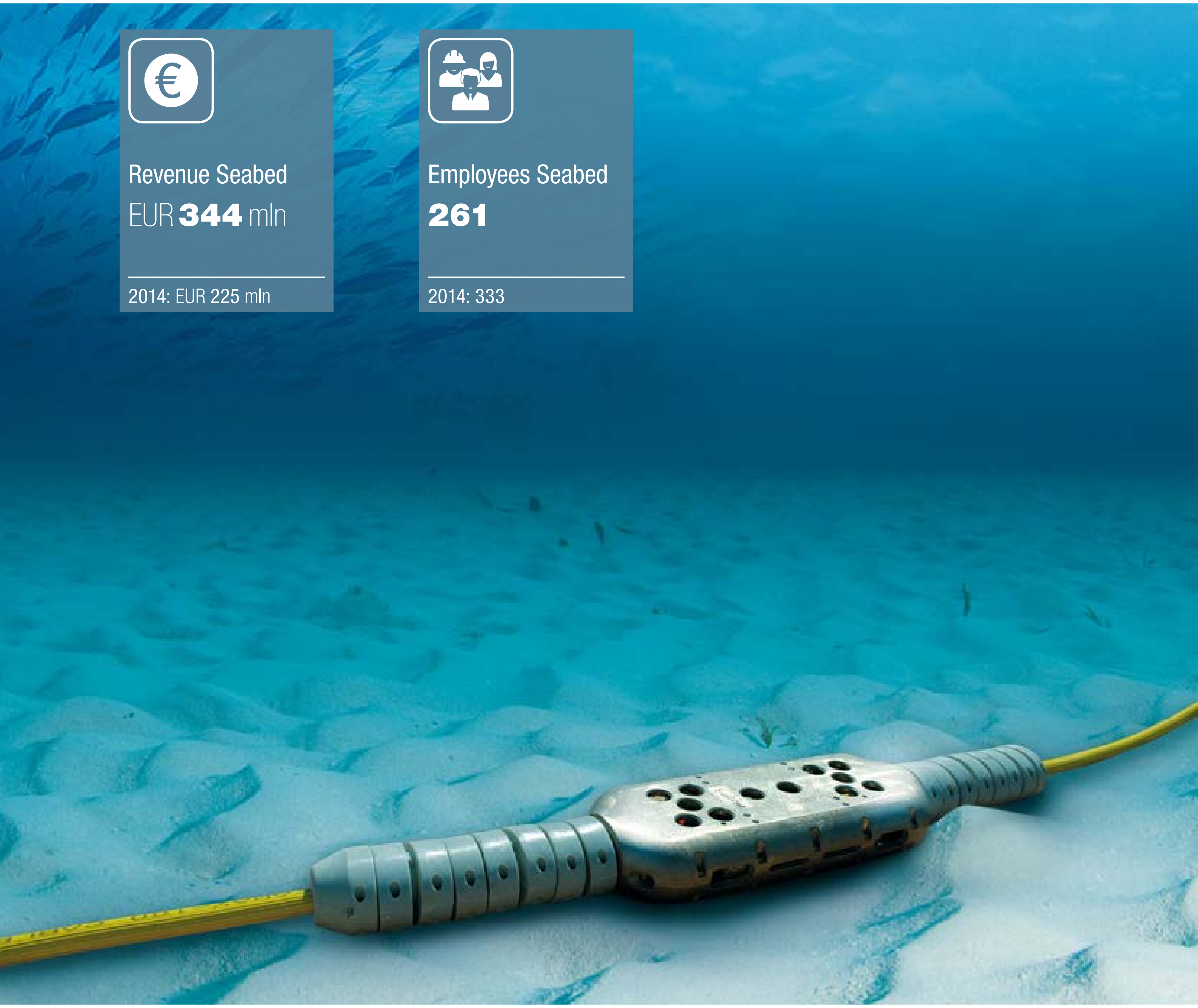
1,566 employees, 1 research and development centres, 19 vessels (of which 3 owned, 7 long-term charters and 9 via tri-partite agreements in Brazil), 129 remotely operated vehicles and 29 diving systems.

ACTIVITIES

	Our services	Value to our clients
Inspection, repair, replacement and maintenance	Extensive range of inspection and engineering services in water depths up to 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).	Keeps client's key infrastructure operational and in good condition.
Light construction support and 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 of both planned and unplanned intervention at the wellhead, ensuring the safety and effectiveness of operations.
Tooling	Design, manufacture and aftermarket support for subsea remote intervention equipment.	Provides cost efficiencies and more effective ROV operations through multi-functional solutions. In addition, it supports Fugro's drill support and inspection, repair and maintenance offering.

GEOSCIENCE DIVISION

SEABED SEISMIC DATA ACQUISITION SERVICES



Nearly all revenue in the Geoscience division is related to Fugro's 60% stake in Seabed Geosolutions (with CGG owning 40%). Seabed Geosolutions provides high-quality seismic data for the development of offshore oil and gas fields and enhanced production from existing fields.

The division also provided non-exclusive licensing of seismic licensed data from a global 2D and 3D multi-client seismic data library; these assets were divested per 30 June 2015. Fugro did retain its 50% beneficial interest in several exploration permits held by Finder Exploration Pty Ltd, a private oil and gas exploration company active in North West Australia.

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 company.

The company collects seismic data on the seabed through an array of imaging technologies that can be used from shallow to deep areas and in areas where water depth is too shallow, 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.

MARKET POSITION

With its global footprint, Seabed Geosolutions is the largest seabed geophysical data acquisition service provider 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, whose benefit is 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, provides a full range of nodal and cable solutions and works from shore to deep water.
- Superior data quality relative to streamer based seismic data acquisition vessels.

MAIN RESOURCES

261 employees, 1 research and development centre, 1 vessel (chartered), 2,194 OBN (ocean bottom nodes), 530 kilometres of ocean bottom and shallow water cables.

ACTIVITIES

	Our services	Value to our clients
Ocean bottom nodes	3D and 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	3D and 4D imaging through sensor cables placed on the seabed in water depth up to 500 metres.	

TRENDS

MARKETS

Oil and gas

Energy markets are going through profound changes. The global demand for energy continues to grow rapidly due to a growing, increasingly wealthy population. On the supply side, the mix of energy sources is changing. Though the demand for oil is predicted to continue to modestly increase for some time, the share of oil (and coal) in the world energy supply is steadily being replaced by gas and renewable energy resources. Within oil, North American shale has the potential to play a significant role as a swing producer.

There is a clear, increasing commitment by countries, companies and citizens to reduce carbon emissions to mitigate climate change. Despite this, global energy demand is of such a magnitude that the growth of renewables is, according to most predictions not even able to cover energy demand growth in the medium term. Hence, energy from fossil fuels will continue to dominate for years to come. Though the long term trend for the oil and gas market is therefore strong, the market is subject to volatility. Early in 2014 the industry started to move from a phase with emphasis on reserve replacement (finding new oil and gas reservoirs) into a phase with emphasis on capital discipline. This was exacerbated by a steep drop in the oil price as of the second half of 2014, caused by oversupply. During 2015 the oil price has been under continuous pressure and has declined further.

The low oil price is caused by the current oil supply surplus. This is due to continued high production from the OPEC countries and by the successful development of shale oil in the United States of America, where production is only now beginning to decline as the low oil price environment persists. Aside from the slowly decreasing oversupply, growth on the demand side has also disappointed due to lower growth in China than anticipated and the impact of a mild winter in much of the Northern hemisphere.

As reaction to the significantly lower oil price, in 2014, oil companies started reducing their capital and operational spending on exploration, development and production. This has resulted in lower work volumes and margin pressure for oil service companies. This has been seen in all sectors of the market including deep water where Fugro has a particularly strong market position and normally generates strong margins. For 2016, further spending reductions are anticipated compared to 2015 as the oil price has not yet started to recover.

It is expected that the market for oil services companies will remain challenging for some time until the supply-demand balance is restored. An underlying on the supply side is reservoir depletion, which reduces annual production from existing fields by several million barrels per day. The current massive reduction in investments implies that insufficient new oil production is being developed to counter depletion. In addition, lower spending on the production side is increasing the depletion rate. At the same time, demand for oil continues to grow, albeit modestly.

The eventual decrease in supply in combination with increasing demand means a balance will be restored at some point. Most market analysts believe this will happen in 1 – 2 years, or earlier if OPEC begins to impose more discipline on the supply side. Once this happens, prices are likely to rise, and under normal circumstances a recovery in the oil services market will follow, most likely with some delay.

Development oil price (Brent, USD per barrel)

3D measurement of millimeters accurate track positions, to optimise rail safety and track management.

A key question is where activities will pick up when the market recovers. The most natural candidate is shale oil production in the USA, but there is a limit to growth in the shale basins. In addition, shale oil is not low cost and many reservoirs offshore have a cost of production which is similar to shale oil, although requiring a significantly higher upfront investment. We expect activities will recover in both segments. More problematic are high production-cost areas such as the tar sands in Alberta and the Arctic. We expect any recovery in exploration and development in high cost oil areas will be quite subdued.

Fugro is acting on the current prolonged and harsh market downturn by implementing strong measures to improve profitability and cash flow and strengthen the balance sheet. These measures were stepped up in the course of 2015 as the market deteriorated. For 2015 this resulted in improved operational profitability, positive cash flow and a significant reduction of net debt. The company will continue to adjust its resources and costs in line with activity levels.

Building and infrastructure

The second largest market for Fugro is that of large 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. Overall, the market is stable, with a slight pickup in the traditional OECD economies compensating for declining growth or retraction in some of the emerging economies, where economic growth is impeded by lower government income from oil and gas and mineral resources. In 2015 we saw a strong effect of this in Africa where government spending on infrastructure in key economies has been reduced and delayed. In the Middle East many of the countries have built up significant financial reserves, but with oil prices being depressed longer than expected, we expect to see a slowdown in government spending in 2016. We anticipate a recovery in spending on building and infrastructure in these countries when oil, gas and mineral resource prices recover.

Power

Sustainable energy, which is generated from a wide range of resources, is a growing market. Following the 2015 United Nations climate summit in Paris, we expect to see a further increase of investment in the use of low-carbon energy. Fugro is exposed to several of these segments including hydro, geothermal, nuclear, tidal and (especially offshore) wind. Government incentives have been needed to get these markets going, but many renewable resources already are, or will soon be, competitive, as technology and production scale bring costs down.

For Fugro the development of offshore wind farms currently represents the largest market opportunity in this sector. This market segment, which is still mostly concentrated in North West Europe, is under some funding pressure, but continues to provide opportunities. Other markets in which offshore wind development is being actively pursued include China, Japan and the USA. Another developing market opportunity for Fugro in the power sector is the operational monitoring and maintenance of power distribution networks. Fugro is developing this market using internally developed, leading edge geospatial methods that can help operators reduce their operational cost.

CLIENTS

Many of Fugro's clients are becoming larger and more global. A clear trend with global clients is that they seek global standardisation of services and solutions as part of their drive to cut costs and increase efficiency. In particular this is the case for our oil and gas clients who are under pressure in the current low oil price environment to find ways to drive better efficiency and push costs out of the business. This standardisation drive not only concerns operations and technical deliverables, but also QHSSE (quality, health, safety, security and environment) and legal considerations.

A further trend is that we are increasingly seeing a push from clients to transfer risk to their suppliers. To counter this, more time is being spent upfront on detailing specifications and deliverables to help control overall cost and timelines. It is also leading to a trend where project scope is increasing and/or work is being handled under global framework contracts that support larger work volumes.

The trends towards standardisation of services and solutions, use of global standardised framework agreements and increasing contract sizes is of benefit to Fugro. Standardisation is a key element of our strategy. Moreover, as leader in many of the market segments in which we operate and in our role as independent service provider, we are the best positioned to deal with global clients and perform well on contracts with increased scope and complexity and covering the full asset life cycle.

COMPETITION

Our competitive position is strong as ever. 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, reliability and use of standards. In today's markets, in the oil and gas services market in particular, price is increasingly important in winning work. However, some price differential is often still supported by clients in return for safe, on time delivery meeting specifications.

In addition to price, there is always the risk that a competitor develops new 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. As a general trend, even in a downturn some 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. This means we have to stay alert to counter such developments.

It is expected that the market for oil services companies will remain challenging until the supply-demand balance is restored. During this period we can expect some consolidation to take place. Though we have not yet seen any relevant developments, consolidation could lead to the emergence of larger competitors. At the same time, it can also provide interesting opportunities for Fugro.

Protected local competition, mostly in developing 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 those 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 acceleration in terms of opportunities to use improved or new technologies in many of our businesses.

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, which drives up the cost of operations.

A specific trend which impacts market behaviour is the increasing societal demand to avoid conflicts of interest. This is increasingly finding its way into rules and regulations for public and corporate procurement, with the objective to improve transparency and accountability.

STRATEGY AND MID-TERM TARGETS

STRATEGY

The development of our markets and business, technology and societal trends drive our strategy and our mid-term financial targets. Our 'Building on Strength' strategy is fully focused on restoring profitability and improving cash flow and return on capital employed while protecting Fugro's strong market leadership positions. Fugro's strategy is built on two pillars, one representing 'what' we do (the portfolio of activities including our service offerings), and the second pillar representing 'how' we do it (market leadership, organisational capabilities, innovation and multi-market exposure).

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 these activities Fugro has built up global, market leading positions. Fugro will continue to build on the strengths of the activities in these divisions.

Early 2015, Fugro announced the objective to reduce its involvement in its other activities by seeking options to reduce its stake in Seabed Geosolutions, to find a partner for or divest (part of) Subsea Services and to exit the light well intervention market by selling the Fugro Synergy vessel. In the current challenging market circumstances, Fugro has not yet been able to execute on these plans. We remain committed to making the portfolio changes over time as the market permits. For example, Fugro was successful in divesting its multi-client seismic data library in 2015.

In our survey and geotechnical businesses, we continue to broaden our service offering to better address the needs of our clients. We are creating the capability to efficiently provide integrated geo-intelligence and asset integrity solutions spanning the range from data acquisition through processing, interpretation, analysis, visualisation and web data and information delivery, to generating solutions by providing consulting services. We provide such services to support the design, construction, operation and eventual decommissioning of large constructions and infrastructure.

Our ability to offer efficient, integrated solutions is a competitive advantage, especially in the oil services market. The prolonged market downturn is driving the need to cut unproductive costs from the supply chain. Our clients are looking for smarter and more cost effective ways to develop and operate projects. We can support clients in achieving their objectives by using our integrated geo-intelligence and asset integrity solutions to optimise the design, construction and operation of their large constructions and infrastructure.

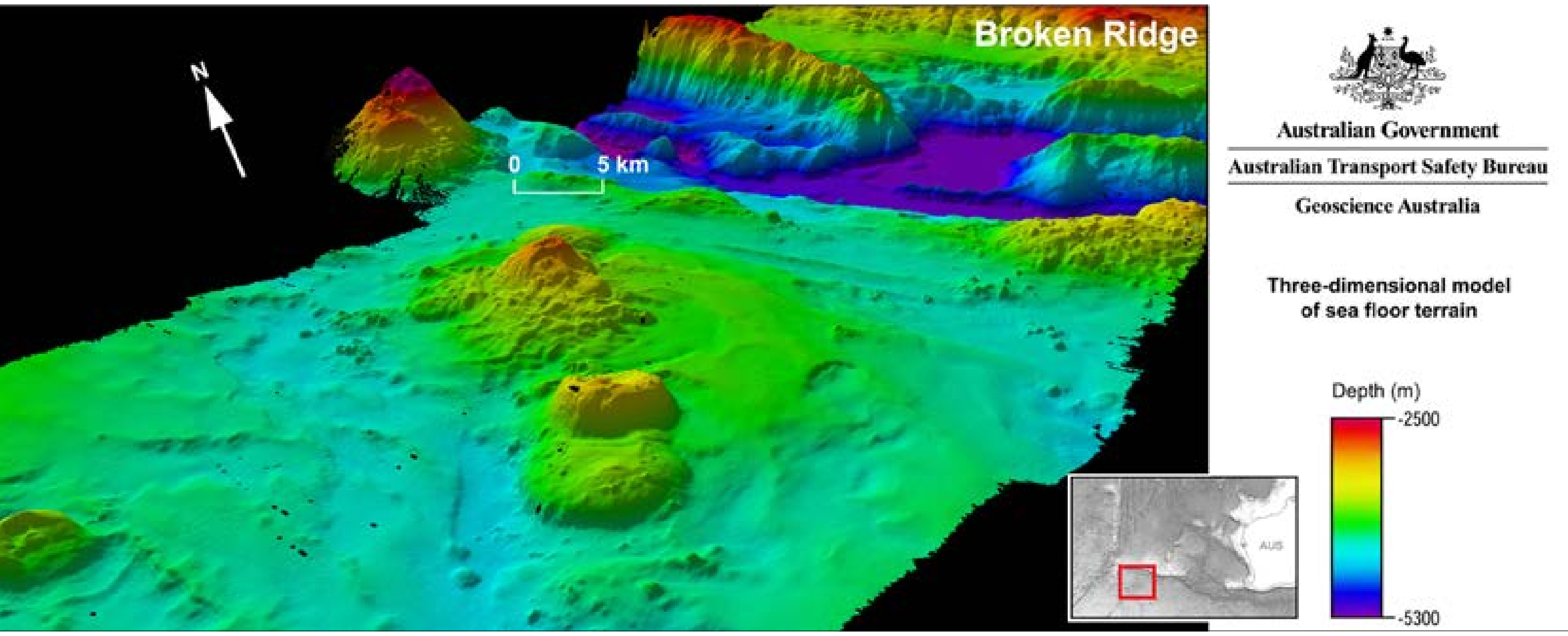
Market leadership

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 through-the-cycle financial performance and are the most resilient in case of downturns. This is especially important in cyclical markets such as is the case with oil and gas.

Fugro's market leadership is predicated on being an independent services provider. Fugro provides site investigation data, as well as information and advice derived therefrom. These are vital to the costing and design of clients' infrastructure projects, installations and large buildings. The delivered information and advice can result in significant scope changes to construction projects in the design and build phase. Therefore, due to our independence as a service provider, our clients are assured results are provided impartially and confidentially and with the further assurance there is no conflict of interest with respect to other parties involved in their projects.

Furthermore, Fugro is increasingly providing asset integrity testing, inspection, quality control and monitoring services during and after construction. This information can be used to determine liability, as well as derive maintenance requirements. It is obvious that such services must be provided independently from parties involved in the construction.

It increasingly important to Fugro to be an independent service provider. First, there is a generally increasing societal demand to avoid conflicts of interest. This is being embedded more and more into rules and regulations for public and corporate procurement. Second, Fugro is successfully developing into and its future depends on being an integrated geo- intelligence and asset integrity solutions provider working over the full life cycle of large constructions and infrastructure. As a result, Fugro is taking on ever larger projects and increasingly working under long term framework agreements. Such projects and work always have multiple touch points around design, testing, inspection



3D model of part of search area for MH370 airplane, off the North West coast of Australia.

and monitoring, all areas where clients and developers require the independence of their service providers from the construction contractors involved in their projects.

As independent services provider we are in a position to work over the complete life cycle of large construction and infrastructure assets for the full range of clients involved with the assets. This is a necessary requirement to achieve the market leadership so fundamental to Fugro's continued existence and success.

Organisational capabilities
Fugro is constantly adjusting its organisation to support its market positions. This involves many aspects such as: local positioning as global operator, achieving delivery excellence, scope of products and services provided, staff development, safety and quality, standardisation, and efficiency and effectiveness of the organisation to deliver services.

Currently, Fugro can deliver on the solutions required by its clients through the regional organisations it has successfully implemented in the last two years. This has increased Fugro's capability to take on more and larger integrated projects. As a next step, we are now driving for integration of operating companies in our onshore and offshore work environments to streamline project delivery to our clients and to realise efficiency gains. In this way we will build strong capabilities to efficiently deliver integrated geo- intelligence and asset integrity solutions. As a further benefit, organisational integration will also support moving to single country support organisations for administration, HR, IT, QHSSE and legal.

Technology leadership and innovation
Fugro's globally leading market position is supported by its technology leadership. Fugro uses high-performance equipment, technologies, software and business processes. Much of these are developed in-house through research & development and innovation. This capability is a core strength of Fugro as a key strategic driver.

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 research and development efforts and is increasingly involved with efforts that also include universities, technology institutes and other companies.

During the last 2 years, Fugro has stepped up its research and development and innovation efforts and this is now delivering concrete results. Purpose-built vessels with our own proprietary technology are a good example.
They provide Fugro with competitive and safety advantages, especially for deep water work. New vessels that replace older vessels also add capacity while reducing per unit production cost as they are more efficient than older vessels. Following this philosophy, during the past two years a series of special purpose designed, standardised survey vessels were launched and, similarly, two new geotechnical vessels. Fugro also took delivery of a new ROV inspection support vessel. We expect these vessels will be leaders in their class for years to come.

In 2015, Fugro launched several new technologies and innovations:

- The Back2Base programme, whereby Fugro can transfer data live from the vessel to its customers onshore. This allows fine tuning of data acquisition programmes while the vessel is still on site.
- Late 2014 the Survey division was successful with the roll out of its OARS™ remote support positioning system in the Gulf of Mexico, which reduces the need for on-board surveyors and therefore cost and safety exposure for clients. This service is now also being offered in other geographies across the world.
- Another key innovation is the Roames geospatial solution for power companies, which we have started to roll out across the group. It allows power companies to remotely inspect and monitor vegetation around their overhead power networks without the need to deploy survey crews into the field. This results in better coverage and significant cost savings. We are also working on other applications for the Roames® cloud based technology.
- In the Geotechnical division the Seadevil® was created: a new solution designed to optimise accuracy in offshore geotechnical drilling. Fugro also developed the Fugro large piston corer handling system which significantly improves coring and sampling.
- The GeoRiskPortal® has been developed and initially rolled out in the Netherlands. It is an online data and risk information platform to support geotechnical professionals and other stakeholders in managing risks throughout construction projects and for the management of water assets such as levees. The portal combines soil investigation data, sensor based real-time data, model results and interpretations.

Multi-market exposure

Currently Fugro generates around 75% of its revenue from the oil and gas services market. Within that market, over the last few years, Fugro has moved to create a balanced exposure across the exploration, development, production and decommissioning life cycle. This is providing some cushion to the strong downturn we are now experiencing in the oil and gas services market. However, we need to create a better balance across multiple markets. Hence, Fugro targets to increase its exposure to the general infrastructure and large construction, power, water and mining markets. These markets run in different economic cycles than the oil and gas markets. Once Fugro has achieved a better balance, we can expect more stability in our financial performance.

MID-TERM TARGETS

In 2014 Fugro formulated mid-term targets.

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	5 – 10%
Return on capital employed	**8 – 12%**

The timeframe in which Fugro will realise these targets is dependent on a recovery of the oil and gas market. In the current challenging market, Fugro will continue to de-lever the balance sheet. Reduced investment levels contribute to this objective. For 2016 and going forward, until the oil and gas services market improves, the company will limit its capital expenditure to around EUR 100 million per year. This level can be maintained until market conditions improve and a good level of opportunities for organic growth returns. When the market improves, it is anticipated that capital expenditures will gradually increase, however not to the level of the past few years.

REPORT OF THE BOARD OF MANAGEMENT

Name **Paul van Riel** (1956)
Function Chairman Board of Management and Chief Executive Officer
Nationality Dutch
Employed by Fugro Since 2001
Appointed to Board of Management in 2006, appointed Chairman of the Board of Management and Chief Executive Officer in November 2012
Current term Until AGM 2018

Background Paul van Riel has a MSc in Applied Physics from Delft University of Technology. After his studies he continued for three years at the university, as co-founder and team leader of a large international oil industry research consortium. He established the seismic reservoir characterisation company Jason Geosystems in 1986, which was acquired by Fugro in 2001. While at Jason Geosystems, he worked in the USA for 6 years.

Name **Paul A.H. Verhagen** (1966)
Function Chief Financial Officer
Nationality Dutch
Employed by Fugro Since 2014
Appointed to Board of Management per January 2014, appointed Chief Financial Officer in May 2014
Current term Until AGM 2018

Background Paul Verhagen worked for Philips for 23 years in various financial management positions in the Netherlands, Hong Kong, USA, China and Taiwan. He has been active in various global CFO positions since 2005, lastly as Executive Vice President and Chief Financial Officer of Philips Lighting. Paul holds an MSc in Business Administration from the Catholic University Brabant in Tilburg.

Name **Steve 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

Background Steve Thomson brings experience in both technical services and manufacturing having held management positions in North America, Europe and Australia, at amongst others, CGG. Within Fugro he has been in several operational and management positions before becoming COO in the Geoscience division. He studied Physics and Geology and has an MBA from Queen's University at Kingston in Canada.

Name **Mark R.F. Heine** (1973)
Function Director Survey division/ offshore geotechnical activities
Nationality Dutch
Employed by Fugro Since 2000
Appointed to the Board of Management in 2015
Current term Until AGM 2019

Background Mark Heine joined Fugro in 2000 and served, amongst others, as regional manager Europe-Africa for the Survey division. He holds a MSc in Geodetic Engineering from Delft University of Technology.

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

Brice Bouffard has been nominated for appointment as member of the Board of Management at the Annual General Meeting to be held on 29 April 2016. In the Board of Management, he will take responsibility for the onshore geotechnical activities, to be complemented in the course of 2016 with the geospatial activities.

SUMMARY

The year 2015 was a turbulent year for Fugro due to the impact of the continued decline of the oil price on the oil and gas services market, the largest market the company operates in. Oil companies strongly reduced their investment and operational budgets. Project delays, postponements and some cancellations resulted in lower work volumes for oil and gas services companies such as Fugro. In addition, there was significant price pressure as the market has not yet reduced capacity sufficiently to balance supply with demand.

The deteriorated oil and gas market has resulted in a revenue decline of 17.3% on a currency comparable basis. Apart from Seabed Geosolutions, all divisions reported a decline in revenue in line with market development.
At Subsea Services, the decline was for a considerable part related to the completion of the large Great Western Flank project at the end of 2014.The market segments building and infrastructure, and power performed satisfactorily.

In response to the deteriorated market conditions, Fugro reduced cost, lowered investments and divested its multi-client seismic library. As the year progressed and the oil price continued to decline, the company stepped up its cost and investment reduction programmes even further. All in all, this resulted in an improved operational result, strong cash flow and strengthened balance sheet.

The EBIT margin (before exceptional items) increased from 3.2% to 4.8%. This improvement was driven by the improved operational performance at Seabed Geosolutions, where the EBIT was positive compared to a strongly negative contribution in 2014. All other divisions reported a decrease in EBIT and margin, in part as it takes time for the cost reduction measures to fully materialise.

Fugro generated EUR 314.7 million cash flow from operating activities after investments of driven by improved EBIT margin, curtailed investments, lower working capital, the sale of multi-client data library, and the sale and lease back of a vessel. This resulted in a significant net debt reduction leading to net debt/EBITDA of 1.6 versus covenant requirement of below 3.0.

Fugro expects a weak oil and gas market for some time to come. The company has reviewed its balance sheet positions under such a scenario and has concluded that significant (non-cash) impairments were required, in particular for the Subsea Services division. This has resulted in exceptional items of negative EUR 363.0 million in total.

Backlog at constant exchange rate is down 20.4% compared to a year ago and down 3.7% compared to the end of the third quarter of 2015, in line with market developments. With clients delaying awards, visibility has dropped. In particular, backlog for Seabed Geosolutions is under pressure, as tenders for new projects are being delayed.

In 2016, Fugro will continue to reduce costs, headcount and vessels proactively, in line with activity levels. The company expects continued pressure on EBIT margin as the cost reduction measures cannot fully compensate for anticipated loss in revenue. Fugro expects to continue to strengthen its market leadership positions, in particular, in its core geotechnical and survey businesses. The key focus for 2016, is cash flow generation and continued deleveraging of the balance sheet. Fugro targets a positive cash flow from operating activities after investments, among others by reducing capex to around EUR 100 million.

COST REDUCTION MEASURES

In the second quarter of 2014, at the start of the downward trajectory in the oil and gas market, Fugro initiated a cost reduction programme to manage profitability and cash flow. These measures were stepped up during the course of 2015. Highlights are:

- During the year, headcount was reduced by 1,577 people (12% of total personnel, up to 25% in the businesses most heavily exposed to the oil and gas market), compared to the initially planned reduction of 750.
- Third party expenses were reduced by 18.0% or 27.4% on a currency comparable basis and before exceptional items, mostly related to reduction in vessel charters and subcontracted costs.
- The fleet was reduced significantly: the number of geotechnical vessels was cut from 11 to 7, the survey fleet capacity was decreased by around 20% and the subsea fleet by 2 long-term charters.
- Capital expenditure was curtailed from EUR 280.2 million last year to EUR 160.5 million including EUR 74.2 million on previously committed vessel expenditure.
- Despite the increased pressure from clients to extend payment terms, we have managed to keep days revenue outstanding around the same level (102 days versus 103

at the end of 2014), as a result of the working capital improvement programme.

- At Seabed Geosolutions a significant performance improvement has been achieved.

STRATEGY UPDATE

Successful implementation of our 'Building on Strength' strategy is essential to driving Fugro forward. Highlights are:

- The geotechnical and survey businesses provide a sound core to the company. To meet evolving client needs, we are in the process of combining our geophysical survey and offshore geotechnical activities, into an integrated site characterisation proposition. This will also result in efficiency gains.
- During 2015, we pursued alignment of our portfolio of activities with our strategy. We divested our multi-client seismic data library. Due to the current market conditions no agreement on a (partial) divestment or development of a partnership for Seabed Geosolutions, (parts of) Subsea Services or the Synergy vessel could be reached at a fair valuation. We continue to pursue such opportunities, but more selectively and phased in time.
- We successfully implemented several performance improvement programmes, amongst other related to performance on large, multi-disciplinary projects. We completed a number of complex LNG site characterisation projects, a very large hydrography programme for Saudi Aramco and several significant projects in Seabed Geosolutions.
- In 2015, we launched several new innovative solutions. OARS™ is a worldwide available solution to reduce the need for on-board surveyors. It is an automated shore supported alternative which is both lower cost and safer. We also introduced 'Back2Base', a satellite based solution to rapidly get survey data from an offshore vessel operation back to shore for processing and quality control. Both are industry firsts. Our ability to offer more efficient, integrated solutions is key, especially in the oil services market, where there is a strong drive to cut unproductive costs from the supply chain.

HIGHLIGHTS INCOME STATEMENT

Revenue

Revenue per division (x EUR million)	2015	2014	Reported growth	Currency comparable growth [1]
Geotechnical	740.4	775.0	(4.5%)	(14.0%)
Survey	835.8	888.0	(5.9%)	(13.5%)
Subsea Services	423.6	608.4	(30.4%)	(36.5%)
Geoscience	363.2	300.8	20.7%	1.8%
- of which Seabed Geosolutions	343.8	225.1	52.7%	27.2%
- of which other [2]	19.4	75.7	(74.4%)	(73.4%)
Total	2,363.0	2,572.2	(8.1%)	(17.3%)

1 Revenue growth adjusted for exchange rate effect.

2 Including multi-client data library, which was sold per 30 June 2015.

Total revenue decreased by 17.3% at constant currencies. Except for Seabed Geosolutions, all divisions reported a decline in revenue in line with market development.
At Subsea Services, the decline was for a considerable part related to the completion of the large Great Western Flank project at the end of 2014. The market segments building and infrastructure, and power performed satisfactorily.

Revenue growth 2015	Organic	Exchange rate	Acquisitions	Disposals/ deconsoli-dations	Total
	(15.8%)	9.2%	–	(1.5%)	(8.1%)

Revenue by region [1] (x EUR million)	2015	2014	Reported growth
Europe	779.6	857.5	(9.1%)
Americas	646.4	585.3	10.4%
Asia Pacific	520.4	663.2	(21.5%)
Middle East & India	299.1	335.6	(10.9%)
Africa	117.5	130.6	(10.0%)
Total	2,363.0	2,572.2	(8.1%)

1 By region of origin. As from 2015, Seabed's revenue has been further allocated to the geographical areas. Previously, this was allocated to Europe. The comparative figures have been adjusted.

EBIT

EBIT per division (x EUR million)	2015				2014			
	Reported		Excluding exceptional items		Reported		Excluding exceptional items	
	EUR	Margin	EUR	Margin	EUR	Margin	EUR	Margin
Geotechnical	(33.9)	(4.6%)	32.7	4.4%	(17.0)	(2.2%)	54.9	7.1%
Survey	79.0	9.5%	89.6	10.7%	63.4	7.1%	112.1	12.6%
Subsea Services	(289.7)	(68.4%)	(31.0)	(7.3%)	(36.5)	(6.0%)	19.8	3.3%
Geoscience	(5.3)	(1.5%)	21.8	6.0%	(558.5)	(185.7%)	(105.4)	(35.0%)
- of which Seabed Geosolutions	40.5	11.8%	23.1	6.7%	(354.4)	(157.4%)	(95.9)	(42.6%)
- of which other [1]	(45.8)	(236.1%)	(1.3)	(6.7%)	(204.1)	(269.6%)	(9.5)	(12.5%)
Total	(249.9)	(10.6%)	113.1	4.8%	(548.6)	(21.3%)	81.4	3.2%

1 Including multi-client data library, which was sold per 30 June 2015.

Despite the large revenue decline, EBIT excluding exceptional items increased by 38.9%. This improvement was driven by the improved operational performance at Seabed Geosolutions, where the EBIT was positive compared to a strongly negative contribution in 2014. All other divisions reported a decrease in EBIT and margin, in part as it takes time for the cost reduction measures to fully materialise.

EBIT was strongly impacted by a number of exceptional items of in total EUR 363.0 million:

- Onerous contracts: predominantly the reversal of provision for loss making service contracts in Seabed Geosolutions after improved operational performance.
- Restructuring costs related to companywide headcount reductions.
- Other: external fees mainly related to transactions.

3D scanning of industrial installation, targeting efficient asset management.

- Non-cash impairments:
  - Goodwill: in Subsea Services, and onshore geotechnical Africa region, based on deteriorated market outlook.
  - Intangible assets: chiefly as a result of the divestment of the multi-client data library (Geoscience division).
  - Equipment: vessels (geotechnical and subsea services), ROVs (subsea services) and other assets resulting from lower activity in the offshore market and consequent lower utilisation of assets.

Exceptional items (x EUR million)	Geotechnical	Survey	Subsea	Geoscience	*Of which Seabed Geosolutions*	*Of which other* [1]	Total
Gain/(loss)							
Onerous contract provision	(2.4)	(0.9)	0.5	22.1	22.1	–	19.3
Loss on sale multi-client library	–	–	–	(1.1)	–	(1.1)	(1.1)
Restructuring costs	(2.7)	(4.7)	(1.7)	(3.7)	(3.7)	–	(12.8)
Other	(1.1)	(1.3)	(2.7)	–	–	–	(5.1)
EBITDA impact 2015	(6.2)	(6.9)	(3.9)	17.3	18.4	(1.1)	0.3
Impairment losses	(60.4)	(3.7)	(254.8)	(44.4)	(1.0)	(43.4)	(363.3)
EBIT impact 2015	(66.6)	(10.6)	(258.7)	(27.1)	17.4	(44.5)	(363.0)
EBITDA impact 2014	(8.2)	(4.1)	(41.7)	(67.0)	(49.8)	(17.2)	(121.0)
EBIT impact 2014	(71.8)	(48.7)	(56.4)	(453.1)	(258.5)	(194.6)	(630.0)

1 Including multi-client data library, which was sold per 30 June 2015.

Net result

Result (x EUR million)	2015	2014
EBIT	(249.9)	(548.6)
Net finance income/(expenses)	(47.0)	(34.5)
Share of profit/(loss) in equity accounted investees	7.8	(9.6)
Income tax gain/(expense)	(69.6)	45.0
(Gain)/ loss on non-controlling interests	(13.8)	90.1
Net result	(372.5)	(457.6)
Discontinued operations	–	(1.3)
Net result (including discontinued operations)	(372.5)	(458.9)

Finance income/(expenses)

Finance income/(expenses) (x EUR million)	2015	2014
Interest income	6.5	9.9
Dividend income on financial assets	0.9	0.1
Exchange rate variances	10.2	2.5
Finance income	17.6	12.5
Interest expenses	(62.0)	(36.3)
Net change in fair value of financial assets [1]	(2.6)	(10.7)
Finance expenses	(64.6)	(47.0)
Net finance income/(expenses)	(47.0)	(34.5)

1 2014 related to adjustments of the value of the Seabed warrant, which was unwound at the end of 2015.

Exchange rate variances of EUR 10.2 million relate to the appreciation of monetary assets.
Interest expenses were higher by EUR 25.7 million. Of the increase, EUR 9 million (or around 1% of gross outstanding debt) was mainly related to increased interest rate and amortised fees connected to the 2014 covenant amendment. Also interest expense was negatively impacted by exchange rate effects amounting to around EUR 6 million. Furthermore, interest expenses increased as average outstanding debt was higher in 2015 than in 2014.

Share of profit/ (loss) in equity accounted investees

The share of profit in equity accounted investees of EUR 7.8 million (net of tax) was related to a profit in the joint venture with China Oilfield Services Limited and other joint ventures. Last years' loss was caused by operating losses in an equity accounted investee reported by Seabed Geosolutions, which was de-recognised per the end of last year.

Income tax gain/ (expense)

Tax (x EUR million)	2015	2014
Tax excluding exceptional items	(83.1)	(35.7)
Tax on exceptional items	13.5	80.7
Total tax	(69.6)	45.0

Income tax expense was driven by jurisdictions where Fugro realised a profit (effective tax rate of 19.9%), write-down of deferred tax assets and a taxable capital gain on the sale of the multi-client data library. The goodwill impairments were mainly not tax deductible. In a number of jurisdictions, deferred tax assets were mostly not recognised because of recoverability risk.

(Gain)/loss on non-controlling interests

The gain of EUR 13.8 million attributable to non-controlling interests was chiefly related to the profit of Seabed Geosolutions and a subsidiary in the Middle-East. Last year, the negative result of EUR 90.1 million was mainly caused by losses in Seabed Geosolutions, in which CGG has a 40% interest.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

Goodwill

Goodwill decreased by EUR 178.9 million to EUR 396.6 million. Of this decrease, EUR 207.1 million relates to impairments. Goodwill was positively impacted by EUR 2.7 million relating to the acquisition of the remaining shares (40%) of Seafloor Geotech and EUR 25.5 million relating to currency translation differences.

Other intangible assets

The seismic multi-client data library has been sold per 30 June 2015. The indirect interests in Australian exploration projects, via Finder Exploration, have been retained.
The carrying amount of the retained assets, reported in other Geoscience, amounted to EUR 31.6 million per the end of 2015.

Analysing soil samples in one of Fugro's specialist labs.

Working capital

Working capital (x EUR million)	2015	2014
Working capital	282.3	423.1
Working capital as % of last 12 months revenue	11.9%	16.4%
- Inventories	29.6	34.3
- Trade and other receivables	755.9	976.5
- Trade and other payables	(503.2)	(587.7)
Days revenue outstanding (DRO)	102	103

Working capital as a percentage of revenue decreased from 16.4% to 11.9%. Despite increased pressure from customers to extend payment terms, Fugro managed to keep days of revenue outstanding at around last year's level as a result of the working capital reduction initiative launched in 2014. The year on year revenue decline in the fourth quarter of 24.5% was the main driver behind the reduction of trade receivables.

Return on capital employed

Return on capital employed (x EUR million)	2015	2014
Capital employed	1,689.7	2,230.6
Return on capital employed, ROCE (%)[1]	3.9%	1.3%

[1] ROCE is before exceptional items; NOPAT last 12 months (applying domestic weighted average tax rate); capital employed the average of last three reporting periods.

The decrease in capital employed is related to the non-cash impairments for an amount of EUR 349.6 million (after tax), the sale of the multi-client library, the sale and lease back of a geotechnical vessel and the reduction in working capital, partly offset by the currency impact. The return on capital employed remained stable due to a reduction in average capital employed offset by higher finance and tax expenses during 2015 compared to 2014.

Capital expenditure

Capital expenditure (x EUR million)	2017 Committed	2016 Committed	2015 Realisation	2014 Realisation
Maintenance capex (required)	70.0	70.0	69.5	92.7
Capex major assets (including assets under construction)	10.0	10.0	91.0	187.5
Total capex	80.0	80.0	160.5	280.2

Capital expenditure was reduced by EUR 119.7 million due to strict capex curtailment. Three new vessels (one geotechnical, one survey, and one subsea) were delivered during the year. Currently one survey vessel is under construction, with expected delivery in the first quarter of 2017.

The delivery of the Venturer has been delayed from 2016 to the first quarter of 2017 with mutual agreement between Fugro and the shipyard. The capex for major assets is mainly attributable to this vessel.

Cash flow

Cash flow (x EUR million)	2015	2014
Net cash from operating activities	324.9	336.7
Net cash flow from investing activities	(10.2)	(294.3)
Cash flow from operating activities after investments	314.7	42.4
Net cash from financing activities	(196.2)	33.2
Net cash movement	118.5	75.6

Cash flow from operating activities was EUR 11.8 million below last year. This decrease was caused by the higher interest and tax payments, partly offset by a higher reduction in working capital.

Cash outflow from investing activities was EUR 10.2 million, which was significantly below last years' EUR 294.3 million due to the proceeds from the sale of the multi-client data library (EUR 103.6 million) and the sale and lease back of a geotechnical vessel (EUR 48.6 million). Excluding these proceeds, cash flow used in investing activities was EUR 162.4 million. This relates mainly to capital expenditures. In addition, it includes completion of the acquisition of Seafloor Geotec, investments in intangible assets and proceeds from the sale of some assets.

Cash flow from financing activities was negative EUR 196.2 million mainly related to the repayments of outstanding US private placement notes, bank loans, and overdrafts.

FINANCIAL POSITION

Fugro was successful in reducing debt considerably and thereby strengthening its balance sheet. The company managed to lower net debt from EUR 800.9 million at year-end 2014 to EUR 534.7 million, despite a EUR 63.7 million adverse currency effect.

The net debt reduction was realised by generating EUR 314.7 million in cash flow from operating activities after investments. This included the proceeds from the divestment of the multi-client data library and the sale and lease back of one geotechnical vessel. Excluding these proceeds, cash flow from operating activities after investments was EUR 162.5 million, driven by improved EBIT, a reduction in working capital and lower capital expenditures. Furthermore, shareholder loans for an amount of EUR 92.0 million provided by the parent companies Fugro and CGG to Seabed Geosolutions were converted into equity. The CGG part of the equity conversion resulted in a EUR 36.8 million net debt reduction for Fugro.

Predominantly due to net debt reduction, net debt to EBITDA improved to 1.6 compared to 2.2 a year ago and a covenant requirement of below 3.0. The fixed charge cover stood at 3.1 compared to a covenant requirement of above 1.8. The solvency ratio was 42.2% per the end of December, well in excess of the 33.33% per the lender agreement.

DIVIDEND

Due to the negative net result, Fugro will not propose to pay a dividend over the year 2015.

BACKLOG

Backlog per division for next 12 months (x EUR million)	2015	2014	Reported growth	Currency comparable growth [1]
Geotechnical	435.1	486.1	(10.5%)	(15.5%)
Survey	473.1	586.3	(19.3%)	(22.9%)
Subsea Services	260.0	282.9	(8.1%)	(10.6%)
Geoscience (Seabed Geosolutions)	155.2	220.2	(29.5%)	(37.2%)
Total	1,323.4	1,575.5	(16.0%)	(20.4%)

1 Adjusted for exchange rate effect.

The backlog for the next 12 months is down 20.4% on a currency comparable basis, mainly related to the downturn in the oil and gas market which accounts for 74% of Fugro's revenue. All divisions report a decline in backlog compared to the same period last year as a result of, amongst others, client postponements, awards at short notice and the completion of a few large projects in 2015.

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.

OUTLOOK

The market for oil services (74% of Fugro's business) is expected to remain weak for the foreseeable future. The large construction and infrastructure, hydrographic and offshore wind farm markets continue to provide good opportunities, except in countries that are strongly dependent on oil and mineral resource income.

Backlog at constant exchange rate is down 20.4% compared to a year ago and down 3.7% compared to the end of the third quarter of 2015, in line with market developments. With clients delaying awards, visibility has dropped. In particular, backlog for Seabed Geosolutions is under pressure, as tenders for new projects are being delayed.

In 2016, we will continue to reduce costs, headcount and vessels proactively, in line with activity levels. We expect continued pressure on EBIT margin as the cost reduction measures cannot fully compensate for anticipated loss in revenue and continued price pressure. We aim to further strengthen our market leadership positions, in particular, in our core geotechnical and survey businesses.

Our key focus for 2016, is cash flow generation and continued deleveraging of the balance sheet. We target a positive cash flow from operating activities after investments, among others by reducing capex to around EUR 100 million. Fugro is positioning itself to benefit from recovery in the oil and gas market when the supply demand balance is restored by focusing on the available opportunities, strengthening our market leadership positions and executing on our strategy.

OPERATIONAL REVIEW PER DIVISION

Geotechnical division

Key figures (x EUR million)	2015	2014
Revenue	740.4	775.0
- reported growth (%)	(4.5%)	10.3%
- currency comparable growth (%)	(14.0%)	9.7%
EBITDA excluding exceptional items	85.3	110.7
EBIT excluding exceptional items	32.7	54.9
EBIT margin excluding exceptional items (%)	4.4%	7.1%
EBIT	(33.9)	(17.0)
EBIT margin (%)	(4.6%)	(2.2%)
Capital employed	626.5	779.6
Backlog next 12 months	435.1	486.1
Number of employees (at year-end)	5,491	6,055

- Revenue decreased by 14.0% at constant currencies due to general weakness in natural resource prices, and the oil price in particular.
- Onshore revenue decreased by 6.4% on a currency comparable basis to EUR 473.0 million. Margin decreased significantly compared to last year due to two relatively large, loss-giving, projects in the first half of the year and underperformance in Africa. The reorganisation in Africa is in progress and is expected to be completed in the first half of 2016. Elsewhere, the market segments building and infrastructure, and power performed satisfactorily.
- Offshore revenue dropped by 24.8% on a currency comparable basis to EUR 267.4 million due to oil and gas market conditions worldwide. The EBIT margin (excluding exceptional items) was in line with last year supported by vessel utilisation on windfarms, scientific drilling projects and well intervention activity in the Gulf of Mexico.
- EBIT was negatively impacted by EUR 66.6 million of exceptional items largely caused by an impairment of the Fugro Synergy vessel and goodwill in Africa.
- The fleet was reduced to 7 owned vessels to re-align with market conditions. The sale and lease back of the Scout and Voyager deepwater geotechnical drillships was concluded with net proceeds of EUR 97 million (of which 50% was received at the end of 2015 and 50% at the beginning of 2016). The proceeds are fully applied to debt reduction to de-lever the balance sheet.
- Signature projects during the year included a marine site investigation into gas hydrate bearing sediments in the South China Sea. In addition, site characterisation of the future offshore wind farm in the Borssele zone in the Netherlands, and geotechnical verification investigations for the Fehmarnbelt Fixed Link tunnel that will connect Denmark and Germany, were largely completed.
- In the fourth quarter, extensions were granted by Pemex for its ongoing geotechnical and geophysical programme. In addition, Fugro was awarded a large onshore and nearshore site characterisation programme in West Cumbria, UK, by the nuclear company NuGen.
- Backlog for the next 12 months is 15.5% below last year on a currency comparable basis. The onshore backlog decreased by 6.3% to EUR 303.6 million, whereas offshore dropped by 31.0% to EUR 131.5 million, both on a currency comparable basis.

Survey division

Key figures (x EUR million)	2015	2014
Revenue	835.8	888.0
- reported growth (%)	(5.9%)	(1.3%)
- currency comparable growth (%)	(13.5%)	(1.0%)
EBITDA excluding exceptional items	160.8	177.1
EBIT excluding exceptional items	89.6	112.1
EBIT margin excluding exceptional items (%)	10.7%	12.6%
EBIT	79.0	63.4
EBIT margin (%)	9.5%	7.1%
Capital employed	590.1	621.7
Backlog next 12 months	473.1	586.3
Number of employees (at year-end)	4,392	4,892

- Revenue decreased by 13.5% at constant currencies in a challenging oil and gas market. This resulted in significantly lower oil and gas related geophysical survey and construction support revenue, in particular in Europe and Africa. This was partly offset by a high workload in the non-oil and gas related hydrography, cable route survey and the renewables market. After a slow start of the year, the American region picked up various key projects from Honduras, Colombia and Caribbean up to Alaska. The onshore geospatial business grew and the positioning business continued to hold up relatively well.
- The EBIT margin (excluding exceptional items) was affected by overall lower activity in the market resulting in very competitive bidding and price pressure. However, margin was positively influenced by better performance in Asia Pacific, substantial cost reductions and improved results in geospatial benefiting from last year's restructuring efforts.
- Exceptional items negatively impacted EBIT by EUR 10.6 million, mostly caused by restructuring cost and several small impairments on vessels and AUVs that were retired during the year.
- The performance improvement measures and personnel reductions were stepped up in the course of the year. In 2015, the survey fleet capacity was reduced by around 20%. In 2016, the division will continue with adjusting its resource base to match the market, amongst others by the sale or scrapping of 2 older vessels which have a limited remaining book value.
- We were involved in several key projects in various regions, among others the hydrographic survey campaign in the Red Sea, the search for the missing

Malaysia Airlines airplane MH370 near Australia and large hydrocarbon seep surveys in the Gulf of Mexico.
- Recent new large contract wins include geophysical survey contracts for Nord Stream 2 (Baltic Sea) and for Esso Exploration and Production Guyana. Recently, Fugro was awarded a significant offshore survey and positioning contract at Total's Kaombo oil development offshore Angola. Under the contract awarded by Technip, Fugro will provide deepwater survey and positioning services to a total of seven installation and construction support vessels.
- On a currency comparable basis, the backlog for the coming 12 months is down by 22.9%, directly related to the reduced investments from the oil and gas client base.

Subsea Services division

Key figures (x EUR million)	2015	2014
Revenue	423.6	608.4
- reported growth (%)	(30.4%)	6.0%
- currency comparable growth (%)	(36.5%)	5.1%
EBITDA excluding exceptional items	20.8	71.4
EBIT excluding exceptional items	(31.0)	19.8
EBIT margin excluding exceptional items (%)	(7.3%)	3.3%
EBIT	(289.7)	(36.5)
EBIT margin (%)	(68.4%)	(6.0%)
Capital employed	298.2	578.5
Backlog next 12 months	260.0	282.9
Number of employees (at year-end)	1,566	1,998

- Revenue decreased by 36.5% at constant currencies after relatively high revenues in 2014, driven by the deterioration of the subsea services market. The subsea market is in contraction across all regions and business lines as clients are cutting or delaying their operational and capital expenditures. This has resulted in an oversupplied market for subsea support vessels and ROVs.
- The Subsea Services divisions' revenue decline, in combination with a relatively high fixed cost base, resulted in significant margin pressure. Activity levels declined in most regions. In Brazil, results improved as a result of better operational performance. The tooling business continued its strong performance.
- Significant exceptional items of EUR 258.7 million were booked following the further deterioration of the market. This mainly relates to non-cash impairments on goodwill as well as vessels and the ROV fleet.
- Cost levels have been actively addressed throughout the year. Headcount has been reduced by more than 20%. Two long-term charters were terminated and another charter will follow during the first quarter of 2016. The ROV fleet has been reduced by about 10%.
- Fugro has been contracted by Woodside Energy for the design, manufacture and installation of mooring piles as part of the Great Western Flank Phase 2 development. In the UK, Fugro has been contracted by E.On to carry out cable installation and burial activities on the Rampion offshore windfarm. In addition, Fugro has been awarded a contract by BHP Billiton Petroleum for the Pyrenees Phase 3 installation project, offshore Western Australia.
- Backlog for the next 12 months is 10.6% lower on a currency comparable basis.

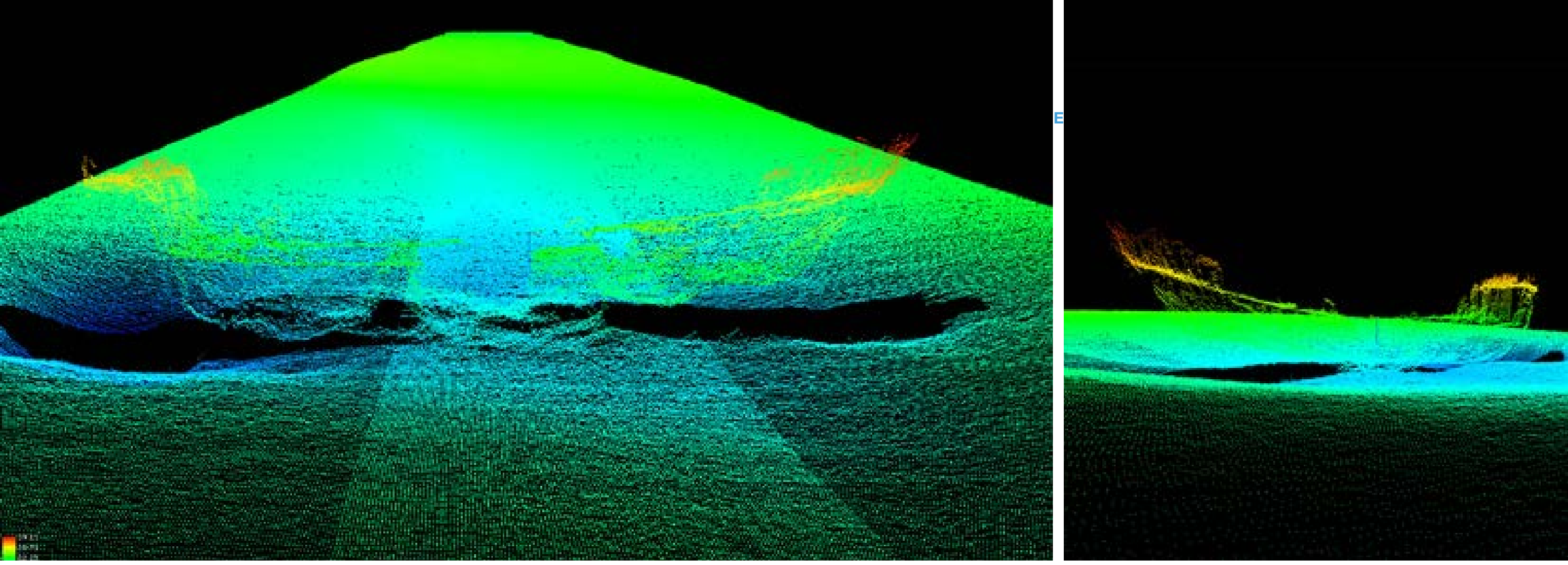
Geoscience division

The Geoscience division results are almost exclusively composed of Fugro's 60% stake in Seabed Geosolutions (fully consolidated). The multi-client data libraries were sold per 30 June 2015. The indirect interests in Australian exploration projects, via Finder Exploration, have been retained.

Seabed Geosolutions

Key figures (x EUR million)	2015	2014
Revenue	343.8	225.1
- reported growth (%)	52.7%	86.9%
- currency comparable growth (%)	27.2%	85.1%
EBITDA excluding exceptional items	69.3	(46.8)
EBIT excluding exceptional items	23.1	(95.9)
EBIT margin excluding exceptional items (%)	6.7%	(42.6%)
EBIT	40.5	(354.4)
EBIT margin (%)	11.8%	(157.4%)
Capital employed	174.6	87.0
Backlog next 12 months	155.2	220.2
Number of employees (at year-end)	261	333

- Revenue increased by 27.2% at constant currencies, driven by a high level of activity in all segments.
- EBIT before exceptional items was 6.7%, compared to a loss in 2014. Good utilisation, project continuity, good execution on projects and a lower cost base following restructuring contributed to this strongly improved operational performance.



Bathymetry data showing ship wreck close to Danish coast.

- Exceptional items amounted to EUR 17.4 million positive and consist of a reversal of an onerous contract provision, as a result of better project performance. This was partly offset by EUR 3.7 million restructuring costs.
- The two ocean bottom cable crews successfully completed their projects in November. The shallow water cable crew also successfully completed its project for ADNOC and was awarded an extension which runs until late 2016. The ocean bottom node crew is working on the Chevron Gorgon project in Australia, well into the second quarter of 2016.
- The backlog for the next 12 months decreased by 37.2% at constant currencies. The backlog is under pressure as tenders for new projects are being delayed. Medium term, the seabed market holds strong potential with a sustained pipeline of projects in all regions.

Geoscience other

- Geoscience other mainly consisted of the multi-client data library, which was sold to Spectrum ASA per 30 June 2015. This resulted in net proceeds of EUR 103.6 million, and a non-cash impairment of EUR 37.7 million and a book loss of EUR 1.1 million (both classified as exceptional items).
- The indirect interests, via Finder, in Australian exploration projects have been retained. These interests had a book value of EUR 31.6 million per the end of 2015.
- Revenue was 73.4% lower at constant currencies, mainly due to market-wide reduction in exploration spending and deconsolidation of the multi-client data library per 30 June 2015.
- EBIT excluding exceptional items was EUR 8.2 million better than last year, mostly a result of the multi-client data library divestment, which led to ceased amortisation per 1 May 2015 and deconsolidation per 30 June 2015.

FOREIGN CURRENCY

Exchange rates (versus Euro)	2015 Year-end	2015 Average	2014 Year-end	2014 Average
US dollar	0.92	0.91	0.82	0.76
British pound	1.36	1.38	1.28	1.25

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 10.2 million positive (EUR 2.5 million positive in 2014). The currency translation difference related to foreign operations had a positive effect of EUR 118.7 million on equity per 31 December 2015 (31 December 2014: EUR 152.5 million negative). The majority of the translation difference relates to the US dollar and British pound.

EMPLOYEES

At the end of 2015 the number of employees was 11,960 (2014: 13,537). In most operating companies, reductions in staff were implemented during the year as part of the ongoing cost reduction and performance improvement measures. The net effect of these reductions and few new hires was a decrease of 1,577 employees. The average number of employees for the year was 12,749 (2014: 13,492), a decrease of 5.5%.

Calibration of vessels' instrumentation from quay side.

Fugro also works with experienced 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	2015	2014
Europe	3,624	4,546
Americas	2,747	3,048
Asia Pacific	2,314	2,567
Middle East & India	2,226	2,353
Africa	1,049	1,023
Total (at year-end)	11,960	13,537
Total (average)	12,749	13,492

SUBSIDIARIES AND JOINT VENTURES

Subsidiaries with non-controlling interest

Fugro has several subsidiaries over which it has control and which are fully consolidated. The related consolidated subsidiaries with a non-controlling interest 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 profit is mainly related to Seabed Geosolutions and a subsidiary in the Middle East.

Subsidiaries with non-controlling interest - 2015 (x EUR million)	100% Basis	Included in financial statements
Revenue	397.4	397.4
Net profit	24.8	24.8
- Attributable to owners of the company	–	11.0
- Attributable to non-controlling interest	–	13.8

Joint ventures

The interest in equity-accounted investees comprises joint ventures in which Fugro has joint control. 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 2015 (x EUR million)	100% Basis	Included in financial statements
Revenue	91.5	–
Share of profit/ (loss) of equity accounted investees	15.7	7.8

OVERVIEW IMPORTANT CONTRACTS

AMERICAS

USA Fugro was awarded a large integrated site characterisation programme by ExxonMobil Alaska LNG LLC. The work programme, including drilling and sampling of borings, installation of monitoring wells, seismic and in situ measurement of soil properties and assessment of geohazards will assist the client in developing an integrated site model. Subsequently the client and contractors will use the site model to proceed with the design of the LNG terminal and associated pipelines.

Mexico Fugro secured two extensions of an ongoing offshore geophysical and geotechnical site characterisation campaign for the Mexican oil company, PEMEX. Geotechnical field operations, laboratory testing and geoconsulting activities will support exploration drilling activities in the Bay of Campeche and deciding on deepwater locations in the Perdido area. Both the field and geoconsulting programmes will continue into 2016.

USA The Fugro Synergy vessel was used on a multi well decommissioning campaign which was undertaken in the summer of 2015 in the Gulf of Mexico for Walter Oil & Gas. The fieldwork was being undertaken jointly with Cross Group Inc.

Gulf of Mexico (USA and Caribbean) In October 2015, Fugro started work on the largest offshore seep survey ever conducted. Seep surveys concern the identification of hydrocarbon potential based on natural oil and gas leakages from the seabed. The Gulf of Mexico 'Gigante Survey' for TGS will cover over 625,000 km^2 of seafloor and is expected to be completed in the second half of 2016. Other projects were performed for various clients in the Caribbean (amongst others for BG International in the Patuca Basis area of Honduras, and for Repsol in Aruba and Shell in Colombia).

Guyana Fugro was contracted by Esso Exploration and Production Guyana Limited for site characterisation services at a deep water field development. The contract provides for an autonomous underwater vehicle and an environmental baseline survey, along with geohazard and geotechnical coring. The discovery of more than 295 feet of high quality, oil-bearing sandstone reservoirs in the Stabroek Block of the Liza Field represents a significant deepwater find in the Guyana-Suriname basin.

EUROPE

United Kingdom E.On's Rampion wind farm lies 13km off the coast of Sussex within the English Channel. Fugro has been contracted to carry out the project management and engineering for the subsequent installation and burial of 122 cables. The project combines cable lay operations with burial works. It is planned in two similarly sized phases in 2016 and 2017. The wind farm will consist of 116 turbines, and construction is expected to be completed in 2018.

United Kingdom At the end of the year, Fugro commenced its site characterisations in West Cumbria under a major contract awarded by nuclear company NuGen.
The programme will provide vital information to support the design and layout, licensing and planning applications required to build a new nuclear power station at Moorside. The new generation facility will be capable of generating approximately seven percent of the UK's electricity requirements. The onshore investigation is the first stage of the project, which continues until summer 2016.

Germany Fugro was awarded the Geotechnical Verification Investigations 2015 programme by Femern A/S, owner of the Fehmarnbelt Fixed Link project. The planned 18 kilometre-long immersed tunnel will connect Denmark and Germany. Detailed knowledge of the subsurface soil properties is key for the proper design and execution of this tunnel. The campaign follows previous geotechnical studies carried out by Fugro in 2009 and 2010.

Norway Fugro has secured a three-year contract by PGS for the provision of precise satellite positioning systems for its entire seismic vessel fleet. Fugro will supply PGS vessels with a number of completely independent Global Navigation Satellite Systems. These systems include Fugro's recently launched Starfix.G4 - the first commercial GNSS service to utilise all available GNSS systems, giving sub-decimetre accuracy - and Starfix.G2+, a global service offering centimetre accuracy in both position and height.

Baltic Sea Nord Stream 2 awarded Fugro a contract for the provision of geophysical reconnaissance survey services along their proposed route for two pipelines with planned combined annual capacity of 55 billion cubic meters of gas. The route comprises of approximately 1,200km route corridor through the Baltic Sea between Germany and Russia. Fugro has deployed four dedicated geophysical survey vessels to acquire the data simultaneously, in order to work as efficiently as possible considering the frequency of winter ice in the area. Fugro's contract has now been

Display at Fugro innovation fair, September 2015, the Netherlands.

extended to acquire geotechnical soils data along the selected route.

Turkey In October, Fugro was awarded a contract by Blue Stream Pipeline Company for the provision of inspection and survey support vessels and associated services to perform the 2015 pipeline inspection of the Blue Stream Pipeline System. Two gas export pipelines run from the Beregovaya gas compression station in Russia's Arkhipo-Osipovka, 378km across the Black Sea, with a maximum water depth of approximately 2,150m, to the Durusu inlet terminal in Turkey. Fugro provided the shore to shore inspection workflow completely using in-house resources.

AFRICA

Angola Fugro was awarded a significant offshore survey and positioning contract at Total's Kaombo oil development offshore Angola. Under the contract awarded by Technip, Fugro will provide offshore deepwater survey and positioning services to a total of seven installation vessels and construction support vessels. The contract commences in the second half of 2016 and is scheduled to continue until early 2018.

Angola Fugro provided all required construction support and survey services for Technip in ENI Block 15/06 west hub development. The work involved highly accurate surface and subsea positioning, pre-lay and as-built inspection surveys. The works connected various fields to the ENI N'Goma FPSO which was delivered in 2014.

Equatorial Guinea Fugro undertook survey services for the development of large scale assets and offshore infrastructure for Ophir Energy. Fugro deployed three of its specialist vessels to perform autonomous underwater vehicle surveys as well as geotechnical, environmental and metocean surveys. The programme took place at the Fortuna Project to the west of Bioko Island, where Ophir is planning a large FLNG installation and associated subsea structures.

Mozambique The geotechnical and environmental contract for ENI East Africa S.p.a (Mozambique branch), running since 2014, was extended into 2016. The offshore programme using the deepwater drillship Fugro Explorer is supporting the deepwater Rovuma Basin development in Area 4, Northern Mozambique and pipeline corridors to shore whilst site characterisation activities are continuing for the overall field development.

MIDDLE EAST & INDIA

Qatar Qatar Petroleum has awarded Fugro a five year contract for air diving services at the Mesaieed and Ras Laffan ports. This contract includes the provision of two full air diving systems and inshore support vessels plus two teams of divers to meet Qatar Petroleum's need for inspection, repair and maintenance services at both of these ports.

United Arab Emirates In May, Fugro's contract with the engineering and construction company McDermott in the Middle East was extended for another 3 years. It covers the provision of survey, positioning, geotechnical, remotely operated vehicle (ROV) and diving services in the UAE, Qatar, India and Saudi Arabia. The agreement continues a long and successful relationship that dates back more than 35 years.

Abu Dhabi In July, Seabed Geosolutions was awarded a variation order by Abu Dhabi National Oil Company (ADNOC) for a large shallow water seabed survey. The survey, which will take around 12 months, followed the successful completion of the Hail-Shuweihat survey for the same client, confirming their confidence in Seabed Geosolutions' ability to operate safely and efficiently in the provision of high quality seismic data.

India Fugro was awarded a pipeline inspection contract by Oil & Natural Gas Company of India (ONGC). The contract covers the inspection of all ONGC pipelines on the West Coast of India and uses a variety of techniques including bathymetric, geophysical, cathodic protection and remotely operated vehicles. Fugro has conducted this periodic inspection every 5 years for the last 20 years.

Egypt Fugro was awarded a large pipeline route pre-engineering survey by BG in Egypt. The contract covered the bathymetric, geophysical and ultra-high resolution seismic survey of the proposed Leviathan pipeline route from the Israeli border with Egypt to the landfall site in Egypt.

Dubai Following the award of the 2020 World Expo to Dubai, Fugro was engaged in providing geotechnical services for infrastructure projects including an extension of the existing Dubai Metro, local roads and utilities, and additional buildings surrounding the Expo site. Fugro is also undertaking specialist geotechnical and geophysical insitu testing for a new skyscraper construction project known as Burj 2020 which aims to become the world's tallest commercial building.

Oman As part of the Duqm port development, Fugro performed site characterisation services to determine the suitability of the land for development, to define the ground conditions necessary for the design of the road system, and to establish the type of foundations required for bridges and major structures.

ASIA PACIFIC

Australia The Australian Transport Safety Bureau extended the search for the missing Malaysia Airlines airplane MH370, with which Fugro has been involved since June 2014. Fugro has deployed specialist vessels, equipment and expertise in the deep-water search. At the start of 2015, Fugro had 3 vessels working in the search, fitted with specialist deep tow survey systems and an AUV. In the course of 2015, the search was extended for another year, increasing the original search area from 60,000km^2 to 120,000km^2. Currently 3 vessels are operational in the area.

Australia Fugro has been contracted by Woodside Energy for the design, manufacture and installation of 24 mooring piles as part of the Greater Western Flank Phase 2 development. The first phase involves the design and fabrication of the mooring system based on geotechnical and installation analysis provided by Fugro's specialist geotechnical consultants. The execution phase will take place in the third quarter of 2016.

Australia BHP Billiton Petroleum has awarded Fugro the installation campaign for the tie back of a production well to the Pyrenees development North West of Exmouth. The project will see Fugro utilise its construction support vessel Southern Ocean to complete the tie back of the Stickle-9 well to the existing infrastructure. The scope also involves engineering design and planning, installation analysis, umbilical crossings and field commissioning support during testing from the FPSO.

China Fugro successfully completed a marine site investigation into gas hydrate bearing sediments for the Guangzhou Marine Geological Survey (GMGS) in the South China Sea. Fugro provided its dynamically positioned offshore geotechnical drilling vessel Voyager for the research project.

Hong Kong Fugro continued working on site characterisation for the third runway at the International Airport. Marine field work was performed including laboratory testing at locations near the original site, including some within the environmentally sensitive Marine Park. In addition, Fugro was involved in site trials of new soil stabilisation techniques that are designed to minimise the amount of dredging required prior to land reclamation.

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.

As the world's population and income continue to grow, so does the demand for energy, housing and infrastructure. With its geo-intelligence and asset integrity solutions, Fugro delivers an essential contribution to the world, as Fugro's services enable clients to make responsible use of the Earth and its resources. 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.

Safety is key to all Fugro's 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. Fugro's 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 energy consumption and use of materials at office locations. As a consequence, these are the areas that Fugro focuses on.

CSR ORGANISATION

Fugro's CSR agenda is set by the Board of Management and the CSR coordinator reports directly to the Chairman of the Board of Management. The individual operating companies are responsible for local implementation of relevant practices within the policy framework set by the Board of Management. Fugro intends to expand this framework by developing and implementing a broad, groupwide CSR policy and related reporting. This will be a gradual process, which will kick-off in 2016 with a so-called gap analysis (between Fugro's current policies and practices on the one hand and stakeholder expectations on the other hand), and a review of Fugro's current focus areas and related KPIs.

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, meetings with shareholders and works councils in order to maintain an open dialogue with society.

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 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. The code is applicable to all employees, subcontractors and other business partners. It is linked to Fugro's **whistleblower procedure** which 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.
- **Procedure to check agents** As part of Fugro's anti-bribery and corruption programme Fugro has a procedure that provides for the screening of existing and new agents by an independent third party and a web-based self-assessment.
- **Fugro's health, safety, security 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.

Fugro water expert giving advice on water sanitation, Danakil, Ethiopia.

- **OHSAS 18001** All key operating companies (those with a relatively high safety risk profile) operate in accordance with this standard, the world's most recognised occupational health and safety management systems standard, or equivalent certification. By the end of 2015, 96% 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 2015, 86% of the key operating companies were certified or were close to certification.
- **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.

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 a health, safety, security and environmental (HSSE) management system at all levels of the organisation.

Fugro promotes visible leadership and a sense of responsibility throughout its organisation, in particular with respect to safety. Senior managers set and implement the relevant policies and procedures, decide on organisational objectives and priorities and lead by example. At the same time safety is the responsibility of every individual employee.

Fugro has a group-wide HSSE strategy. Key activities in 2015 included:

- Significant progress in rolling out 'Managing safely in Fugro', a 3 day class room course accredited by Institute of Occupational Safety and Health in the United Kingdom (IOSH). This training has been developed for (middle-) management and supervisors. In 2015, more than 500 people completed the course. The programme will continue through 2016 and 2017.
- Development and rollout of the internally developed e-learning course for all employees 'Working safely in Fugro'. It is mandatory for all new employees and recommended for current staff. By the end of the year over 1,500 people had completed the course, with another 300 working towards completion. During 2016, the course will be translated in other languages to ensure the widest adoption possible across the organisation.
- Further implementation of regional HSSE management, ensuring adequate, consistent and cross-divisional HSSE support at the regional level.
- Company-wide roll out of Fugro's groupwide health and safety programme iPower™, phases 9 to 12, including management of change in the workplace, health and hygiene, hand injuries and, drugs and alcohol testing.
- Renewal of master service agreement with International SOS for all medical and security information and assistance services that Fugro operating companies may need.

Safety performance indicators

Fugro's HSSE efforts in the last few years have been effective as evidenced by a further improvement in performance during the year under review. The lost time injury frequency (LTIF) rate and lost work days have decreased by 30% 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 increasing awareness and establishing behavioural change, 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 of less than 0.4 per million man hours worked (2014 benchmark set by the international association of oil and gas producers). With an LTIF of 0.45 Fugro scored almost in line with this benchmark over all its activities. The oil and gas related activities within Fugro scored well below this target.

Fugro suffered 1 fatal incident in 2015. In October, whilst driving back from a project site to the office in Dammam (Saudi Arabia), a Fugro employee was sadly involved in a fatal road traffic incident. His pickup was hit from behind by another vehicle.

To continuously improve safety performance, it is essential that not only lagging but also leading safety metrics are implemented and monitored. In 2015, Fugro has therefore also implemented leading indicators around the main strategic objectives, being: management commitment, compliance and HSSE training.

Awards

The success of Fugro's safety policy is also recognised by external organisations, as evidenced by the various awards Fugro employees received in 2015:

- In Hong Kong, the steeply sloping terrain coupled with seasonal torrential rainfall inevitably entails the risk of landslides. The Civil Engineering and Development Department of the Hong Kong Government conducts studies and works to reduce landslide risks. As a consultant, Fugro is involved with the design and supervision of landslip mitigation works. Fugro received the Year 2013 and Year 2014 Construction Site Safety Awards in April 2014 and April 2015 respectively in appreciation of Fugro's site supervisory team and was the first engineering consultant to receive this award for two consecutive years.
- In April 2015, Fugro Survey Africa was awarded the Petronas Outstanding Vendor Award 2015 which was first awarded in 2010. This award is for exemplary vendors that provide superior services and reliable products with the highest regard for Health, Safety and Environment, reliability, responsiveness and respectability. Fugro received the award for the geophysical survey and geochemical sample analysis that was conducted for a project in Mozambique.
- In August 2015, Fugro Iraq was awarded the Contractor HSE Performance Award by Basrah Gas Company.

Safety performance results

	Lagging indicators			Leading indicators [1]	
	Lost time injury frequency (x million hours)	Total recordable case frequency (x million hours)	Total lost work days	Senior management project and site visits	Number of participants that completed the MSiF course [2]
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	155	72
2015	0.45	1.79	258	967	564

1 Leading indicators measured as 2014.

2 Managing Safely in Fugro.

The award was to recognise one year of LTI free operations.

- The Hydrography Commission's Workplace HSR Award from the Australian Surveying & Special Sciences Institute was awarded to Malcolm Howard from Fugro Systems Pty for his endeavours and commitment to safety and leadership in the search for Malaysia Airlines plane MH370.
- Fugro itself also awards prizes to operating companies that have distinguished themselves. Fugro Singapore was awarded the 2015 Golden SAM ('Safety Always Matters') because it demonstrated that health and safety is supported at all levels. It takes a proactive approach, reducing the risks associated with drill floor operations on board of Fugro's geotechnical vessels.
- In 2015 Fugro also introduced an internal, individual award. It was awarded to Bob Mosher of Fugro Consultants in Houston, for successfully combining his management skills, experience and passion for safety. Clients, subcontractors and staff have recognised his contribution towards safe and successful projects.

Diversity and maximising local involvement

Fugro is active in over 60 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 an international level.

Examples of achievements:

- In several countries in Africa, like in Mozambique, good project results were realised through the work of local staff. Local staff is provided with the technical training they need to professionally complete their assigned tasks. Besides formal technical training, local staff are involved in weekly knowledge sharing discussions where other technical and important HSSE topics are covered. Fugro sets targets for local staff participation, and these targets are achieved by a commitment to local staff training, and via initiatives like the 'Fugro Academy'.
- In Nigeria, Angola and Mozambique via links with local universities or technical schools, Fugro is helping to develop local course syllabuses. Fugro is working with institutions to develop courses to help develop a better general understanding of the oil and gas sector and the requirements for its associated services. These affiliations allow Fugro to recruit some of the best local talent available and it creates lasting bonds with these institutions. Partnerships exist amongst others with Eduardo de Mondlane University and IPET University Pemba in Mozambique, the Topographic Institute in Luanda in Angola and the universities of Lagos and Port Harcourt in Nigeria.
- During 2015, Fugro-Suhaimi successfully recruited female employees in Saudi Arabia. Participation of women in the workforce is a challenge in the private sector in Saudi Arabia given the kingdom's social context.
- One of the best examples of identifying non-traditional talent is the ongoing commitment to military transition hiring in the USA. As service members leave active duty, these men and women bring solid technical skills, discipline, maturity and leadership to the workplace. For the 7th consecutive year, Fugro USA has made the Top 100 Military Friendly employers list.

Ongoing personal development

In late 2014, the Global HR team of Fugro launched Performance and Personal Development (v2, or PPD v2), Fugro's new standard tool for performance appraisal and development. As a user-friendly tool which offers the opportunity for deep and meaningful discussion on performance and development, PPD was rolled out in 2015 across all regions. PPD v2 is an employee driven system whereby managers and employees discuss current performance, behaviours, professional competence, development priorities, and goals and objectives which link to Fugro's overall strategy and objectives. In addition, it addresses people's interest for undertaking global assignments, which can help the company to balance unique internal labour supply and demand issues. The tool will be continually refined so that data from the tool can be analysed and used in management decision making.

Fugro Academy

By the end of 2015, Fugro Academy has been operating for nine 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 subject. Fugro Academy is a virtually managed training organisation and operates successfully with this model. Under this approach, experienced training staff deliver training at operating company facilities around the globe.

During 2015, Fugro Academy continued the deployment of Fugro's new three tiered management and leadership development training. This training is offered at the junior

Personnel meeting in India for new iPower campaign; a long-running groupwide program promoting employees' involvement in health and safety.

level (Growing My Team), the mid-level (Growing My Managers), and the senior level (Growing My Business). By now, more than 150 Fugro managers have participated in these leadership courses, with delegates coming from all parts of the company representing 30 nationalities. The programmes earn high praise from both delegates on the course and their managers, who learn to practice application of their skills learned in the workplace environments.

Fugro Academy also launched a new supervisor's training programme in 2015 which has already had about 200 participants during around 20 training sessions. Although using a different delivery model from the more advanced management and leadership programmes, the content of the course is aligned with the other programmes.

At the beginning of 2015, in partnership with the global HSSE team, Fugro Academy started the group-wide roll-out of the 'Managing safely in Fugro' and 'Working safely in Fugro' trainings. See 'Healthy and safe working environment' for details on this training programme.

The Survey division's training facilities were relocated to a new, purpose-designed facility in Plymouth, United Kingdom. This facility is part of a former UK naval base and provides training and workshop facilities alongside a permanent quayside with access to the sheltered waters and English Channel. The centre works closely with local partners and institutions such as the Royal Navy and University of Plymouth.

Fugro Academy statistics	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
2015	77,757	76,954

ENVIRONMENT

Contributing to the renewables and sustainable infrastructure markets

The increasing drive to reduce fossil fuel consumption and carbon emissions is leading to growing investments in non-fossil energy sources around the world. With its technology and its employees' expertise and knowledge, Fugro has an important role to play in this market.
The demand for sustainable energy and sustainable infrastructure and construction create a range of new opportunities in new markets.

Examples of projects relating to renewables and sustainable infrastructure:

- In April, Fugro completed one of the largest seabed geotechnical investigation campaigns in the history of the offshore wind industry off the UK's Yorkshire coast, the Hornsea wind farm. A detailed site investigation was conducted that included close to 2,800 metres of seabed cone penetration testing and more than 5,000 metres of boreholes. Fugro completed the job in a mere four months. The future Hornsea wind farm is scheduled

to go into operation by 2020, when it will supply electricity to around 800,000 UK homes.
- National governments rely on data independently gathered by Fugro for public bidding for new offshore wind projects. In the year under review, Fugro was contracted by the Netherlands Ministry of Economic Affairs to carry out geotechnical and geophysical site investigation and geological modelling of planned wind farms off the coast at Borssele.
- Specifically for the offshore wind market, Fugro has developed new technology, such as the floating Seawatch Wind LiDAR buoy. As a result, Fugro can now provide real time wind profile data. In addition, the buoy measures waves, current profiles and standard meteorological parameters. It achieved close to 100% data availability on two major projects offshore UK and the Netherlands, despite experiencing several storms at both sites.
- Fugro's geoconsulting team in Brussels has developed a revised pile design method to reduce the cost of the foundations and is therefore assisting with the overall cost reductions which the industry is striving to achieve.
- It is expected that decommissioning of obsolete offshore infrastructure will increase in the next decade. In 2015, Fugro provided decommissioning services to a number of international oil and gas companies. The company has supported clients with scoping projects to ensure the appropriate data is acquired in the field, geophysical surveys, pre-decommissioning environmental baseline surveys and laboratory testing and data analysis.
- Fugro recently completed a climate resilience project in the South West Pacific for the Ministry of Natural Resources and Environment, Samoa. The project was funded by the World Bank and the Adaptation Fund, via the United Nations Development Project office. Of the local population, 70% lives 1km from the coastline and is at risk of predicted sea level rises. The outputs will support coastal communities to become more resilient to climate change and help to safeguard critical infrastructure.

Reducing the environmental impact of our operations

Fugro has set itself the objective of promoting energy savings in its activities and increasing the use of sustainable materials. As well as reducing the impact Fugro's operations have on the environment, this will generate substantial 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 and vehicles and energy consumption and use of materials at office locations. As a consequence, these are the areas that the company focuses on.

Fugro is in the process of implementing the industry standard Ship Energy Efficiency Management Plan, incorporating best practices for the fuel efficient operation of ships, such as better speed management throughout a vessels voyage. Examples of relevant projects focused on reducing consumption of energy and (waste) materials in 2015:
- Further progress was made in the field of performance management. Through monitoring, fuel consumption information obtained with fuel flow meters is coupled to other data, like: power output of the engines, weather and current information, satellite imaging, etc. This provides the crew with better insight into the vessels' fuel consumption.
- The economic speed model pilot, initiated in 2014, was successfully completed and led to the roll out across the entire fleet per the end of 2015. This is a model that advices the crew on the most economically favourable speed during transit, taking into account fuel consumption and charter rate versus vessel capabilities. Further implementation and effectuation is expected to proceed throughout 2016.
- The advanced hull coating (Thorn-D®) that has been applied in 2014 on one of our vessels appears to be effective, based on the first results. This coating is aimed at reducing bio-growth, pollution and drag on the hull, which should lead to lower fuel consumption. Monitoring will be continued, to further prove effectiveness and viability for roll out on other ships.
- Monitoring of waste and chemicals usage on-board is now in effect. This has resulted in valuable information, which was used in goal setting for year 2016.

In 2015, two Fugro vessels were recycled as result of the continuous fleet renewal programme. They have been recycled at different European yards, all in full compliance with the applicable legislation. Both yards were carefully selected to ensure their performance would meet the appropriate standards such as operating under certified ISO 9001 and ISO14001 systems. From both vessels a report has been received detailing the various materials recycled and those that had to be discarded as they were not suitable for recycling. All the recently built Fugro vessels come with a

HSSE inspection on board the Fugro Searcher.

list of materials used which will make the recycling process easier and more thorough as an even better segregation can be achieved.

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 2015, 86% 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 community initiatives

Most of the community projects supported by Fugro are initiated by local operating companies, and range from voluntary work (for example the creation of a water well for a primary school in Danakil, Ethiopia, and 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 amongst others Norway and Canada) to donations to local schools, sports clubs, care facilities and other charities (for example related to cancer relief and children in need in developing countries).

As of 2014, Fugro has been providing in-kind technical support to Médecins Sans Frontières. In 2015, Fugro was involved in two projects in Africa: water quality analysis of wells in Sokoto, Nigeria, and flood risk consultancy for Pugnido refugee camp in Ethiopia.

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. Fugro is a sponsor of the world renowned Concertgebouw Amsterdam, and also provides financial support to the Hermitage art foundation in Amsterdam, 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.

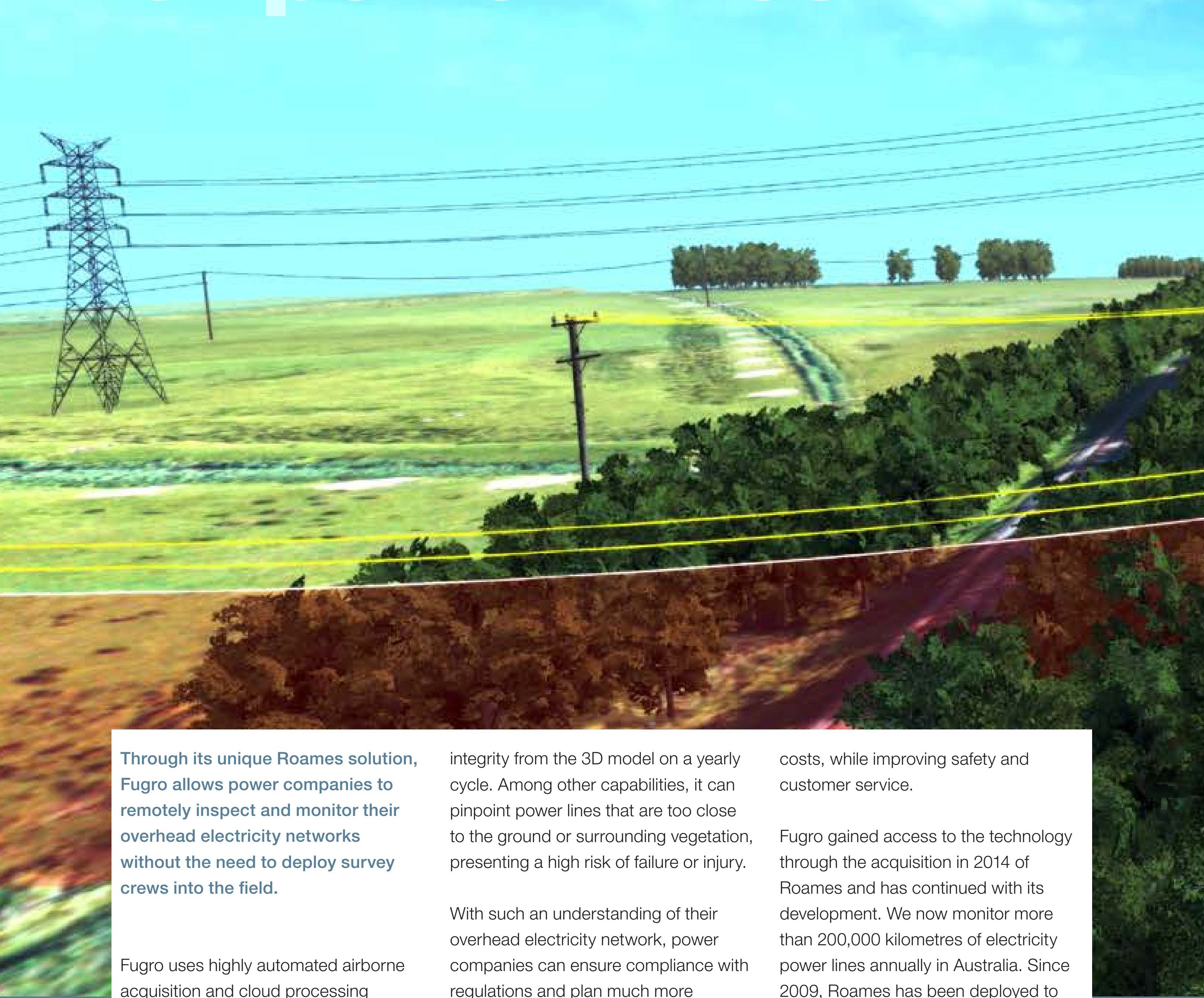
Some statistics (for more detailed information, see www.fugro.com):

- Relationships with universities and 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: 130.

Efficient management of power lines



Through its unique Roames solution, Fugro allows power companies to remotely inspect and monitor their overhead electricity networks without the need to deploy survey crews into the field.

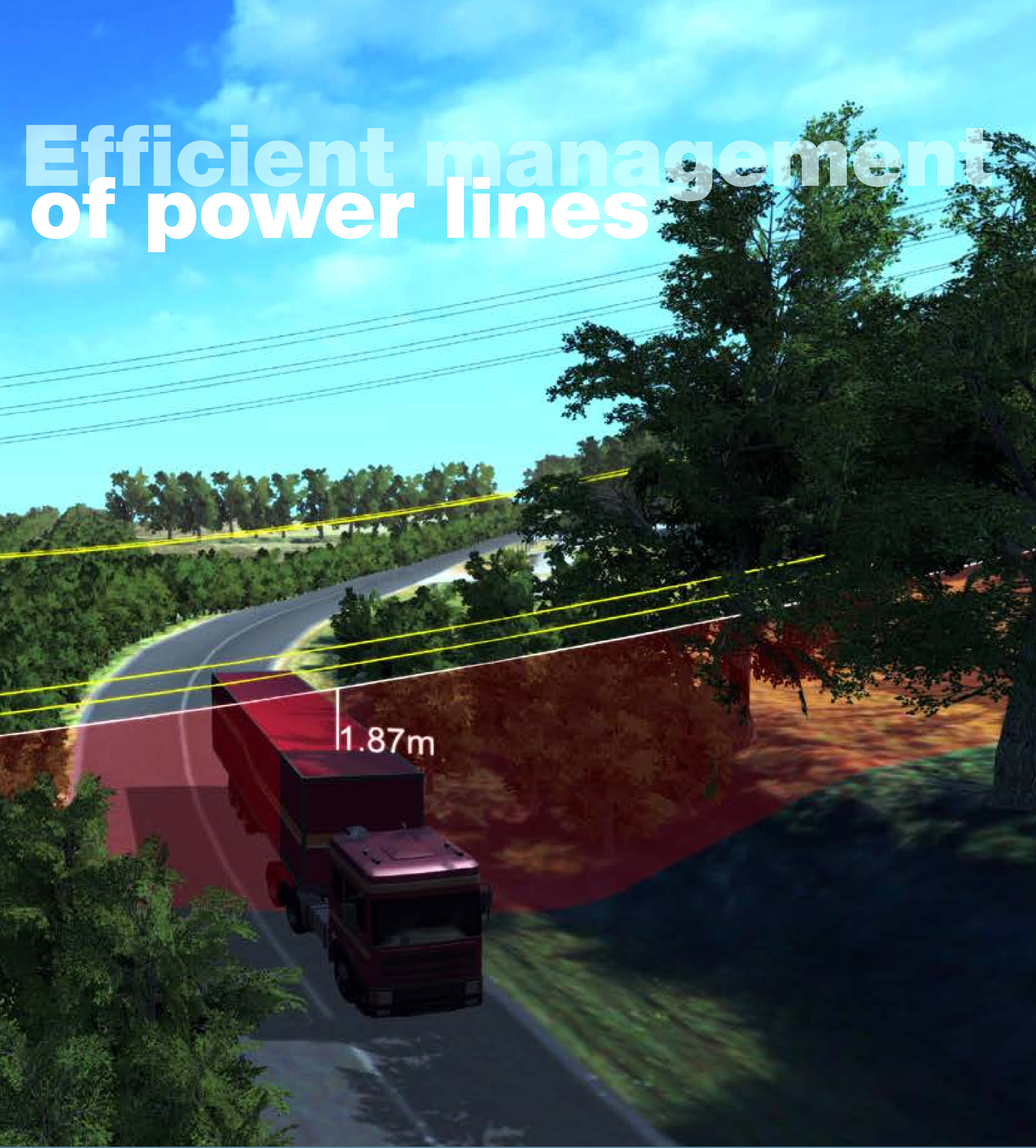
Fugro uses highly automated airborne acquisition and cloud processing technology to deliver centimeter-accurate, 3D models of a power company's overhead powerline assets. Through web-based visualisation and reporting tools, the Roames solution allows operators to extract valuable information on asset condition and integrity from the 3D model on a yearly cycle. Among other capabilities, it can pinpoint power lines that are too close to the ground or surrounding vegetation, presenting a high risk of failure or injury.

With such an understanding of their overhead electricity network, power companies can ensure compliance with regulations and plan much more efficient maintenance programmes resulting in significant cost savings.

This service is an integral part of Fugro's continuing focus on developing asset integrity management solutions that help clients reduce operational risks and costs, while improving safety and customer service.

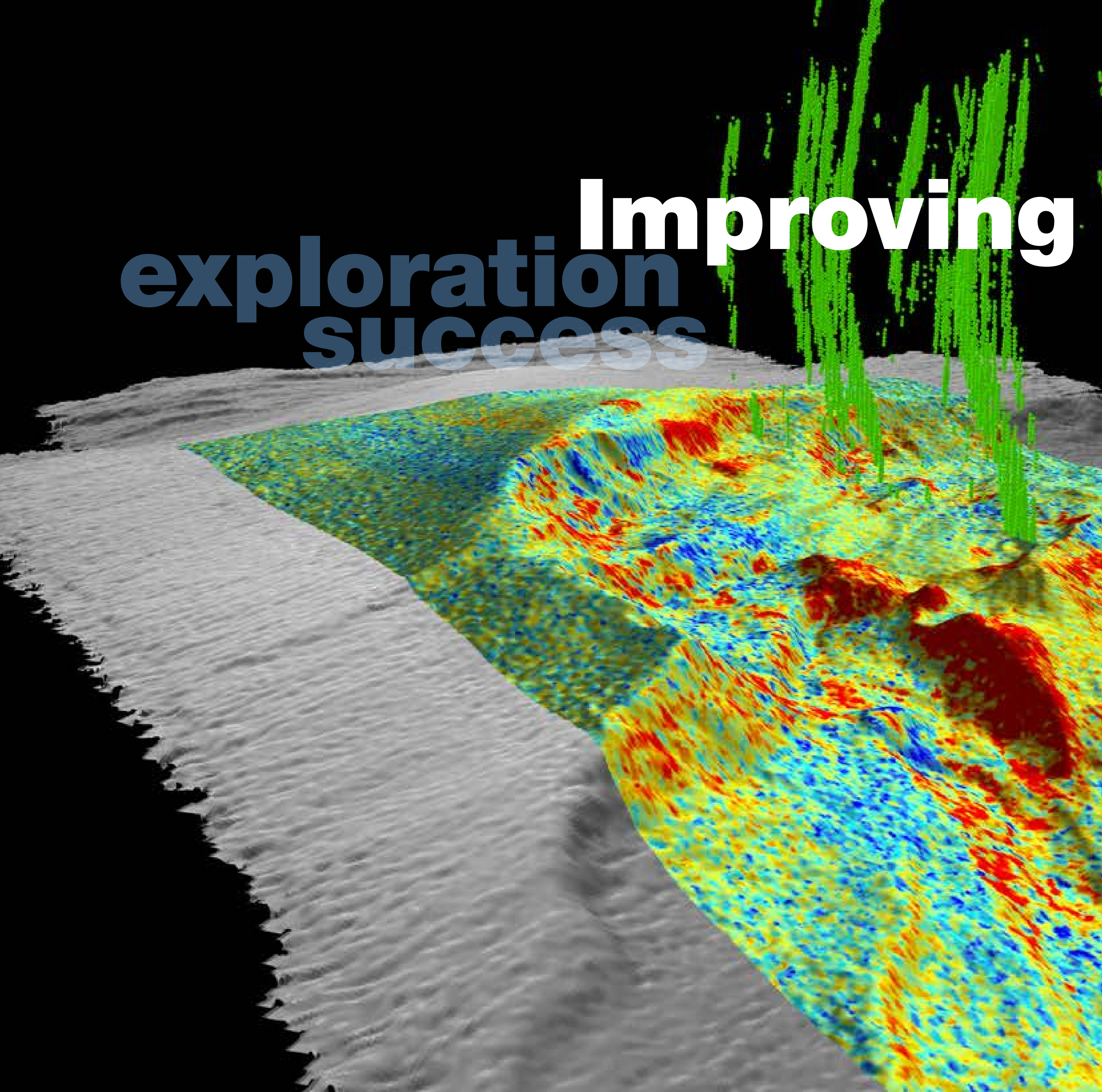
Fugro gained access to the technology through the acquisition in 2014 of Roames and has continued with its development. We now monitor more than 200,000 kilometres of electricity power lines annually in Australia. Since 2009, Roames has been deployed to support remedial activities following five natural disasters in Australia, including flood, fires and storms. The service is now also available in Europe and the USA, and will be further rolled out in other infrastructure markets, such as railway networks.

Efficient management of power lines



In 2015, Fugro became business partner to SP Energy Networks to deploy the service over 13,000 kilometres of its overhead electricity network in Scotland and Wales. In addition, Fugro was awarded a 3-year framework contract by National Grid, which owns and manages 7,500 kilometres of electricity transmission network in England and Wales.

Improving exploration success



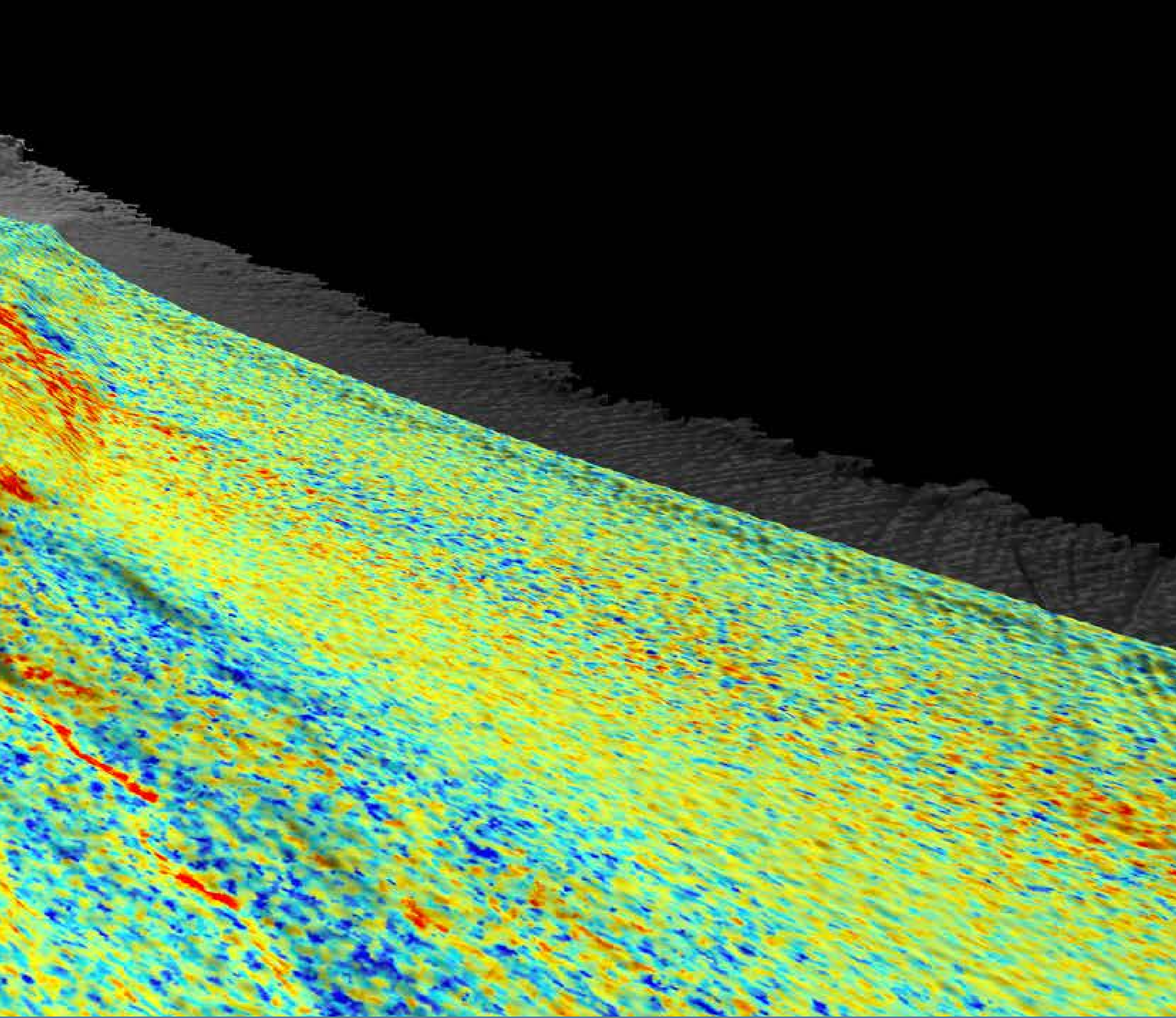
Just as natural hydrocarbon seeps (natural leakages) on land have led to oil discoveries, so do seeps in the marine environment.

Fugro's global geoconsulting centre of excellence for seep studies in Houston conducts integrated seep hunting campaigns. Its pioneering data acquisition and interpretation methods help oil companies maximise their deep water exploration success. Using proprietary geophysical and geotechnical equipment, combined with real-time data interpretation on-board, Fugro identifies, samples, and analyses for evidence of hydrocarbon fluid migration from natural petroleum systems.

Fugro's unique real-time on board data interpretation and geochemical analysis, provides greater understanding of the potential for reservoirs and reduces exploration risk.

The data collected and analysed during these specialised surveys are essential to support client decisions about when and where best to acquire 3D seismic data used to support exploration drilling. As a result, a seep survey is a cost effective way of exploring frontier areas for hydrocarbon viability within a depressed oil price cycle.

Improving exploration success



In October 2015, Fugro started work on the world's largest offshore seep survey conducted to date. The Gulf of Mexico 'Gigante Survey' for the seismic company TGS will cover over 625,000km^2 of seafloor.

Other recent projects were performed for various clients in the Caribbean, South America, and the Indian and South Pacific Oceans.

The best location for offshore wind farms

Sustainable energy is a growing market. With a world that is moving towards an increased focus on lowering CO_2 emissions, the structural growth prospects for wind power are strong. In the last ten years, Fugro has been very active in site investigations for offshore wind farm development in northwest Europe and more recently in United States waters.

Fugro provides integrated solutions; delivering site investigation data and related geoconsultancy advice on the foundation parameters. This information is vital to the costing and design of construction and installation projects. The client can be assured of unbiased advice; as an independent service provider Fugro has no further commercial or other interests in the project of the client.

Soil samples are gathered for analysis of seabed conditions for strength and consistency in order to design the most efficient foundations.
An advanced laboratory testing programme, analysing the behaviour of the soil, can be executed by one of Fugro's specialised laboratories, such as in Wallingford in the United Kingdom. This laboratory was recently expanded specifically to meet the demands from the offshore wind farm markets.

In addition, Fugro deploys its Seawatch wind LiDAR system to aid calculations of the anticipated yield from the planned wind farm. This instrument uses laser beams to collect meteorological data from a floating buoy.

The best location for offshore wind farms

In 2015, Fugro was contracted by the Netherlands Enterprise Agency to execute the site characterisation surveys of the future offshore wind farm in the Borssele zone, off the Dutch coast. The work scope included gathering and analysing information about weather patterns, water depth, geology, composition of the soil and possible obstacles on and below the seabed. The final deliverable was an integrated geological ground model, produced by Fugro's experienced geoconsultancy engineers and geologists. This has provided crucial information for the developers of the wind farm who are preparing the tender which has opened in December 2015.

Cost effective positioning systems

With Fugro's Office Assisted Remote Services (OARS™), clients can carry out construction support and survey work without having a surveyor on board their vessels or drill rig. This reduces costs for the client and optimises safety, while the service is being manned 24/7.

The OARS field system uses internet and cloud based technologies to connect survey vessels to onshore Fugro command centres. Expert survey staff in the command centre can assist in manoeuvring, mooring and positioning as if they were on board. Cloud based technology allows greater resiliency and operational efficiency through access to experts from a variety of disciplines from around the world to aid in data processing or data interpretation. A side benefit is that the client has direct and real time access to vessel operations and data through a secure web interface.

Fugro launched this innovative service in 2014 in the Gulf of Mexico in order to meet the needs of clients experiencing capital budget cuts. Realisation of the cost reduction benefits from OARS led to rapid expansion. There are currently 2 command centres (Lafayette, USA, and Aberdeen, United Kingdom). As demand grows, more local command centres can be set up in other geographies.

Cost effective positioning systems

Fugro currently has several OARS field units working aboard survey vessels, dive vessels, barges, dynamically positioned vessels and drilling rigs. Since the launch of OARS, DeepCor Marine, a North American dive company, has successfully used OARS on their vessels on over 70 projects involving inspection, monitoring, maintenance and repair. In August 2015 Freeport McMoran mobilised OARS on a rig monitoring project in the Gulf of Mexico. In addition, in December 2015, Marubeni Oil & Gas (USA) mobilised the system on their newly leased drilling rig in the Gulf of Mexico.

Finding water

By combining multiple areas of expertise, Fugro provides invaluable information and advice to its clients for the exploration and management of natural resources.

This relates to oil and gas, but also to water. Fugro's water services also support clients in flood prevention and water supply. Key activities concern the inspection, testing and monitoring of levees and dams and the provision of data management portals for early warning purposes.

Fugro's experts are involved in water well development projects around the world providing design, monitoring, drilling and supervision services.
To determine the impact of construction activities on the surface and groundwater system, understanding the interactions between these water regimes is crucial. Fugro provides multi-disciplinary advice on the risks related to the dewatering of excavations in urban areas and mines. Our water specialists have extensive capabilities in hydro-geological and geotechnical modelling, risk assessments and consultancy.

Finding water

In 2015, Fugro was contracted by the Canadian mining company Allana Potash for ground water research in the Danakil area of Ethiopia, one of the hottest and lowest lying areas on earth. Fugro's goal was to find water; a prerequisite for mining of potassium chloride salts (an important ingredient for industrial fertiliser). Fugro was able to identify large quantities of potential production water in underground water-bearing layers. This will assist the client in making its investment decisions.

Reducing risk and cost of LNG facilities

With over 40 years of experience serving as an advisor to owners and operators of LNG import and export terminals and liquefaction facilities, Fugro has earned an unmatched expertise in site screening, surveying and evaluation of geological conditions that may lead to widespread damage or risk (geohazards).

Customers can save costs and reduce risks when they engage Fugro from the very start of the project (for site screening), in order to optimise the design and construction of their terminals and facilities. This is key in a market where there clearly is no room for error, and where geohazard risks can be mitigated by careful upfront planning.

Fugro's scientists, geologists and engineers integrate the acquired data to create a comprehensive 3-D model of the surface and subsurface. Fugro's position as an independent service provider assures an unbiased approach. This is key to the success of such projects, where the stakes are high and the interests of stakeholders sometimes conflict. With a collaborative team approach, Fugro actively participates and produces state-of-the-art solutions meeting the diverse interests of the stakeholders.

With its keen understanding of the clients' and regulators' requirements, Fugro's professional staff develops innovative yet economical foundation design and construction solutions which consider site specific geohazards such as earthquakes, tsunamis geologic faulting and volcanic activity.

In addition, Fugro provides foundation, construction materials testing, inspection and monitoring services. Fugro supports its clients throughout the life cycle of the LNG project from concept, inception, design, construction and post-construction operation and performance monitoring.

Reducing risk and cost of LNG facilities

Fugro's expertise on LNG projects has been well-recognised by clients with the award of a significant number of high profile projects around the world. In 2014 and 2015, Alaska LNG (a consortium of ExxonMobil, ConocoPhillips, BP and the State of Alaska) awarded comprehensive geophysical and geotechnical studies to Fugro for the largest ever LNG project planned in the world, with an estimated total investment of USD 45 to USD 65 billion.

Keeping pipelines safe and operational

Subsea pipeline networks are key elements of oil field infrastructure, allowing the recovery of product, innovative field development and the export onshore.

In addition, key 'trunk' pipelines interconnect the nations of the world to allow the flow of oil and gas across continents to meet global energy needs.

It is vital that this key infrastructure remains operational and in good condition. Fugro are specialists in the inspection, repair and maintenance of pipelines with over 10,000km of pipeline inspected every year. With dedicated vessels, experienced offshore teams and onshore support management, Fugro is valued by its clients for safe and efficient projects.

Keeping pipelines safe and operational

Fugro was awarded a contract by Blue Stream Pipeline Company for the provision of survey support vessels and associated survey services to perform the 2015 pipeline inspection for the offshore, shore approach, and dry section components of the blue stream pipeline system. Two gas export pipelines run from the Beregovaya gas compression station in Russia, 378km across the Black Sea, with a maximum water depth of approximately 2,150m, to the Durusu inlet terminal in Turkey. High specification remotely operated vehicles with complex survey techniques and sensors were used throughout in order to capture pipeline data of the pipeline and its seabed and land support from surface to subsea.

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 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 intent 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 and position Fugro as a desirable business partner.

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	67 67 68
Operational	Operational risks are handled with a moderate risk appetite. However, all risks related to QHSSE are subject to low risk appetite.	■ Capacity management ■ Price changes ■ Project management ■ QHSSE management	69 69 70 70
Financial	Financial risk appetite is low, with the intent to limit financial risks and maintain long-term solvency.	■ Credit risk ■ Capital risk ■ Currency exchange rate	71 71 71
Compliance	Compliance is subject to a low risk appetite as Fugro strives for a 100% compliance with legal and regulatory requirements.	■ Compliance	72

Sensitivity analysis

	Change	Impact	On	Assumption (based on 2015 financials before exceptional items)
Revenue (volume)	+ 1%	EUR 15 million	EBITDA	Flat net revenue own services
Revenue (price)	+ 1%	EUR 24 million	EBITDA	No change to cost base
Operating expenses	+ 1%	EUR (20) million	EBITDA	No change to revenue
Vessel utilisation	+ 1%	EUR 9 million	EBITDA	Equal contract terms
Days of revenue outstanding	+ 1%	EUR 6 million	Working capital	All other conditions remaining equal
Euro versus US dollar	+ 10%	EUR (8) million [1]	Net profit	Stable revenue and margin in USD
Euro versus British pound	+ 10%	EUR 0 million	Net profit	Stable revenue and margin in GBP
Interest rate	+ 100 bp	EUR 1 million	Net profit	Average net debt 2015
Net debt	+ 100 million	EUR (2) million	Net profit	Stable interest rates

1 Based on normalised level of profitability.

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 2015 results before exceptional items.

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.

CONTROL ENVIRONMENT

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 carry 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 Board of Management and the audit committee with information about the structure, existence and effect of the system of internal control.

Responsibilities

The Board of Management 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.

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 further strengthen its leadership positions in its geotechnical and survey markets. Fugro's market leadership is founded on the company being an independent service provider. If this status is lost, market leadership cannot be maintained. Maintaining leadership positions requires continuous investments with uncertain returns. The level of investments that this requires, is dependent on market conditions. In the current market Fugro has adjusted the level of investments downward in line with the market developments and its financial capacity.

Innovation & technology

Focus on innovation and technology enables Fugro to provide more competitive and differentiated solutions to its clients and is therefore maintaining investments in innovation and technology, even in the current challenging market circumstances. 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

Drilling of large diameter vertical shafts.

edge. By working closely with clients and understanding their needs, Fugro is 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 is evolving towards providing 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.
In addition, in the current market Fugro needs to adjust the organisation in line with the market decline and runs a risk that certain capabilities cannot be maintained at the desired level. 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 standards such as ISO 9001, ISO 14001, OHSAS 18001 (for more details, see 'Corporate Social Responsibility'). Compliance audits are carried out by internal QHSSE departments, by clients and by external agencies.

Multi-market exposure
Fugro operates in multiple markets to achieve resilience against market volatility. Nevertheless, approximately 75% of the Fugro business is exposed to oil and gas markets. Although Fugro has a balanced exposure across the field life cycle, this makes the company vulnerable to the risk of declining oil prices and the resulting lowering of oil companies' investment budgets. The remaining 25% of the business is related to infrastructure, building, power (non-fossil energy sources like wind) and mining projects. Working in multiple markets exposes Fugro to a broader range of risks.

Fugro is focused to grow its business in non-oil and gas markets such as general infrastructure, power, rail, telecom cable routing, wind farms and hydrography.

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 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. The evaluation of an acquisition opportunity is based on strategic fit, financial criteria and growth and overall value creation potential.

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.

BUSINESS 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 75%, is related to the oil and gas industry and as such Fugro is significantly exposed to declines of the oil price and the resulting lowering of oil companies' investment budgets. The other activities are dependent on developments in the infrastructure and building, power (non-fossil fuel energy sources like wind) and mining markets. The impact of positive and negative economic effects is reduced by:

- Strong market leadership positions.
- 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.
- In the oil and gas market, exposure to the full value chain from exploration through development and production to decommissioning.
- Size of the group.

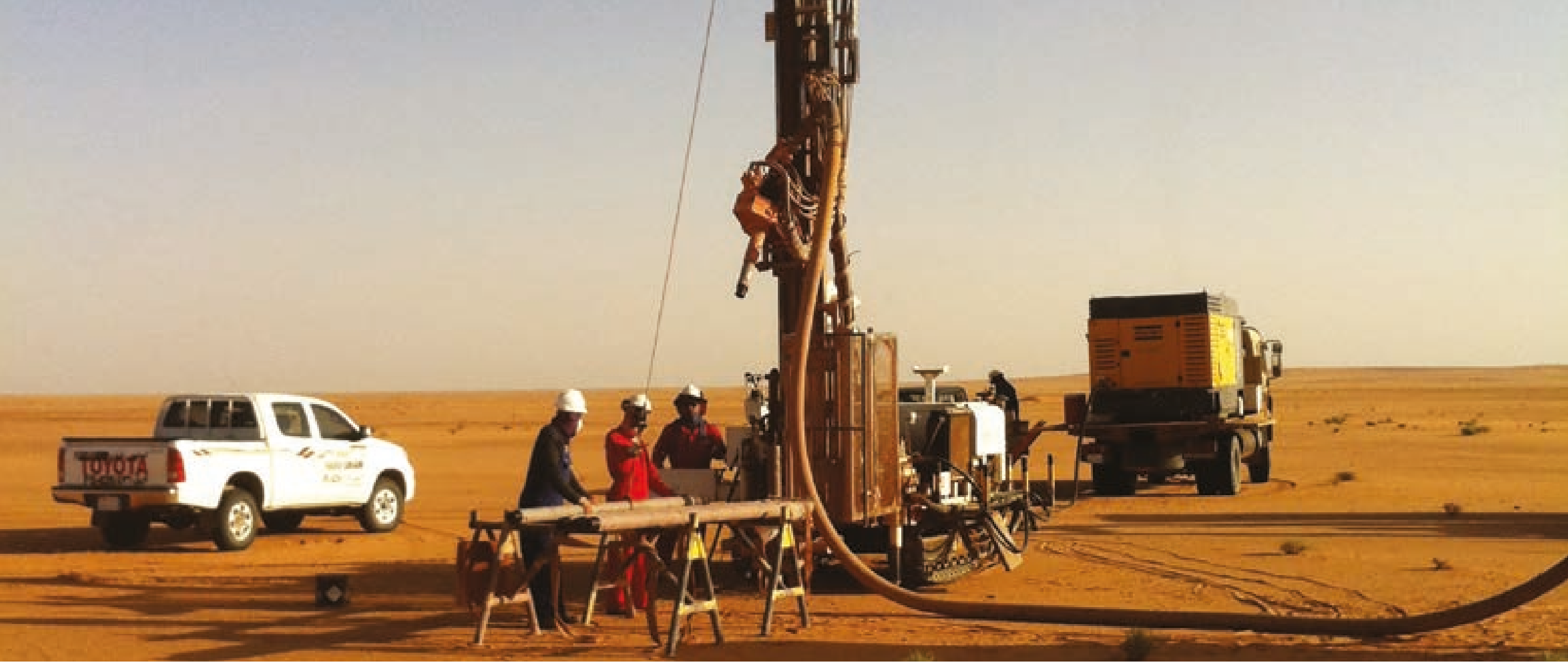
Client base
Some of Fugro's contracts are awarded on the basis of long-term preferred supplier agreements. Typically, any single client does not account for more than around 5% of the total annual revenue.

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. In the course of 2014 and 2015, the strongly declined oil price and resulting lowering of oil companies' budgets has especially impacted pre-Final Investment Decision spending on large capital projects. This negatively influences demand for Fugro's services in the oil and gas market. In addition, existing clients are demanding lower prices, passing their lower income on to their (sub) contractors, leading to margin pressure for oil services companies such as Fugro.

In order to mitigate this development, Fugro continuously adjusts its capacity, investments and the cost base to market developments. Whenever relevant, Fugro also renegotiates prices with its suppliers in order to pass (part of) the price pressure onto its suppliers.

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. In 2015 Fugro has significantly reduced its workforce and vessel fleet in order to bring capacity more in line with current market conditions.
A further deterioration of the market may result in a further lowering and/or reduction in work scopes, impacting backlog, revenue generation and asset utilisation. It may also mean that in certain areas capacity cannot be reduced any further without incurring penalties (for example related to the early termination of long term charters) or (cold) stacking costs.

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 (both positive and negative). Cancellations and/ or postponement of the flow of



Drilling rig in Iraq.

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 revenue in that particular period.

Increasing contract sizes, which Fugro has been experiencing during the last years, results in less predictable award and project scheduling, which can hamper optimal resource and asset utilisation. At the same time, the exchange of manpower and equipment between the various operating companies 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.

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 Board of Management.

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 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 fuelled 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 and liquidity 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 December 2015 Fugro reached agreement with its lenders on a new 5-year revolving credit facility. Fugro has successfully negotiated terms, conditions and covenants, securing additional financial headroom under the fixed charge cover covenant. Furthermore the company has aligned the terms and conditions of the existing USPP notes with the new bank facility.

Additionally, Fugro has taken significant steps to strengthen its balance sheet during 2015, which has led to a year-on-year improvement in its covenant ratios. Still, negative general market developments impacting global liquidity could affect the ability of Fugro to raise equity or refinance debt in the capital markets or could lead to significant increases in the cost of such borrowing in the future.

The implementation in 2015 of a global cash pool enables liquidity optimisation within Fugro, making the company less reliant on external funding compared to previous years.

Interest rate

Future interest rate risks are limited to bank loans, particularly in relation to Fugro's 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 risk

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 reduced. However the currency movements at group level can be substantial, in particular related to equity. The group treasurer focuses amongst others on improving transparency regarding the various currency exposures and provides advice on how to mitigate these. Fugro strives to match revenue with costs and assets with liabilities in each applicable currency or in USD and hence make use of natural hedges. As a result, the usage of forward exchange contracts is limited. Through standardisation and centralisation and improved treasury management systems 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.

Fugro holds cash balances in local currencies in certain countries where it is difficult to transfer cash abroad or to convert it to USD or EUR at short notice. These local cash balances expose Fugro to risk of devaluations against the euro. In Angola an amount of EUR 47 million is in Angolan Kwanza's which is subject to currency risk at year end 2015. The company expects that these exchange rate controls will become less when the oil and gas market conditions are expected to improve and when Angola will have increased inflow of USD in relation to their oil business. In addition, several actions are being explored to further lower this amount in the coming year and thereafter.

Credit risk

Fugro has credit exposure to accounts receivable with customers and to the outstanding secured loan to the seismic company CGG. A default by counterparties can have a material adverse effect on operating results. Also, aging debtors have a negative impact on the available working capital, exposing Fugro to the risk of increased cost of capital. Since the end of 2014, Fugro has intensified its actions regarding debt collection from its customers through a working capital improvement programme specifically focused on reducing days of revenue outstanding to control this risk. Results are encouraging.

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), which provides guidance and support to conduct business ethically, comply with the law, and maintain Fugro's reputation. 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. Compliance is part of the onboarding procedure for new employees and an ongoing part of training and monitoring.

Bribery

Fugro operates in certain parts of the world where there is a risk of bribery. As part of Fugro's anti-bribery and corruption programme, Fugro provides compliance training to its staff. Moreover, Fugro has a procedure to screen its agents which includes the screening of existing and new agents by an independent third party and a web-based self-assessment.

Tax

Fugro is a multinational business, trading globally with subsidiaries and branches in various countries. This exposes the group to various complex tax jurisdictions and tax systems. Tax systems are increasingly under development following global initiatives from individual countries and organisations as OECD and EU. Fugro acknowledges these developments and adheres to their principles. In conjunction with these developments, Fugro also acknowledges the increasing risk of tax controversy or double taxation, as local implementation or interpretation of global initiatives could be ambiguous. Fugro has a global tax department, supported by regional tax managers, equipped to support Fugro's global activities in a tax effective and compliant manner, whilst aimed at mitigating or avoiding tax risks and reputational impact. The global tax department is supported by an extended tax function, represented by individuals across finance, business and human resources, and the overall development of standardised processes in all these areas. In addition, tax support is provided by a reputable network of external tax advisers.

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 with respect to risks to be insured, 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. 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 June 2015), 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.

At the end of 2014 Fugro started with an initiative to design a groupwide IT system, including 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). After developing a blueprint in 2015, a 'proof of concept' will be tested and rolled out in at least two operating companies in 2016.

Internal control self-assessment

In 2015 the corporate controlling department implemented an internal control self-assessment (ICS) process at five operating companies, spread over five different regions. 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. A more extensive roll-out is planned, based on a scoping of risks, size (revenue) and regional spread. This process will evolve in the coming years, depending on evaluation of the new process and demands from internal or external stakeholders.

Internal audit

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. In 2015, 36 reviews took place including 7 project focused reviews. The internal audit department is independently accountable to the audit committee of the Supervisory Board and participates and reports in each audit committee meeting (5 times per year). Additionally, the head of internal audit has direct access to the chairman of the audit committee and they meet at least twice per year.

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 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 (36 reviews performed). Observations and measures to address issues were discussed with local management, the Board of Management and the audit committee. The main observations of internal audit relate to further improvement in project control and general IT controls, amongst which segregation of duties and back-up and recovery solutions.
- 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 on a number of KPMG's prior years' observations on internal control such as those with respect to the finance function at corporate level, Seabed's finance function, the forecasting process and the appointment of a group general counsel. Points of attention for further improvement included the IT environment and the control on operations in Africa.

The Board of Management concluded that 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. The company will continue to implement improvements that will further strengthen business processes and risk management.

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 2015.

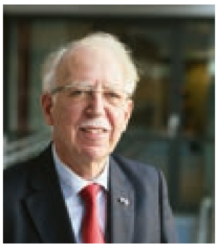
RESPONSIBILITY STATEMENT

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 103 to 187) 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, 25 February 2016

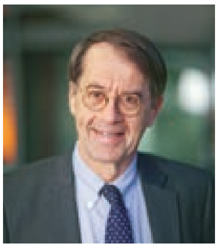
P. van Riel, Chairman Board of Management/
Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer
M.R.F. Heine, Director Survey division
S.J. Thomson, Director Subsea Services/
Geoscience divisions

REPORT OF THE SUPERVISORY BOARD



Name **Harrie 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

Previous position Chairman Executive Board and CEO ARCADIS N.V. until May 2012
Other functions Supervisory Board member Royal BAM N.V.; Extraordinary Board member Dutch Safety Board; Board member ING Trust Office and Chairman Foundation Trust Office TKH Group



Name **Maarten Schönfeld** (1949)
Function Vice-chairman
Committee Chairman audit committee
Nationality Dutch
First appointed 2013
Current term Until AGM 2017

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.; Supervisory Board member SIF Holding N.V.; Technical University Delft (the Netherlands); Royal Art Academy and Conservatorium (The Hague) and Foundation Continuity ICT

Name **Antonio J. Campo** (1957)
Committee Member remuneration committee; Member nomination committee
Nationality Colombian
First appointed 2014
Current term Until AGM 2018

Previous positions Multitude of senior management positions at Schlumberger and CEO of Integra Group
Other functions Vice-chairman board Basin Holdings

Name **Petri H.M. Hofsté** (1961)
Member audit committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2019

Previous positions Senior financial management positions at various organisations; partner at KPMG, group controller and deputy chief financial officer of ABN AMRO Bank, division director of the Dutch Central Bank and chief financial and risk officer of APG Group
Other functions Supervisory Board member Kas Bank, Bank Nederlandse Gemeenten and Achmea (group) and Achmea Investment management; Chair of Achmea Bank; member of the board of Nyenrode Foundation

Name **Anja J. Montijn** (1962)
Committee Member remuneration committee; Member nomination committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2019

Previous positions Various national and international leadership positions at Accenture, ao managing director Resources practice in France and Benelux, Country Managing Director Accenture the Netherlands, Global Managing Director Management Consulting Resources

Name **Douglas J. Wall** (1953)
Committee Member audit committee
Nationality American/Canadian
First appointed 2014
Current term Until AGM 2018

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

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

The year 2015 was again a challenging year for Fugro. This was caused by the continued strong downturn in the oil and gas market from which Fugro derives around 75% of its revenues. Oil companies strongly reduced their investment and operational budgets. This resulted in lower work volumes for oil and gas services companies such as Fugro, exacerbated by project delays, postponements or even cancellations. In addition, the company experienced price pressure as capacity reduction on the supply side lagged behind the strong drop in demand. The deteriorated market outlook caused a considerable non-cash impairment which resulted for the second year in a row in a negative net result.

However, we believe that management has taken the right financial and restructuring actions to weather the storm. The company reduced its vessel capacity, operating cost and investments and divested non-core assets. As a result, EBIT excluding exceptional items improved, cash flow after investments was strong, and net debt was significantly reduced. In addition, the company secured its financing for a five year term by reaching agreement on the refinancing of the revolving credit facility and by aligning the terms and conditions of the existing private placement notes with this new bank facility. With, at year end 2015, a solvency ratio of 42.2% and a net debt to EBITDA ratio of 1.6 Fugro's balance sheet is healthy. We fully support management's actions to further reduce debt, by strongly curtailing investments, divesting non-core assets, lowering working capital and making the necessary organisational changes.

2015 FINANCIAL STATEMENTS AND DIVIDEND

This Annual Report includes the 2015 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 23 February 2016, the audit committee discussed the draft Financial Statements with the Chief Financial Officer (CFO), the Chief Executive Officer (CEO) 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 25 February 2016, we discussed this Annual Report, including the 2015 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 2015 Financial Statements and discharge the members of the Board of Management in office in the 2015 financial year for their management of the company and its affairs during 2015, 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 negative net result, no proposal will be submitted to the shareholders to distribute a dividend over the year 2015.

STRATEGY

In 2014 the company adjusted its strategy in order to deal with the strongly deteriorating circumstances in the oil and gas market and the impact this had on Fugro's business and financial position. This adjusted strategy, 'Building on Strength', means that Fugro has decided to focus on its survey and geotechnical activities. In these activities Fugro has global, market leading positions as an independent service provider and has a long track record of solid operational and financial performance. By building on its strengths in these areas, the company is aiming at preserving its market share and expanding its business based on its leadership positions, with a strong focus on profitability, return on capital and cash flow generation. We fully support this strategy. During the year we had extensive discussions with management on the progress of implementation.

As a consequence of its adjusted strategy, the company has spent substantial effort in looking for divestment opportunities for (parts of) its activities that it no longer considers core business. We are pleased that by mid-year 2015 the multi-client library was sold. Seabed Geosolutions showed a significant turnaround in 2015 while the Subsea Services activities suffered from the strong drop in demand. Although under the present market conditions divestments for a reasonable price are difficult, we support management's continued efforts to reduce Fugro's exposure in Seabed Geosolutions and in its Subsea activities.

Fugro Discovery personnel prepare deep tow scanner in search for MH370 airplane.

During the year we also paid attention to the fact that in the period November 2014 – March 2015, Boskalis, a Dutch based dredging and maritime contracting company, has built a stake of 25% in Fugro. This happened without any preceding discussions with Fugro's management and was unexpected and unsolicited. We have taken note of Boskalis' repeated statements that it supports Fugro's strategy and 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 pillar of its strategy. We support management's view in this respect. On our request, the potential impact of a possible take-over by Boskalis has been investigated. That shows that such a take-over would have serious adverse effects on Fugro's business. We have also discussed with management and legal advisors the defence scenario's in case of a potential hostile take-over attempt.

ORGANISATION

The further 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. Traditionally, Fugro was a highly decentralised organisation with ample room for local entrepreneurship within a high level corporate framework. Since several years a process is on-going to increase synergies in the market, harmonise systems and processes and strengthen internal controls. This includes a stronger role of the significantly strengthened corporate centre, while maintaining local entrepreneurship. Fugro now has a well-established internal audit department, a corporate treasury function, financial controls have been strengthened, both at corporate and at regional level, financial reporting has been upgraded and a working capital improvement program has been rolled out. As of 1 January 2015, a chief information officer (CIO) has been appointed. All these measures provide a sound basis for the necessary further improvement of business processes and risk management.

As part of the strategy implementation, management also reviewed Fugro's organisation with the objective to increase client focus, to enhance internal collaboration, to increase the ability to offer clients integrated service packages and to further gain cost efficiencies. Simplification of the organisation by reducing the number of operating companies per region and the introduction of shared service centres for the support functions will help to achieve these goals. In several discussions with management we gave our input and feedback and we agreed with a step by step process to make the necessary changes. We consider the establishment as of January 2016 of an Executive Leadership Team including about twenty senior managers as an important step that will help in implementing a common strategy and aligned policies for the company.

SUPERVISORY BOARD ACTIVITIES AND MEETINGS

The Supervisory Board met thirteen times during 2015. All meeting were held jointly with the Board of Management. Seven regular scheduled meetings were held, three of which were preceded by 'closed meetings' without the Board of Management being present. In addition, six extra meetings were held, partly by conference call. None of the Supervisory Directors was absent at the regular scheduled meetings. Not all Supervisory Directors could attend two of the additional meetings due to the fact that these meetings were convened at short notice. 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 Board of Management 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 adjusted strategic plan, market conditions, improvement of operational and financial performance and the organisation structure. In September, our meeting was combined with site visits to operating companies and business locations in Abu Dhabi and Dubai. Management of the operating companies gave presentations on market developments, competitive position, performance, health and safety and main challenges and opportunities going forward. These company visits and meetings with senior management take place annually and we highly value them because it provides us with additional insight into local operations, management and key employees. In September 2016, the Supervisory Board intends to visit operating companies in Aberdeen and Wallingford in the United Kingdom.

We consider health and safety of critical importance for Fugro and its people. Therefore we start each regular meeting with the Board of Management with a discussion on health and safety ('safety moment'). We are glad that on all four indicators used by Fugro, health and safety performance improved compared to the previous year while performance ended below or almost on target set for 2015. Unfortunately, Fugro had to regret one fatality as a result of a road traffic accident, caused by a third party vehicle.

In the regular scheduled meetings the recurring items on the agenda were, amongst others, market developments; financial performance and forecasts per division (including Seabed Geosolutions) and for Fugro as a whole; developments in operating companies; organisational developments; strategy implementation; corporate governance; human resources management; ICT (including cyber security); internal control and risk management; and compliance. On a regular basis we were informed on investor relations issues, feedback from investor road shows, share price developments and the composition of the shareholder base. The meeting reports of the audit committee, the nomination committee and the remuneration committee were also discussed.

Throughout the year, a lot of attention has been paid to Fugro's financial position. Items such as strengthening the balance sheet, financial headroom, capex reduction, working capital, cash flow, cost reduction measures, possible non-cash impairments and one-offs were discussed at length.

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

In January we had in-depth discussions on possible non-cash impairments and other exceptional items; strategic options regarding Seabed Geosolutions and the Subsea Services division; and the budget for 2015 including various financial scenarios. In a closed part of the meeting, without members of the Board of Management attending, we discussed our self-evaluation and the composition of the Supervisory Board and the Board of Management. In an additional meeting held at the end of January the final budget for 2015 was approved.

In February the annual results 2014 and related items were extensively discussed. The Annual Report 2014 and the draft agenda for the 2015 AGM were approved. We received a presentation on the HSSE performance in 2014 and the HSSE plan for 2015. In a closed meeting we discussed the functioning of the members of the Board of Management; the remuneration and the annual bonus 2014 for the Board of Management; the criteria for the annual bonus 2015 and the adjustment of the remuneration policy for the Board of Management.

In April we discussed the first quarter results and the drop in the backlog which was a clear signal of the continuing downturn in the oil and gas market. The necessity to implement additional cost reduction measures was discussed at length. We also discussed and approved the trading update for the first quarter and the outlook for the first half of 2015. We also had a preliminary discussion on Fugro's organisation structure. We received a presentation on Fugro's compliance activities with respect to agents and on various improvement measures, including the intended appointment of a separate compliance officer. We also received and discussed the annual compliance overview regarding Fugro's code of conduct. There were no major issues and we were pleased to see that local management is apparently well aware of the code. We also prepared for the 2015 AGM.

In May and June additional meetings were held to discuss and to approve the proposal of the Board of Management for the sale of the multi-client data library. We also evaluated the defense structures of Fugro N.V. and the Fugro Group. It was confirmed and documented that the Foundation Continuity Fugro, at the level of two subholdings, basically has similar features as a Dutch Protective Preference Shares Foundation and under circumstances may acquire a veto right on important decisions relating to the Fugro businesses operating under these subholdings.

In August the half-yearly report 2015 was discussed and approved. The CFO, Mr. Verhagen, gave an overview of the possibilities to refinance the revolving credit facility. We consented with the basic principles of the proposed terms and conditions.

In September, during our working visit to operating companies in Abu Dhabi and Dubai, we extensively discussed market developments in the short and longer term and evaluated various financial planning scenarios, including consequences and actions. Ample time was spent on a possible new organisation structure. The managing director of Seabed Geosolutions gave a presentation on market developments and outlook of his business.

In October we were updated on defence scenarios in the event of an unfriendly take-over. We evaluated our working visit of September. We discussed the third quarterly results and approved the trading update for the third quarter and the outlook for the full year 2015. Possible non-cash impairments were discussed in view of the deteriorated market outlook. Proposals from the Board of Management to enter into refinancing arrangements regarding the revolving credit facility and to enter into a sale and lease back agreement with respect to two vessels were approved. We received presentations on corporate social responsibility and an overview of the adverse market developments in Africa.

In November we had two additional meetings. In the first meeting we had a discussion with the Board of Management on the preliminary annual budget 2016. Together with the Board of Management we concluded that focus on cash flow should have the highest priority, which means (further) reduction of costs, lowering of working capital and curtailing of investments. In the second meeting we discussed organisational changes and agreed with a step by step approach.

In December we extensively discussed and approved the annual budget for 2016. Possible non-cash impairments and one-offs were again discussed at length. We also discussed and agreed with organisational changes that will be implemented step by step in the course of 2016 and 2017. We received an update on global human resources and an update by the global IT director on ICT and the ICT plan ('roadmap') for 2016. In a closed meeting we had a preliminary discussion on the short-term incentive targets for 2016; and we approved the proposed grants of (conditional) options and conditional shares as per 31 December 2015.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established three permanent committees from amongst its members: an audit committee, a nomination committee and a remuneration committee, to which certain tasks are assigned. The function of the committees is to assist the Supervisory Board and to prepare the decision-making. The chairman of each committee reports the main considerations, findings and recommendations to the full Supervisory Board.

Audit committee

The members of the audit committee are Mr. Maarten Schönfeld (chairman), Mrs. Petri Hofsté and Mr. Douglas Wall. The composition of the audit committee is in accordance with the requirements of the Dutch Corporate Governance Code. Collectively the members possess the required experience and financial expertise. Mr. Schönfeld acts as financial expert within the meaning of the Code.

The audit committee met five times in 2015. All meetings were attended by the CFO, the head of internal audit and the external auditor (KPMG).

Recurring items on the agenda were, amongst others, the annual financial statements and the quarterly and half-yearly results; the 2015 internal audit plan; internal audit reviews; management letter and board report of KPMG; pensions; taxation; insurance; ICT (including cyber security); treasury; claims and disputes; compliance; project Hyperion (upgrade of the financial management reporting system); working capital improvement program; and the profit plan 2016. Furthermore risk areas, such as hedging and fluctuations in currency exchange rates were also discussed, as was the finance roadmap (improvement and strengthening of the financial processes and the financial organisation); compliance/due diligence processes on agents; and the functioning of the internal risk management and control

In Mozambique, good results were realised through providing training to local personnel.

system. Considerable time was spent on review of and discussions on (possible) impairments and one-offs; on financial covenants and headroom; refinancing; sale and lease back of two vessels; and on capex.

Appointment of new external auditor

In the report of last year it was announced that due to new Dutch legislation for audit firm rotation, Fugro was 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 timely in order to be able to appoint the new auditor at the AGM of 2015. Following a thorough tender and selection process, Ernst & Young Accountants LLP (EY) was appointed by the AGM held on 30 April 2015, as the new independent auditor for Fugro to audit the financial statements for 2016. See for further information our report of last year and the agenda for the 2015 AGM.

At the upcoming AGM on 29 April 2016, the Supervisory Board will propose to reappoint EY to audit the financial statements for 2017.

Nomination committee

The members of the nomination committee are Mr. Harrie Noy (chairman), Mr. Antonio Campo and Mrs. Anja Montijn.

In 2015, the committee met three 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 management, succession planning, (re)appointments, annual assessment of the Board of Management 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 as well as the Board of Management in view of the vacancies in both boards and lead the selection process of new board members. For that purpose, the committee engaged the services of an executive search firm. The committee made recommendations to the Supervisory Board which resulted in the appointment of Mr. Mark Heine to the Board of Management and the appointments of Mrs. Petri Hofsté and Mrs. Anja Montijn to the Supervisory Board at the AGM on 30 April 2015. Furthermore, the committee drafted the profile for the vacancy in the Board of Management and was in the lead in the selection process of Mr. Brice Bouffard, who will be nominated for appointment to the Board of Management on the upcoming AGM on 29 April 2016 (see for further details page 82).

Remuneration committee

The members of the remuneration committee are Mr. Harrie Noy, Mr. Antonio Campo and Mrs. Anja Montijn. Mr. Noy acts as chairman ad interim of the committee. He took over the chairmanship, following the resignation from the Supervisory Board of the former chairman of the committee at the end of October 2014.

In 2015, the committee met four times, mostly in the presence of the CEO and the global HR director. Discussed were, amongst others, the short-term incentive (STI) with respect to 2014; the STI targets for the Board of Management for 2015; the STI program for senior management; the grant and allocation of options and shares under the long-term incentive (LTI) plans; and the pension contributions for the Board of Management members in view of the changed Dutch legislation. The committee also evaluated the remuneration policy. As already set out in the previous remuneration report, it was decided to propose to the AGM to amend the remuneration policy by discarding 'revenue growth' as performance measure for the LTI and focusing long-term performance measurement fully on TSR and ROCE (each with a weight of 50%). This amendment was approved by the AGM on 30 April 2015.

In line with Dutch legislation, the application of the remuneration policy will be put on the agenda for discussion as a separate agenda item at the AGM of 29 April 2016.

The Report 2015 of the remuneration committee is available on Fugro's website and is included in this annual report on page 84.

FUNCTIONING OF THE BOARD OF MANAGEMENT AND OF THE SUPERVISORY BOARD

The Supervisory Board evaluated the performance of the Board of Management and its individual members with input from the CEO regarding the members of the Board of Management. Following this, the nomination committee had meetings with each member of the Board of Management in which feedback was given on performance and personal targets were set for 2016. Also the functioning of the Board of Management as a team has been evaluated.
The discussions were good and open minded.
The conclusions were discussed in a closed meeting of the Supervisory Board.

At the beginning of 2016, the Supervisory Board also reviewed its composition and its own performance and that of its three committees. The internal self-assessment was based on a questionnaire, which was completed by each Supervisory Board member and plenary discussed in a closed meeting. The Supervisory Board concluded that the relationship with the Board of Management is 'open', allowing for open and in-depth discussions, which is very valuable, especially under the present market conditions. Several suggestions were made for further improvement. These suggestions relate, among other things, to timely distribution of information, spending more time on human resources issues such as succession planning and exposure to the Supervisory Board of senior staff and young high potentials.

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board has formulated a profile defining its size and composition, taking into account the nature of the company and its activities. The composition of the Supervisory Board and the combined diverse mix of 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. The Supervisory Board has set the number of supervisory directors of which the Supervisory Board shall consist at this moment at six.

At the end of the AGM on 30 April 2015, Mr. John Colligan stepped down due to the expiration of his third and last term. We are very grateful for his contribution during a period of twelve years and for his wisdom based on extensive experience in the oil and gas industry.

In the AGM held on 30 April 2015, Mrs. Petri Hofsté and Mrs. Anja Montijn were appointed 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. 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. Mrs. Hofsté has been appointed as member of the audit committee and Mrs. Montijn as member of the remuneration and the nomination committee.

As a result of the aforementioned changes, the Supervisory Board comprises six members of American/Canadian, Colombian and Dutch nationality (see page 75 for biographies). The current members are Mr. Harrie Noy (chairman), Mr. Maarten Schönfeld (vice-chairman), Mr. Antonio Campo, Mrs. Petri Hofsté, Mrs. Anja Montijn and

Mr. Douglas Wall. This composition of the Board is 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 qualify as independent in 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 Supervisory Board members holds any shares in Fugro nor held any shares in 2015. Both the composition of the Supervisory Board and the expertise and experience of its individual members comply with the corporate governance rules and requirements. The Supervisory Board's functioning is governed by terms of reference, which are available on Fugro's website.

At the end of the upcoming AGM on 29 April 2016, the first four-year term of the Chairman, Mr. Harrie Noy, will expire. The Supervisory Board decided to nominate Mr. Noy for re-appointment as member of the Supervisory Board in order to continue his chairmanship.

COMPOSITION OF THE BOARD OF MANAGEMENT

In the AGM held on 30 April 2015, Mr. Mark Heine was appointed to the Board of Management. He was already member of the Executive Committee and director of the Survey division since May 2013. In the Board of Management he continued to be responsible for the Survey division. Fugro does not have an Executive Committee anymore. As of January 2016, the Board of Management has established an Executive Leadership Team consisting of about twenty senior managers, which plays an important role in developing and implementing strategy and company wide policies.

At the end of the AGM on 30 April 2015, the four-year term of Mr. Scott Rainey expired. He had already indicated that he was not available for re-appointment, as after 34 years at Fugro, he had decided to retire. During his long lasting involvement with Fugro, Mr. Rainey has greatly contributed to the development of the company and especially the geotechnical activities and Fugro's business in the United States. He is still involved in the activities of Seabed Geosolutions and the implementation of the strategic options for this unit.

At the upcoming AGM on 29 April 2016, Mr. Brice Bouffard will be nominated for appointment to the Board of Management. Mr. Bouffard most recently worked at Weatherford, a large US based multinational oilfield services company, where he held positions first as Global Vice President Petroleum Consulting and later as Global Vice President Wireline and Testing, a large business with activities in more than 50 countries. Prior to Weatherford, he was Vice President Sales and Marketing at Spectraseis, a company specialised in cutting-edge innovations for seismic monitoring and data processing. He spent the first 13 years of his career at Schlumberger in a range of technical, IT and commercial positions in various countries, mostly within Schlumberger Information Solutions where he was, among others, responsible for the Information Management global business. His last position at Schlumberger was Continental Europe Sales and Marketing Director. Mr. Bouffard holds master degrees in physics and geophysics. He has the French nationality and has worked in France, Nigeria, Romania, Switzerland, South America, UK and USA.

In the Board of Management, he will take responsibility for the onshore geotechnical activities, to be complemented later this year with the geospatial activities. With his extensive international experience in Fugro's kind of business, strong operational, commercial and entrepreneurial management skills and broad experience in information technology, Mr. Bouffard is highly qualified to support the strategic development of Fugro.

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. Gender diversity is an important consideration in the profile and selection process for new members of the Board of Management. The Supervisory Board took this seriously into account with respect to the nomination of Mr. Brice Bouffard. However, the first priority when considering vacancies is quality, expertise, experience and fit with the team. 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.

IN CONCLUSION

We are fully aware that the present difficult market circumstances create uncertainties and put additional pressure on our staff. By taking the necessary measures, adjusting the company to the changes in the market place and focusing on cash flow, Fugro will be able to weather the storm. Everybody can be proud on what has been achieved in that respect and also on the numerous projects that every day successfully are being executed for clients. We want to thank all employees and the Board of Management for their commitment, hard work and loyalty to Fugro.

Leidschendam, 25 February 2016

Harrie Noy, Chairman
Maarten Schönfeld, Vice-chairman
Antonio Campo
Petri Hofsté
Anja Montijn
Douglas Wall

REMUNERATION REPORT

The first part of this report outlines the remuneration policy for the Board of Management as it has been adopted over time, while the second part contains details of the remuneration in 2015 of the members of the Board of Management and of the Supervisory Board.
More information on remuneration and on option and share ownership of members of the Board of Management is available in note 5.64.2 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 Harrie Noy, Antonio Campo and Anja Montijn. Harrie Noy acts as chairman ad interim of the committee. He took over the chairmanship, following the resignation from the Supervisory Board of the former chairman of the committee at the end of October 2014.

In 2015, the committee met four times, mostly in the presence of the CEO and the global HR director. Discussed were, amongst others, the short-term incentive (STI) with respect to 2014; the STI targets for the Board of Management for 2015; the STI programme for senior management; the grant and allocation of options and shares under the long-term incentive (LTI) plans; and the pension contributions for the Board of Management members in view of the changed Dutch legislation. The committee also evaluated the remuneration policy. As already set out in the previous remuneration report, it was decided to propose to the AGM to amend the remuneration policy by discarding 'revenue growth' as performance measure for the LTI and focusing long-term performance measurement fully on total shareholder return and return on capital employed (each with a weight of 50%). This amendment was approved by the AGM on 30 April 2015.

In line with Dutch legislation, the application of the remuneration policy will be put on the agenda for discussion as a separate agenda item at the AGM of 29 April 2016.

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. The current remuneration policy was adopted by the AGM on 6 May 2014 and took effect retroactively as from 1 January 2014. As mentioned above, the policy was amended in the AGM on 30 April 2015. Within the framework of the remuneration policy, compensation for the Board of Management is determined by the Supervisory Board on the advice of the remuneration committee.

Labour market reference group

In preparing the remuneration policy, the remuneration committee used external benchmark information to assess market comparability of the remuneration. The labour market reference group used in preparing the current remuneration policy consisted 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 has been used to assess market competitiveness within the sector. When the remuneration policy will be reviewed, this will start with a review of the labour market reference group.

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 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.

Adjustment of variable remuneration/claw-back/ ultimum remedium/change-of-control
As of January 2014, new legislation has entered into force regarding the adjustment 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 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 mentioned on page 84.

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 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. 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 (conditional performance shares and options)
To strengthen the alignment with shareholder's interests, the long-term incentive plan includes the annual grant 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 second grant took place per 31 December 2015.

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). The criteria to be used for vesting and their relative weight are as follows:

Return on capital employed (ROCE)	50%
Total shareholder return (TSR)	50%

The performance incentive zones for ROCE are shown in the table below.

ROCE (weight: 50%)	Below threshold	Threshold	Target	Maximum
Target	< 9%	9%	12%	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. 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%

The conditional shares will vest three years after granting, based on the criteria mentioned above. Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting. The holders of conditional shares are not entitled to shareholders' rights, including the right to dividends during the period between granting and 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 re-purchases shares to cover the options and shares granted, with the goal that effectively no new shares are issued when options are exercised and performance shares vest.

Pension and other benefits
The members of the Board of Management participate in the Fugro Dutch collective pension scheme (defined benefit). The contribution depends on age and is on Fugro's account. 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 members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which allows building up pension out of net salary, such that the costs for Fugro are 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 2015

Fixed base salary 2015 and 2016

In 2015, the fixed base salary of the members of the Board of Management was not increased. For 2016, no raises in fixed base salaries are foreseen.

Short-term incentive (annual bonus)

2014 (paid in 2015)

Because of the poor performance of the company in 2014, the Supervisory Board decided not to grant a bonus to the members of the Board of Management for the year 2014. An exception was made for Mr. Verhagen. As he entered the Board of Management as of 1 January 2014 and became CFO as of 6 May 2014, he could not be held accountable for issues from the past that contributed to the poor performance in 2014. Therefore he was granted 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 in a bonus of 24% of base salary.

2015 (to be paid in 2016)

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 2015 budget. 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 evaluated the performance of the company in relation to the financial criteria included in the short-term incentive plan. This led to the conclusion that no annual bonus was granted on the financial criteria. Based on input from the remuneration committee, the Supervisory Board also evaluated the performance of the members of the Board of Management in relation to the personal targets set for each of them. This resulted in achievements of 60 – 90% of the personal targets and bonus pay-outs of 10 – 15% of base salary. As Mr. Rainey stepped down from the Board of Management at the AGM on 30 April 2015, his bonus for the year 2015 is calculated on a pro rata basis. Taking responsibility for the overall 2015 net result of the company, the CEO declined his bonus.

The following table provides an overview of the remuneration awarded to the members of the Board of Management in 2015, excluding long-term incentive.

(In EUR)	Fixed base salary		Short-term incentive				Pension costs	
	2015	2014	2015 (to be paid in 2016)	2014 (paid in 2015)	Non-tax deductible pension contribution in 2015 [2]	Contribution paid to pension fund in 2015	2015 disability insurance	2014 (including disability insurance)
P. van Riel (CEO)	600,000	600,000	0	0	95,550	20,844	7,263	122,735
P.A.H. Verhagen (CFO)	450,000	450,000	67,500	108,000	69,929	15,754	7,263	89,707
M.R.F. Heine [1]	412,500	–	60,000	–	215,238 [3]	12,635	6,959	–
W.S. Rainey [4]	350,000	350,000	15,000	0	275,000	–	–	275,000
S.J. Thomson	450,000	450,000	45,000	0	87,885	19,395	7,263	(321,708)

1 Appointed to the Board of Management as of 30 April 2015. The information shown above covers the full year 2015 only.
2 Besides the contribution to the Fugro collective pension scheme, as of 2015 the members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which allows building up pension out of net salary for part of the salary above EUR 100,000.
3 This amount includes a one-off pension compensation of EUR 158,689 relating to previous years, which gross amount has been paid in 2015.
4 Mr. Rainey stepped down from the Board of Management at the AGM on 30 April 2015 but he continued his activities regarding Seabed Geosolutions. The information shown above covers the full year 2015. He did not participate in Fugro's pension fund. The pension contribution paid in 2015 includes disability insurance.

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. As of 2014, the members of the Board of Management and most senior managers are only entitled to conditional performance shares and conditional performance options.

The following table shows an overview of unconditional options granted to the members of the Board of Management that are still outstanding under the "old" option plan (which is not applicable anymore to the members of the Board of Management as of 2014).

	P. van Riel	P.A.H. Verhagen[1]	M.R.F. Heine	W.S. Rainey	S.J. Thomson
Options outstanding on 31 December 2014	280,900	30,000	54,000	66,700	177,700
Exercised in 2015	0	0	0	0	0
Expired with no value on 31 December 2015	(60,000)	n/a	(5,500)	(35,000)	(35,000)
Total number outstanding on 31 December 2015	220,900	30,000	48,500	31,700	142,700

1 When Mr. Verhagen joined Fugro as of 1 January 2014 he received 30,000 unconditional options and 15,000 unconditional restricted shares as a one-off compensation for rights with his former employer that he lost as a result of him joining Fugro. This was approved by the EGM held on 27 November 2013.

Application of the remuneration policy has resulted as per 31 December 2015 in the granting to the members of the Board of Management of a total of 48,750 conditional performance shares and 97,500 conditional performance options. The exercise price of the options is EUR 15.06 (the closing price of the shares at Euronext Amsterdam on the last trading day of 2015).

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 and in 2015.

	P. van Riel	P.A.H. Verhagen	M.R.F. Heine	W.S. Rainey[1]	S.J. Thomson
Conditional shares outstanding on 31 December 2014	15,000	11,250	8,500	11,250	11,250
Conditional shares granted as per 31 December 2015	15,000	11,250	11,250	–	11,250
Total number of conditional shares outstanding on 31 December 2015	30,000	22,500	19,750	11,250	22,500
Conditional options outstanding on 31 December 2014	30,000	22,500	17,000	22,500	22,500
Conditional options granted as per 31 December 2015	30,000	22,500	22,500	–	22,500
Total number of conditional options outstanding on 31 December 2015	60,000	45,000	39,500	22,500	45,000

1 No conditional shares and options were granted to Mr. Rainey as per 31 December 2015 because he stepped down from the Board of Management at the AGM on 30 April 2015.

Share ownership members Board of Management

As of 31 December 2015, the members of the Board of Management held the following number of (unrestricted) shares in Fugro:

	P. van Riel	P.A.H. Verhagen	M.R.F. Heine	S.J. Thomson
Number of shares on 31 December 2015	189,376	6,000	3,600	13,733

Other benefits

The customary fringe benefits remained unchanged in 2015 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)	AGM 2018
P.A.H. Verhagen (CFO)	AGM 2018
S.J. Thomson	AGM 2017
M.R.F. Heine	AGM 2019

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 2015

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.
The remuneration is not dependent on the results of Fugro. Fugro does not provide any loans, shares or options to its Supervisory Board members. In 2015 none of the Supervisory Board members held any shares in Fugro.

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 when meetings are held outside the US.

No proposal to increase the annual remuneration for the members of the Supervisory Board will be submitted to the AGM in 2016.

The following table provides an overview of the remuneration awarded to the Supervisory Board in 2015.

(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)	55,000	10,000	–	65,000
A.J. Campo	50,000	8,000	30,000	88,000
P.H.M. Hofsté[1]	33,333	5,333	–	38,666
A.H. Montijn[1]	33,333	5,333	–	38,666
D.J. Wall	50,000	8,000	30,000	88,000
J.A. Colligan[2]	16,667	2,667	–	19,333

1 Mrs. Hofsté and Mrs. Montijn were appointed to the Supervisory Board on 30 April 2015.
2 Mr. Colligan stepped down as member of the Supervisory Board on 30 April 2015.

Leidschendam, 25 February 2016

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

CORPORATE GOVERNANCE

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 the Euronext Amsterdam Stock Exchange, 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 discussed in the Annual General Meeting (AGM) in May 2004 and approved by the shareholders.

The Code was updated in 2008 and became effective in 2009. 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 was discussed in the AGM in 2010. Since that date no substantial changes have been made to Fugro's corporate governance structure.

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. Companies may depart from the best practice provisions. Departures may be justified in certain circumstances. Fugro does not take a 'tick-a-box' approach to compliance and shareholders, the media, corporate governance 'rating agencies' and proxy advisors shouldn't do so either.
Any substantial changes in the corporate governance structure of Fugro and its compliance with the Code will be submitted to the AGM.

A full overview ('comply or explain'-report) of Fugro's compliance with the Code in 2015 is posted on Fugro's website. Fugro applies the principles and best practices of the Code, except for the following and for the reasons set out below.

Best practice provision III.5.11

The remuneration committee should not be chaired by the chairman of the Supervisory Board. Currently the chairman of the Supervisory Board, Harrie Noy, is also chairman ad interim of the remuneration committee. Following the resignation of the former chairman of the remuneration committee in October 2014, Mr. Noy took over the chairmanship temporarily. Given his experience and the fact that other supervisory directors already were occupied in other committees or were not yet sufficiently familiar with Fugro's remuneration policy, Mr. Noy was the most obvious choice for the position for the time being. The Supervisory Board endeavours to resolve this temporary non-compliance shortly and with due care to the interests of Fugro.

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.

Fugro Saltire performing inspection at wind farm.

Best practice provision IV.2.1

In accordance with this provision, the Board of Stichting Administratiekantoor Fugro ('Foundation 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 Foundation Trust Office do not stipulate the instances in which and the conditions under which holders of certificates may ask the Foundation Trust Office to convene a meeting of holders of certificates. 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 Foundation 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 Foundation Trust Office.

Best practice provision IV.2.5

According to this provision the Foundation 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 Foundation Trust Office provide that if the Foundation 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 Foundation 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 Foundation Trust Office. The Board can (also) opt, for reasons of its own, to not exercise the voting rights on the shares held by the Foundation 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 Foundation Trust Office will provide a proxy 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 proxy. In specific situations the Foundation Trust Office may solely limit, exclude or revoke a proxy. See page 94 for more details. This is necessary – summarised – when Fugro's continuity, independence, identity or development is at stake. Therefore the deviation of this provision of the Code relates to the fact 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:

- 96,000,000 ordinary shares, with a nominal value of EUR 0.05.
- 160,000,000 cumulative protective preference shares, with a nominal value of EUR 0.05.
- 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.
- 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 2015 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 transfer of shares / exchange 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:

- 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 2015 one percent equalled 845,726 shares).
- through such transfer would acquire more than one per cent of the total capital of Fugro issued in the form of ordinary shares.

Exchange of certificates for shares is only possible in accordance with the above-mentioned.

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

- the transfer of ordinary shares to Fugro itself or to a subsidiary of Fugro.
- 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.
- 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.
- 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.
- 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
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 two of 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.

Foundation Trust Office
Only (non-voting) certificates of shares are listed and traded on Euronext Amsterdam. These exchangeable certificates are issued by the Foundation Trust Office and the Board of the Foundation 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 Foundation operates completely independent from Fugro. For the report to holders of certificates with respect to the year 2015 and the composition of the Board of the Foundation Trust Office see also pages 196 and 197.

Holders of certificates (and their authorised proxies):
- may, after timely written notification, attend and speak at shareholders' meetings.
- are entitled to request from the Foundation Trust Office a proxy to exercise the right to vote for the shares that underlie their certificates. The Foundation 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.
  - in the opinion of the Foundation 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 shareholders' meeting will be treated as a request to the Foundation 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 independently 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

Staff from Fugro Angola receive training in the UK on the safe deployment of survey equipment.

occasion occur. The Board of Foundation Protective Preference Shares operates completely independently from Fugro. For the composition of the Board of the Foundation see also page 194.

Foundation Continuity Fugro

The objects of Stichting Continuïteit Fugro ('Foundation Continuity') are similar to those of Foundation Protective Preference Shares. Foundation Continuity has entered into call option agreements with Fugro Consultants International N.V. ('FCI') and Fugro Financial International N.V. ('FFI') (both registered in Curaçao) pursuant to which the Foundation was granted the right to acquire preference shares B in each of FCI and FFI up to a maximum equal to 105% of the nominal value of the then issued capital of the relevant company (in a form other than cumulative preference shares B), not including any shares that company holds in its own capital. The grant of these call options has been approved by the AGM in 1999. During 2015 the defence structures of Fugro N.V. and the Fugro Group were evaluated. It was confirmed and documented that the Foundation Continuity, at the level of FCI and FFI, basically has similar features as a Dutch Protective Preference Shares Foundation and under circumstances may acquire a veto right on important decisions relating to the Fugro businesses operating under FCI and FFI. For the composition of the Board of Foundation Continuity see page 194.

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. 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 an unconditional option plan that was approved by the AGM in 2008 and a conditional performance option and conditional performance share plan that has been approved by the AGM in 2014. See page 101 for further details of the two plans. Since 2014 only conditional performance options and shares are granted to the members of the Board of Management. (Conditional) options and conditional shares are granted to members of the Board of Management and to other employees in such way that at any moment the maximum number of outstanding rights to acquire and to obtain ordinary shares will not exceed 7.5% of Fugro's 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 plans with the result that no new shares are issued when options are exercised and shares vest. The total number of (conditional) options and conditional shares to be granted is subject to the approval of the Supervisory Board as is the grant of options and shares to members of the Board of Management itself.

General meeting of shareholders

General meetings are convened by the Board of Management or the Supervisory Board. Meetings can also be convened by shareholders who, individually or jointly, represent at least 10% of the issued share capital if authorised by the relevant Dutch court.

The powers of the 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 entail a significant 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 of the Board of Management; approval of the option and share plan for the Board of Management; approval of the remuneration of the Supervisory Board; adoption of the annual financial statements; discharge of members of the Board of Management and of the Supervisory Board; approval of the profit appropriation; authorisation to repurchase or cancellation of 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.

The annual general meeting (AGM) is held within six months of the end of the financial year (often at the end of April or the beginning of May) in order to discuss the annual report and the financial statements, any appointments of members of the Board of Management and of the Supervisory Board and any of the other topics mentioned above. Extraordinary general meetings (EGM) 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.

Shareholders who, individually or jointly, represent at least 3% of the issued share capital may request to the Board of Management that items be placed on the agenda.
Such requests need to be received in writing not later than 60 days prior to the meeting.

Board of Management and Supervisory Board

Fugro N.V. is a public limited liability company under Dutch law. It has a two-tier board structure, consisting of a Board of Management and an independent Supervisory Board. Each Board has its specific role and task regulated by laws, the articles of association, the Code and the rules and regulations of both Boards. Management is responsible for the strategy, policies and results of Fugro. The Supervisory Board is responsible for supervising Fugro's management and Fugro's general affairs and the business connected with it, and for advising the Board of Management. In performing its duties, the Supervisory Board shall be guided by the interests of Fugro and its business, and shall take into account the relevant interests of Fugro's stakeholders.

Members of the Board of Management and of the Supervisory Board are appointed (and, if necessary, dismissed or suspended) by the general meeting of shareholders ('general meeting') for a maximum period of four years. The Supervisory Board determines the number of members of the Board of Management after consultation with the Board of Management. The Supervisory Board consists of such number of supervisory directors as shall be set by the Supervisory Board (currently six). Supervisory Board members are eligible for reappointment of two additional four-year terms, up to a maximum of twelve years in office.

For every appointment to the Supervisory Board and the Board of Management, the Supervisory Board is entitled to make a (binding) nomination. The general meeting can overrule a binding nomination by a resolution adopted by an absolute majority of the votes cast, provided such majority represents more than one-third of the issued share capital. If this part of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of the 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, irrespective of the part of the capital represented at such meeting. On a non-binding nomination, the general meeting decides on the appointment with an absolute majority of votes.

The Supervisory Board appoints one of the members of the Board of Management as chairman (CEO) and determines, in consultation with the Board of Management, the division of tasks. The Supervisory Board appoints one of its members as chairman and one as vice-chairman.
The chairman of the Supervisory Board is assisted in his role by the company secretary. The Supervisory Board has established three key committees from amongst its members: an audit committee, a nomination committee and a remuneration committee. The function of the committees is to assist the Supervisory Board and to prepare the decision-making.

The general meeting can dismiss or suspend members of the Board of Management and the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires at least two-third of the votes, representing at least half of the issued share capital. With regard to the overruling of the binding nature of decisions to suspend or dismiss members of the Board of Management or Supervisory Board, convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code is not permitted. The Supervisory Board may at any time suspend a member of the Board of Management.

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, representing at least half of the issued share capital. If this proportion of the share capital is not represented at the meeting, a second meeting may be convened at which the resolution may be passed by a majority of at least two-thirds of the votes cast, irrespective of the proportion of the capital represented at such meeting.

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 (currently no such preference shares are issued), 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.

Authorisation Board of Management regarding Fugro shares

Fugro regularly proposes to its shareholders to authorise the Board of Management to grant or issue (rights to acquire) shares and to repurchase own shares. On 30 April 2015 the AGM authorised the Board of Management for a period of 18 months as from 30 April 2015 until 30 October 2016, to, subject to the approval of the Supervisory Board:

- cause Fugro to purchase (certificates of) its own 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.
- 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.
- 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 above-mentioned 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 is 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:

- Fugro N.V., directly and indirectly, has entered into U.S. Private Placement loans (USPP) and into bilateral revolving credit facilities (RCF). See for further details note 5.52 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., the loans/amounts outstanding under these arrangements are immediately due.
- Joint venture agreement between Fugro Nederland B.V. and CGG SA. This agreement contains a change of control clause with respect to the situation that a third party, other than an affiliate of Fugro N.V. or CGG acquires direct or indirect control over the affairs of Fugro N.V. or CGG; more than 30% of the voting rights in the capital of Fugro N.V. or CGG; or on the appointment or dismissal of the majority of the managing directors or a board of directors of Fugro N.V. or CGG. In such a case the other party may terminate the agreement.

Some other joint venture agreements Fugro N.V. 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.

- Fugro N.V. 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.
- Employee (conditional) option and conditional share agreements. The "old" unconditional option agreements stipulate that in the event of a restructuring of the share capital of Fugro N.V. or a merger of Fugro N.V. 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 N.V. is entitled per share immediately prior to the restructuring or merger, unless the option period is shortened by Fugro N.V. In the event of a restructuring of its share capital or merger with another company, Fugro N.V. 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 conditional performance share agreements (first grants on 31 December 2014 and second grants on 31 December 2015) contain more or less similar change of control clauses.

Termination of services agreement of members Board of Management resulting from public bid

Fugro has not entered into any agreements with members of the Board of Management that provide for a specific severance payment on termination of the 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. This severance payment is in addition to a three months' notice period for both parties.

CORPORATE GOVENANCE 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 2015 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'.
- 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'.

INFORMATION FOR SHAREHOLDERS

INVESTOR RELATIONS POLICY

Fugro's investor relations policy is aimed at providing timely, complete 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 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. In combination with further individual personal contacts with investors this resulted in around 180 'one-on-one'-meetings, presentations and telephone conferences in 2015.

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 is 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).

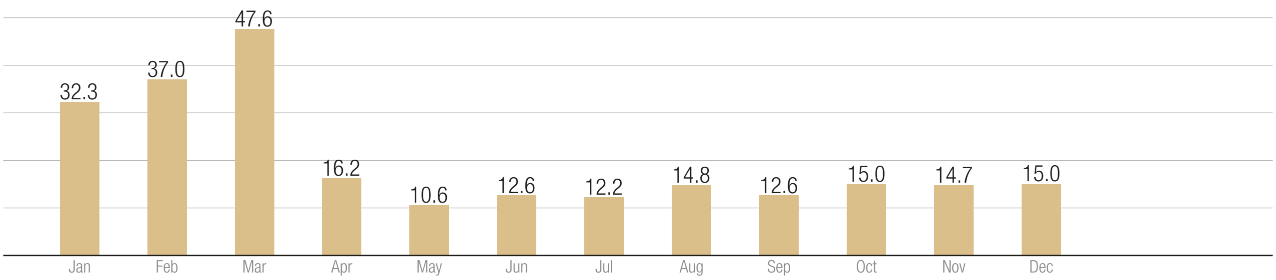
On 31 December 2015 Fugro had 84,572,525 shares outstanding. Only certificates of shares are listed on Euronext Amsterdam. These certificates are issued by the Foundation Trust Office, which carries out the administration of the underlying shares, for which it has issued the certificates. On 31 December 2015 the Foundation Trust Office administered 98.6% of the issued underlying shares.

For more information on share capital, certificates and the Foundation Trust Office see 'Foundation Trust Office' on page 94 and 'Report of Stichting Administratiekantoor Fugro' on page 196.

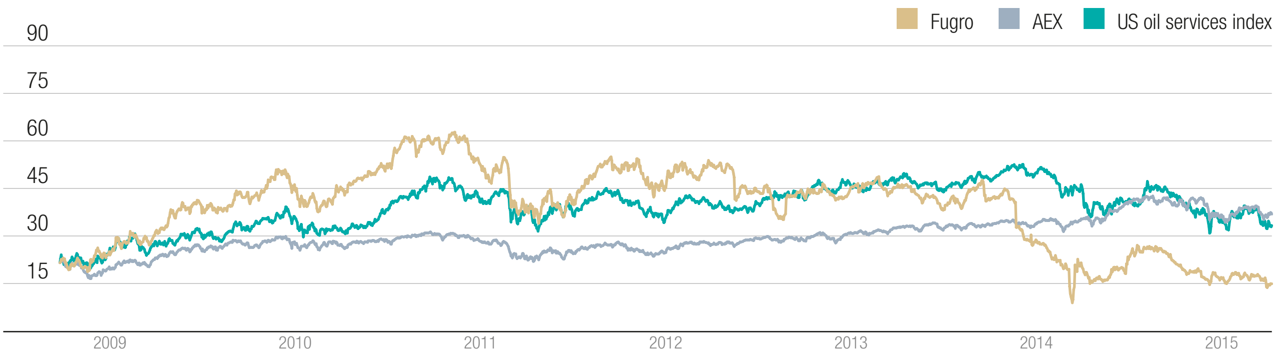
SHARE PRICE AND TRADING VOLUMES

The share price declined by 13% in 2015, which is a slightly better performance than the 17% decline of the most commonly used oil field services index (OSX). A further decrease in the oil price during the year, from around USD 58 per barrel Brent to USD 37, led to continuous pressure on client's budgets, resulting for companies like Fugro in project delays, postponements, cancellations and price pressure. This followed the halving of the oil price during 2014. The major Dutch index, the AEX, increased by 4% during the year.
The average daily trading volume on Euronext Amsterdam was 940,270 shares. During the year, on a daily basis around 70% of the observable trading volume in Fugro shares took place on the Euronext platform. The remaining volume was realised on alternative platforms such as Chi-X and Turquoise.

Trading volume on Euronext (x million Fugro shares)

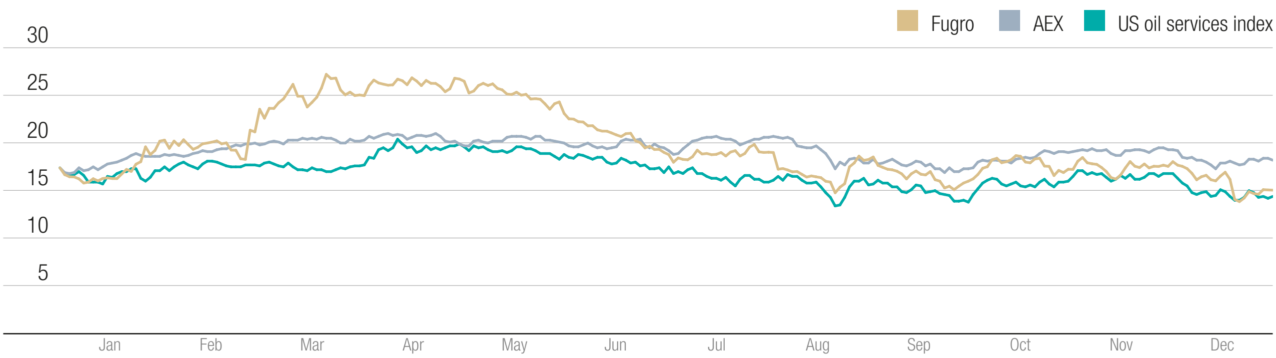


Development share price 2009 – 2015 (x EUR)



AEX (Dutch large cap index) and OSX (US oil services index; composed of amongst others Halliburton, Oceaneering, Schlumberger, Transocean, Weatherford) calibrated to Fugro share price on 2 January 2009.

Development share price 2015 (x EUR)



AEX (Dutch large cap index) and OSX (US oil services index; composed of amongst others Halliburton, Oceaneering, Schlumberger, Transocean, Weatherford) calibrated to Fugro share price on 2 January 2015.

Trading information	2015	2014	2013	2012	2011
Market capitalisation (x EUR 1 million)	1,274	1,460	3,663	3,688	3,655
Highest closing share price on Euronext	27.21	47.72	48.81	57.88	63.53
Lowest closing share price on Euronext	13.86	9.07	35.24	37.65	34.47
Year-end closing share price on Euronext	15.06	17.26	43.32	44.52	44.90
Average daily trading on Euronext (shares)	940,270	1,133,414	475,733	482,637	517,252
Average dividend yield (%)	0.0	0.0	3.6	4.2	3.1

Information per share (x EUR 1.–)	2015	2014	2013	2012	2011
Cash flow[1]	4.01	4.16	4.52	4.99	5.45
(Basic) earnings per share	(4.60)	(5.67)	5.29	3.61	3.63
Diluted earnings per share	(4.60)	(5.65)	5.27	3.58	3.74
Dividend paid out in the year under review	–	1.50	2.00	1.50	1.50
Proposed dividend over the year under review	–	–	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

[1] 2013 and 2014 based on cash flow from operating activities.

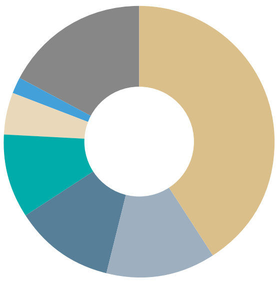
SHAREHOLDERS

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 2015, 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.	25.14%	20 March 2015
NN Groep NV	10.03%	22 July 2015
Sprucegrove Investment Management Limited	5.18%	14 March 2013
Kiltearn Partners LLP	5.08%	19 December 2014
Fidelity Management and Research	4.80%	5 May 2008
Fugro N.V. (treasury shares)	4.20%	30 September 2014

Geographical distribution shareholders



[1] Including 4.20% treasury shares.

Source: cmi2i estimate; February 2016.

PARTICIPATIONS AND EMPLOYEE OPTIONS

On 31 December 2015 around 1% of Fugro's share capital was held by members of the Board of Management and other Fugro employees.

A total number of 534,470 new options, with an exercise price of EUR 15.06, were granted to a total of 654 employees on 31 December 2015. Furthermore, a total number of 219,200 performance options and 109,600 performance shares were granted to a total of 39 employees. Of these performance options and performance shares, 44% were granted to the four members of the Board of Management. In total, per 31 December 2015, 5,393,952 options (including the (performance) option and performance share grants) were outstanding.

Shares held to cover employee (performance) options and performance shares

	2015	2014
Balance on 1 January	3,623,316	3,798,736
Purchased	–	205,410
Sold in connection with option exercise	–	(380,830)
Adjustment	5,031	
Balance on 31 December	3,628,347	3,623,316
Granted, not exercised options at year-end	4,834,902	5,501,963
Granted, not exercised performance options at year-end	372,700	158,500
Granted, not vested performance shares at year-end	186,350	79,250

Unconditional options are granted in accordance with the option scheme that was approved by the AGM in 2008. Conditional performance options and conditional performance shares (these performance shares represent the right to receive actual shares in the future on the vesting date) are granted in accordance with the option and share scheme that was approved by the AGM in 2014.

Options (conditional as well as unconditional) are granted annually on 31 December. The 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 is three years starting 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 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 unconditional, 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.

On 31 December 2015 a total of 3,628,347 own shares were held by the company. 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 2015, 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. Between 1 January and 1 March 2016 no options were exercised.

Number of outstanding shares	2015	2014
Outstanding on 1 January	84,572,525	84,572,525
Issued in relation to stock dividend	–	1,698,575
Bought back and cancelled to neutralise dilution from stock dividend	–	(1,698,575)
Outstanding on 31 December	84,572,525	84,572,525
Balance held for option scheme (year-end)	3,628,347	3,623,316
Entitled to dividend as per year-end	80,947,178	80,949,209

DIVIDEND

Fugro strives for a pay-out ratio of 35% to 55% of net result. Shareholders have the choice between cash or shares. In case no choice is made, the dividend will be paid in shares.

Due to the negative net result, Fugro will not propose to pay a dividend over the year 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 issued capital represented in shareholders' meetings	% of issued capital[1]	Of which certificates and shares	Of which shares held by Foundation Trust Office[2]
AGM 2015	99	71	28
AGM 2014	99	74	25
EGM 2013	99	69	30
AGM 2013	99	62	37

1 Excluding own shares held by Fugro.
2 Foundation 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 Foundation Trust Office. For more information see 'Foundation Trust Office' on page 94 and 'Report of Stichting Administratiekantoor Fugro' on page 196.

Financial calendar

26 February 2016	Publication 2015 annual results (7.00 CET)
4 March 2016	Publication 2015 annual report
18 March 2016 (at the latest)	Notice for Annual General Meeting published on www.fugro.com
1 April 2016	Record date for Annual General Meeting
29 April 2016	Trading update first quarter 2016 (7.00 CET)
29 April 2016	Annual General Meeting (Crown Plaza hotel, Den Haag, 14.00 CET)
4 August 2016	Publication half-year results 2016 (7.00 CET)
31 October 2016	Trading update third quarter 2016 (7.00 CET)
24 February 2017	Publication 2016 annual results (7.00 CET)
2 May 2017	Annual General Meeting

CONTACT

For further information contact
Catrien van Buttingha Wichers
Director Investor Relations
+31(0)70 3115335
c.vanbuttingha@fugro.com
holding@fugro.com

FINANCIAL STATEMENTS 2015

1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(EUR x 1,000)		2015	2014
	Continuing operations		
(5.26)	Revenue	2,362,986	2,572,191
(5.30)	Third party costs	(918,396)	(1,227,011)
	Net revenue own services (revenue less third party costs)	1,444,590	1,345,180
(5.31)	Other income	16,119	19,081
(5.32)	Personnel expenses	(809,130)	(820,269)
(5.38)	Depreciation	(212,486)	(200,403)
(5.39)	Amortisation	(27,382)	(90,863)
(5.33)	Impairments	(363,318)	(509,048)
(5.34)	Other expenses	(298,321)	(292,246)
	Results from operating activities (EBIT)	(249,928)	(548,568)
	Finance income	17,636	12,519
	Finance expenses	(64,570)	(46,990)
(5.35)	Net finance income/(expenses)	(46,934)	(34,471)
(5.42)	Share of profit/(loss) of equity-accounted investees (net of income tax)	7,810	(9,566)
	Profit/(loss) before income tax	(289,052)	(592,605)
(5.36)	Income tax gain/(expense)	(69,637)	44,960
	Profit/(loss) for the period from continuing operations	(358,689)	(547,645)
	Profit/(loss) for the period from discontinued operations	–	(1,318)
	Profit/(loss) for the period	(358,689)	(548,963)
	Attributable to:		
	Owners of the Company (net result)	(372,522)	(458,870)
	Non-controlling interests	13,833	(90,093)
	Profit/(loss) for the period	(358,689)	(548,963)
	Basic earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.50)	From continuing operations (EUR)	(4.60)	(5.65)
(5.50)	From discontinued operations (EUR)	–	(0.02)
(5.50)	**From profit/(loss) for the period**	(4.60)	(5.67)
	Diluted earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.50)	From continuing operations (EUR)	(4.60)	(5.63)
(5.50)	From discontinued operations (EUR)	–	(0.02)
(5.50)	**From profit/(loss) for the period**	(4.60)	(5.65)

The notes on pages 112 to 187 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)		2015	2014
	Profit/(loss) for the period	(358,689)	(548,963)
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
(5.53)	Defined benefit plan actuarial gains/(losses)	9,008	(18,815)
	Total items that will not be reclassified to profit or loss	9,008	(18,815)
	Items that may be reclassified subsequently to profit or loss		
(5.35)	Foreign currency translation differences of foreign operations	118,736	152,508
(5.35)	Foreign currency translation differences of equity-accounted investees	4,212	2,761
(5.35)	Net change in fair value of hedge of net investment in foreign operations	(81,385)	(75,840)
(5.35)	Net change in fair value of cash flow hedges transferred to profit or loss	477	210
(5.35)	Net change in fair value of available-for-sale financial assets	37	(829)
(5.35)	Net change in translation reserve transferred to profit or loss due to disposal	(8,286)	–
	Total items that may be reclassified subsequently to profit or loss	33,791	78,810
	Total other comprehensive income for the period (net of tax)	42,799	59,995
	Total comprehensive income/(loss) for the period	(315,890)	(488,968)
	Attributable to:		
	Owners of the Company	(329,397)	(401,757)
	Non-controlling interests	13,507	(87,211)
	Total comprehensive income/(loss) for the period	(315,890)	(488,968)
	Total comprehensive income attributable to equity shareholders arises from:		
	Continuing operations	(329,397)	(400,439)
	Discontinued operations	–	(1,318)
		(329,397)	(401,757)

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	(EUR x 1,000)	2015	2014
	Assets		
(5.38)	Property, plant and equipment	986,585	1,198,024
(5.39)	Intangible assets	466,627	762,434
(5.42)	Investments in equity-accounted investees	29,577	34,582
(5.43)	Other investments	98,424	91,425
(5.44)	Deferred tax assets	88,386	105,129
	Total non-current assets	1,669,599	2,191,594
(5.45)	Inventories	29,557	34,277
(5.46)	Trade and other receivables	755,902	976,484
(5.37)	Current tax assets	20,101	41,150
(5.47)	Cash and cash equivalents	304,993	322,167
(5.48)	Assets classified as held for sale	61,032	–
	Total current assets	1,171,585	1,374,078
	Total assets	2,841,184	3,565,672

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	(EUR x 1,000)	2015	2014
	Equity		
	Share capital	4,228	4,228
	Share premium	431,227	431,227
	Other Reserves	(402,372)	(436,464)
	Retained earnings	1,537,094	1,977,645
	Unappropriated result	(372,522)	(458,870)
(5.49)	**Total equity attributable to owners of the Company**	1,197,655	1,517,766
(5.51)	Non-controlling interests	36,702	(5,348)
(5.49)	**Total equity**	1,234,357	1,512,418
	Liabilities		
(5.52)	Loans and borrowings	728,082	949,954
(5.53)	Employee benefits	91,402	116,122
(5.54)	Provisions for other liabilities and charges	61,827	61,046
(5.43)	Deferred tax liabilities	5,751	3,757
	Total non-current liabilities	887,062	1,130,879
(5.47)	Bank overdraft	21,908	169,089
(5.52)	Loans and borrowings	89,722	4,077
(5.55)	Trade and other payables	503,213	587,688
(5.54)	Provisions for other liabilities and charges	14,903	56,879
	Other taxes and social security charges	42,843	51,214
(5.37)	Current tax liabilities	47,176	53,428
	Total current liabilities	719,765	922,375
	Total liabilities	1,606,827	2,053,254
	Total equity and liabilities	2,841,184	3,565,672

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR x 1,000) 2015

		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 2015	4,228	431,227	(81,638)	(868)	(353,958)	1,977,645	(458,870)	1,517,766	(5,348)	1,512,418
	Total comprehensive income for the period:										
	Profit or (loss)							(372,522)	(372,522)	13,833	(358,689)
	Other comprehensive income										
(5.35)	Foreign currency translation differences of foreign operations			119,074					119,074	(338)	118,736
(5.35)	Foreign currency translation differences of equity-accounted investees			4,212					4,212		4,212
(5.35)	Net change in fair value of hedge of net investment in foreign operations			(81,385)					(81,385)		(81,385)
(5.53)	Defined benefit plan actuarial gains/ (losses)						8,996		8,996	12	9,008
(5.35)	Net change in fair value of cash flow hedges transferred to profit or loss				477				477		477
(5.35)	Net change in fair value of available-for-sale financial assets						37		37		37
(5.35)	Net change in translation reserve transferred to profit or loss due to disposal			(8,286)					(8,286)		(8,286)
	Total other comprehensive income (net of tax)			33,615	477		9,033		43,125	(326)	42,799
	Total comprehensive income for the period			33,615	477		9,033	(372,522)	(329,397)	13,507	(315,890)
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.32)	Share-based payments						9,286		9,286		9,286
	Share options exercised										
	Addition to/(reduction of) reserves						(458,870)	458,870	–		–
(5.52)	Contributions by shareholders									37,481	37,481
(5.49)	Dividends to shareholders									(8,938)	(8,938)
	Total contributions by and distribution to owners						(449,584)	458,870	9,286	28,543	37,829
	Balance at 31 December 2015	4,228	431,227	(48,023)	(391)	(353,958)	1,537,094	(372,522)	1,197,655	36,702	1,234,357

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(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										
(5.35)	Foreign currency translation differences of foreign operations			149,626					149,626	2,882	152,508
(5.35)	Foreign currency translation differences of equity-accounted investees			2,761					2,761		2,761
(5.35)	Net change in fair value of hedge of net investment in foreign operations			(75,840)					(75,840)		(75,840)
(5.53)	Defined benefit plan actuarial gains/ (losses)						(18,815)		(18,815)		(18,815)
(5.35)	Net change in fair value of cash flow hedges transferred to profit or loss				210				210		210
(5.35)	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										
(5.32)	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)	–		–
(5.49)	Own shares acquired and stock dividend					(74,257)			(74,257)		(74,257)
(5.49)	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 112 to 187 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)		2015	2014
	Cash flows from continuing operations		
	Cash flows from operating activities		
	Profit/(loss) for the period	(358,689)	(547,645)
	Adjustments for:		
(5.38/5.39)	Depreciation and amortisation	239,868	291,266
(5.33)	Impairments	363,318	509,048
	Write-off long-term receivables	–	12,655
(5.42)	Share of (profit)/loss of equity-accounted investees (net of income tax)	(7,810)	9,566
(5.31/5.34)	Gain on sale of property, plant and equipment	(7,527)	(4,245)
(5.32)	Equity-settled share-based payments	9,286	10,490
	Net change in translation reserve transferred to profit or loss due to disposal	(8,286)	–
	Change in provisions for other liabilities and charges and employee benefits	(68,317)	104,544
(5.36)	Income tax expense/(gain)	69,637	(44,960)
	Income tax paid	(29,978)	(30,628)
(5.35)	Finance income and expense	46,934	34,471
	Interest paid	(66,225)	(37,392)
	Operating cash flows before changes in working capital and provisions	182,211	307,170
	Change in inventories	5,635	(3,817)
	Change in trade and other receivables	216,700	(69,260)
	Change in trade and other payables	(79,616)	102,603
	Changes in working capital	142,719	29,526
	Net cash generated from operating activities	324,930	336,696
	Cash flows from investing activities		
	Proceeds from sale of interests in business, net of cash disposed of	–	28,125
(5.9.2)	Proceeds from sale of multi-client data libraries, net of cash disposed of	103,569	–
(5.29)	Net proceeds from sale & leaseback transaction of property, plant and equipment	48,631	–
(5.39)	Acquisition of intangible assets	(10,408)	(12,230)
(5.39)	Internally developed intangible assets	(23,567)	(20,892)
(5.38)	Capital expenditures on property, plant and equipment	(160,472)	(274,050)
	Proceeds from sale of property, plant and equipment	20,443	14,747
(5.27)	Acquisition of businesses, net of cash acquired	(9,889)	(63,878)
	Proceeds from sale of other investments	–	11,158
(5.42)	Interest received	11,001	17,473
(5.42)	Dividends received	10,481	5,262
	Net cash (used in) / from investing activities	(10,211)	(294,285)
	Cash flows before financing activities	314,719	42,411

The notes on pages 112 to 187 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)		2015	2014
	Cash flows from financing activities		
	Proceeds from issue of long-term loans	76,237	192,875
(5.52)	Transaction costs relating to loans and borrowings	(12,713)	(4,293)
	Repurchase of own shares	–	(74,257)
	Paid consideration for the exercise of share options	–	15,091
	Proceeds from the sale of own shares	–	(6,167)
(5.52)	Repayment of borrowings	(250,748)	(35,347)
	Dividends paid	(8,938)	(54,689)
	Net cash from / (used in) financing activities	(196,162)	33,213
	Change in cash flows from operations	118,557	75,624
	Net increase in cash and cash equivalents	118,557	75,624
	Cash and cash equivalents at 1 January	153,078	72,100
	Effect of exchange rate fluctuations on cash held	11,450	5,354
	Cash and cash equivalents at 31 December	283,085	153,078
	Presentation in the statement of financial position		
(5.47)	Cash and cash equivalents	304,993	322,167
(5.47)	Bank overdraft	(21,908)	(169,089)
		283,085	153,078

The notes on pages 112 to 187 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 2015 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 25 February 2016 the Board of Management and Supervisory Board authorised the financial statements for issue. Publication will take place on 4 March 2016.

The financial statements will be submitted for adoption to the Annual General Meeting on 29 April 2016. 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 stated 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 for 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 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. The company accounts for any change in accounting principle retrospectively. There are no new standards, amendments and/or interpretations that are required to be adopted as from 1 January 2015, which have a material impact on the Group.

5.3.4 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 5.66.

5.3.5 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 by EU is currently expected in first half year of 2016. 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 2018, 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 by the EU is currently expected in first quarter of 2016. The company is currently assessing the impact of IFRS 15.

For lessees, IFRS 16 (issued on 13 January 2016) requires most leases to be recognized on-balance (under a single model), eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 Leases and related interpretations. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and is depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, and the liability accrues interest. As with current IAS 17, under IFRS 16 lessors classify leases as operating or finance in nature. IFRS 16 must be applied for periods beginning on or after 1 January 2019, with earlier adoption permitted if abovementioned IFRS 15 has also been applied. IFRS 16 is not yet endorsed by the EU. The Company is currently assessing the impact of the new standard.

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 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 initial fair value of the contingent consideration are recognised in profit or loss.

5.4.2 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.

5.4.3 Equity-accounted investees

The Group's interests in equity-accounted 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.

5.4.4 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.

5.4.5 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 objective evidence of impairment conditions.

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 prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated 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 translated 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
2015	0.920	0.910	1.360	1.380	0.104	0.111	0.670	0.680
2014	0.820	0.758	1.280	1.247	0.111	0.119	0.680	0.679

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 in

the translation reserve 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 monetary items are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are 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 upon 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 or 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. Refer to accounting policy 5.9.

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 market 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).

5.6.7 Other non-derivative financial liabilities

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

5.6.8 Share-based payment transactions

The members of the Board, and the members of the Board only, are participating in a share option plan that is effective as from 2014. This plan is based on a combination of options and shares. The options and shares are awarded conditionally. The fair value of the options granted under the 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.

Fugro has also a share option scheme in place that allows some assigned group employees to acquire shares in Fugro. 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 accounting policy 5.11 and note 5.61.

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 initially recognised 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 5.47 Cash and cash equivalents and note 5.55 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 directly 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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. 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. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership 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. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately.

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 are 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 5.4.1 Accounting for business combinations. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment annually and when there is an indication for impairment (refer to accounting policy 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 relate to the 2D and 3D data libraries as well as to a profit sharing agreement with Finder Exploration Pty Ltd (Finder). The multi-client data libraries have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. 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. The Finder asset is accounted for at cost and is not amortised but assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Refer to note 5.33 Impairments.

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 accounting policy 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 accounting policy 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 intangible assets with an indefinite life are annually tested for impairment 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 their intended 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 the multi-client data libraries reference is made to accounting policy 5.9.2. Fugro has used an amortisation model that included 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 have been classified into the same category when they are located in the same area with the same estimated sales ratio.

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 initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method; less any impairment losses (refer to accounting policy 5.16).

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 accounting policy 5.16) and foreign currency differences on available-for-sale debt instruments (refer to accounting policy 5.16), 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 determined using 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 initially recognised 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 which 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 groups classified as held for sale

Non-current assets 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, these assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair values less costs to sell. 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.

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 higher 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 Foundation Trust Office' or 'Foundation Trust Office'), unless the context otherwise requires or unless it is clear from the context that this is not the case. The surplus paid by shareholders above the nominal value of shares is recognized as share premium. 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 directly 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 services are 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. At the reporting date, the discount rate is determined by reference to the yield 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 actuarial calculations are 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 certain 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 recognised 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 expenses.

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 performing under the contract. The expected net cost of performing under the contract is based on cash flow calculations discounted using a rate that reflects current market assessments of the time value of money. Before a provision is established, the Group recognises any impairment loss on the assets associated with and/or dedicated to that contract.

5.21 Trade and other payables

Trade and other payables are recognised initially at fair value net of 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 accounting policies 5.22.2 to 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 recognised 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 consists of 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 lease 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 income and expenses

Net finance income and expenses consist of finance expenses, finance income and foreign currency gains and losses. Finance expenses 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 board of management 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 geo-intelligence and asset integrity solutions, generally for purposes related to the oil and gas industry, the infrastructure and buildings industry and the power and mining 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 Board of Management 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.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss before income tax, as included in the internal management reports that are reviewed by the board of management. Segment profit or loss 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 participates in a profit sharing agreement with Finder and up to 30 June 2015, the Geoscience division owned and sold data from a large, geographically diverse 2D and 3D marine streamer seismic multi-client data library. Refer to note 5.9.2 Multi-client data libraries.

Operating segments

(EUR x 1,000)	Geotechnical		Survey		Subsea Services		Geoscience		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Segment revenue	803,963	832,043	975,191	991,048	465,098	632,935	363,233	300,795	2,607,485	2,756,821
Of which inter-segment revenue	63,623	57,062	139,404	103,022	41,472	24,546	–	–	244,499	184,630
Revenue	740,340	774,981	835,787	888,026	423,626	608,389	363,233	300,795	2,362,986	2,572,191
Segment result	79,076	102,526	153,890	173,048	16,867	29,704	103,425	(53,532)	353,258	251,746
Depreciation	(50,216)	(48,158)	(67,940)	(62,143)	(51,333)	(50,983)	(42,997)	(39,119)	(212,486)	(200,403)
Amortisation	(2,455)	(7,738)	(3,200)	(2,893)	(435)	(445)	(21,292)	(79,787)	(27,382)	(90,863)
Impairments	(60,373)	(63,646)	(3,749)	(44,607)	(254,755)	(14,713)	(44,441)	(386,082)	(363,318)	(509,048)
Result from operating activities (EBIT)	(33,968)	(17,016)	79,001	63,405	(289,656)	(36,437)	(5,305)	(558,520)	(249,928)	(548,568)
EBIT in % of revenue	(4.6)	(2.2)	9.5	7.1	(68.4)	(6.0)	(1.5)	(185.7)	(10.6)	(21.3)
Finance income	10,730	20,606	15,218	25,484	5,410	15,486	1,986	–	33,344	61,576
Finance expense	(22,739)	(22,296)	(20,770)	(22,353)	(16,546)	(25,649)	(20,223)	(25,749)	(80,278)	(96,047)
Share of profit/(loss) of equity-accounted investees	8	(8,305)	5,730	5,706	2,072	3,631	–	(10,598)	7,810	(9,566)
Reportable segment profit/(loss) before income tax	(45,969)	(27,011)	79,179	72,242	(298,720)	(42,969)	(23,542)	(594,867)	(289,052)	(592,605)
Income tax	(12,709)	7,930	(41,555)	(27,976)	(5,900)	1,891	(9,473)	63,115	(69,637)	44,960
Gain/(loss) on sale of the majority of the Geoscience business, net of tax										(1,318)
Profit/(loss) for the period	(58,678)	(19,081)	37,624	44,266	(304,620)	(41,078)	(33,015)	(531,752)	(358,689)	(548,963)
Capital employed	626,551	779,599	590,113	621,742	298,169	578,520	174,856	250,748	1,689,689	2,230,609
Reportable segment assets	932,221	1,075,834	1,056,767	1,052,784	438,784	799,482	413,412	637,572	2,841,184	3,565,672
Reportable segment liabilities	491,238	541,233	506,755	594,212	303,569	321,770	305,265	596,039	1,606,827	2,053,254
Capital expenditure, property, plant and equipment	46,725	70,448	51,278	99,468	31,248	59,955	31,221	50,339	160,472	280,210
Capital expenditure software and other intangible assets	2,744	829	846	1,036	130	306	6,688	10,412	10,408	12,583
Additions multi-client data libraries	–	–	–	–	–	–	22,835	20,892	22,835	20,892
Movement in other investments	5,551	(249)	2,219	458	1,930	(196)	(2,701)	(59,192)	6,999	(59,179)

Geographical areas

(EUR x 1,000)	Europe		Africa		Middle East/India		Asia Pacific		Americas		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014*
Revenue from external customers	779,608	857,522	117,523	130,554	299,128	335,578	520,372	663,234	646,355	585,303	2,362,986	2,572,191
Non-current assets	935,829	1,025,714	38,843	86,412	90,739	99,020	234,594	492,254	369,594	488,194	1,669,599	2,191,594

* As from 2015, Seabed's revenue and non-current assets are further allocated to the geographical areas. Previously, these were allocated to Europe. The comparative figures have been adjusted for comparison purposes.

Other material items 2015 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	33,344	(15,708)	17,636
Finance expense	(80,278)	15,708	(64,570)

Other material items 2014 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	61,576	(49,057)	12,519
Finance expense	(96,047)	49,057	(46,990)

5.27 Acquisitions and divestments of subsidiaries

5.27.1 Acquisitions 2015

On 2 March 2015, Fugro completed the acquisition of 40% of the remaining shares of Seafloor Geotec LLC (Seafloor). Previously, Seafloor was reported as an equity-accounted investee and accounted for using the equity method. Seafloor drilling is a Delaware Limited Liability company involved in Seafloor drilling. Seafloor employs no staff and it forms part of the Geotechnical division. The total fair value of the net assets acquired and the total consideration amount to EUR 14.6 million and EUR 17.3 million respectively. The total fair value of the previously held equity investee amounted to some EUR 8.0 million that forms part of the consideration. The net cash out flow is around EUR 9.9 million and the goodwill amounts to EUR 2.7 million. The effect of the revenue and net result contribution to the Group following this acquisition is considered to be insignificant to be further disclosed. 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 2015.

5.29 Sale and lease back arrangement

On 23 December 2015, Fugro entered into a sale and leaseback arrangement for the Fugro Scout and Fugro Voyager vessels. Fugro has substantially transferred all risks and rewards incidental to ownership of the vessels and therefore Fugro qualifies the lease back as an operating lease arrangement. The key terms of this sale and operating leaseback were agreed upon at 30 October 2015.
Both vessels were classified as held for sale at 30 October 2015, and were no longer depreciated since that date.
The Fugro Scout vessel was delivered on 24 December 2015, and the carrying amount of this vessel has been derecognised accordingly. An amount of EUR 48.6 million has been received for this vessel in 2015.

The sale and leaseback of the Fugro Voyager vessel was completed on 8 January 2016, upon delivery of the vessel an amount of approximately EUR 48 million has been received. This vessel is presented as an asset classified as held for sale as at 31 December 2015. Upon classification as held for sale and considering the transaction is established at fair value, a total impairment loss was recognised of EUR 5.5 million on the vessels. The lease term is twelve years from the date of delivery unless cancelled earlier. The lessor has the right to cancel the lease on the fifth anniversary of the lease and on each anniversary thereafter provided that no termination event has occurred and Fugro has not exercised its purchase option. Fugro has the right to purchase the vessels beginning on the third anniversary of the lease term commencement and as of each anniversary date thereafter until the eleventh anniversary.

The contract contains certain termination events, which events are considered to be mainly within the control of Fugro. If applicable, the lessor will have the right to sell the vessels to Fugro, to terminate the lease and/or sell the vessels to another third party. In case of a change of control of Fugro, the contract contains certain purchase and repurchases options in respect of the vessels. In case these are not exercised, Fugro has to remit a penalty equal to the net present value of the remaining charter hire payments outstanding and redeliver the vessels to the lessor.

The total net proceeds of approximately EUR 97 million shall be mainly used to for reduction of the private placement loans of EUR 90 million and such loans have been reported as current loans and borrowings as at 31 December 2015.

Fugro has made a certain prepayment in relation to the sale and leaseback, which is fully refundable at the end of the lease period. The prepayment does not carry interest and is initially measured at fair value. The prepayment has been split into a deposit, accounted for at amortised cost following initial recognition, and an advanced lease payment that is amortised over the remaining lease period of twelve years. Both amounts form part of other investments as at 31 December 2015.

5.30 Third party costs

(EUR x 1,000)	2015	2014
Cost of suppliers	624,708	761,971
Operational lease expense*	99,470	149,424
Other rentals	149,818	153,901
Onerous contracts	(19,270)	83,803
Other costs	63,670	77,912
	918,396	1,227,011

* The operational lease expense includes an amount of EUR 35.1 million (2014: EUR 40.0 million) relating to maintenance and repair. Refer to note 5.52.4.

Cost of suppliers comprises costs of third party equipment hire, fuel, demobilisation and mobilisation, consumables and third party personnel. Costs of other rentals relate to any lease or agreement with a term of less than one year or any project-based lease or agreement with a term that begins at the start of a specific project and ends upon completion of such project. Other costs mainly relate to withholding taxes on projects and subcontracted cost at request of the client which can be recharged to the client directly.

For the provisions relating to the onerous contracts, reference is made to 5.54.

5.31 Other income

(EUR x 1,000)	2015	2014
Settlements claims	3,143	520
Government grants	1,865	2,207
Net gain on sale of property, plant and equipment	7,527	4,623
Loss on sale of the multi-client data libraries	(1,119)	–
Sundry income	4.703	11,731
	16,119	19,081

Reference is made to note 5.33 in respect of the loss on sale of the multi-client data libraries.

5.32 Personnel expenses

(EUR x 1,000)	2015	2014
Wages and salaries	710,309	705,309
Compulsory social security contributions	66,269	68,448
Equity-settled share-based payments	9,286	10,490
Contributions to defined contribution plans	21,169	28,251
Expense related to defined benefit plans	1,572	7,431
Increase in liability for long-service leave	525	340
	809,130	820,269

5.32.1 Share-based payments

The share-based payment plans of Fugro N.V. can be divided in a long-term incentive plan (LTIP) 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 measurement after three years.

For the 2014 grant, the initial performance criteria related to 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 introduced the updated strategy "Building on Strength" in October 2014 with a shift in focus from growth towards restoring profitability. As a result, the Supervisory Board decided to propose to the Annual General Meeting (AGM) in 2015 to amend the remuneration policy by discarding 'revenue growth' as a performance measure and focus long-term performance measurement fully on TSR and ROCE (each with a weight of 50%). In summary, the changes to the LTIP as approved in the AGM 2015 are as follows:

Prior to AGM 2015	After AGM 2015
TSR 50%	TSR 50% (no change to vesting criteria)
Revenue Growth 25%	Not applicable
ROCE 25%	ROCE 50% (change to vesting criteria)

The changes are effective for the awards made under the LTIP on 31 December 2014 and relate to the portions of unvested LTIP awards with non-market performance conditions (i.e. Revenue growth and ROCE). Since these performance measures are not included in the fair value of the instruments, these amendments do not result in an incremental fair value at the modification date. Accordingly, the original grant date fair values determined for the performance shares and performance options awarded on 31 December 2014 are applied also after these modifications became effective.

However, the changes to the non-market condition parts (Revenue growth and ROCE) during the performance period and subject to continued services are taken into account when determining the number of performance shares and performance options expected to vest at each reporting date and the actual number of instruments that vest at the vesting date.

The performance targets and their relative weights for both the 2014 and 2015 awards are as follows:

- ROCE (weight 50%) is defined as 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.
- TSR (weight 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 measured immediately prior to the start and end date of the performance period. The relative position within the peer group determines the vesting level of the underlying instruments.

The performance incentive zones for the ROCE performance target is shown in the table below.

ROCE (weight 50%)	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: Amec, Baker Hughes, Boskalis, Core Laboratories, Fluor Corp., John Wood Group, Oceaneering Int., Schlumberger, Subsea 7, Technip and Transocean and vesting is subject to the following performance incentive zone:

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 twelve months prior to the grant date. 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 members of the Board of Management are awarded (rights to acquire) shares under the scheme implemented in 2014. The conditional number of shares and options to be awarded and granted at the grant date are based on the average share price over the last 3 months of 2014.

The Board of Management and the Supervisory Board decide annually on the granting of performance awards. As at 31 December 2015, Fugro N.V. granted 219,200 (2014: 158,500) performance options and awarded 109,600 (2014: 79,250) performance shares (100% at target). The average remaining term of the performance options outstanding is 5.6 years as at 31 December 2015 (31 December 2014: 6 years). The average remaining term of the performance shares outstanding is 2.6 years as at 31 December 2015 (31 December 2014: 3 years).

As at 31 December the following performance options were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2015	Forfeited in 2015	Exercised in 2015	Outstanding at 31-12-2015	Exercisable at 31-12-2015	Exercise price (EUR)
2014	6 years	22	158,500	158,500	5,000	–	153,500	–	17.26
2015	6 years	39	219,200	–	–	–	219,200	–	15.06
			377,700	158,500	5,000	–	372,700	–	

As at 31 December the following performance shares were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2015	Forfeited in 2015	Vested in 2015	Outstanding at 31-12-2015
2014	3 years	22	79,250	79,250	2,500	–	76,750
2015	3 years	39	109,600	–	–	–	109,600
			188,850	79,250	2,500	–	186,350

For the awards granted on 31 December 2015, 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 (50%) has been determined using the Black & Scholes option pricing formula.

The weighted average grant date fair value amounts to EUR 14.91 (2014: EUR 14.78) for the performance shares and EUR 8.51 (2014: EUR 4.81) for the performance options. The significant inputs into the valuation models were:

	2015	2014
	Performance Shares/ Options	Performance Shares/ Options
Share price (in EUR)	15.06	17.26
Exercise price options	15.06	17.26
Volatility (%)	54.1%	50.5%
TSR correlation	36.1%	35.0%
Dividend yield (%)	0.0%	nil in year 1, 8.39% thereafter
Vesting period (in years)	4	4
Risk-free interest rate (%)	– 0.261%	– 0.088%
Expected term shares/options (in years)	3/6	3/6

	2015	2014
	Performance Shares/ Options	Performance Shares/ Options
Costs of granted performance shares and performance options at the end of 2014 in EUR	255,123	255,123
Costs of granted performance shares and performance options at the end of 2015 in EUR	451,343	–

The expected volatility is based on the annualised historical volatility 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 2015 for the performance awards granted in 2014 and 2015 amount to EUR 706,466 (2014: EUR 255,123).

Share option scheme

Fugro's share option scheme allows some assigned Group employees, who do not participate in the new long-term incentive plan, to acquire shares in Fugro. A share option entitles the employee to purchase ordinary shares in Fugro. The granting of options is dependent on the achievement of the targets of the Group as a whole and of the individual operating companies as well as on the contribution of the relevant employee to the long term development of the company. In order to become entitled to options the employee has to be employed by the Group twelve months prior to the granting of the options. 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 closing price of the share certificates traded on Euronext Amsterdam on the last trading day of the calendar year. The costs of the options are recognised in profit or loss over the related period of employment (four years).

In 2015, Fugro N.V. granted 534,470 options to 654 employees. These options have an exercise price of EUR 15.06 (2014: 770,638 options were granted to 654 employees with an exercise price of EUR 17.26).

In 2015, no options were exercised. In respect of options exercised during 2014, the average stock price on Euronext Amsterdam during 2014 was EUR 33.00. The options were exercised throughout the year, with the exception of determined closed periods. In 2014, Fugro sold 380,830 certificates of shares in relation to options that were exercised. Fugro issued no new (certificates of) shares in relation to the exercise of options in 2015.

As at 31 December the following options were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2015	Forfeited in 2015	Exercised in 2015	Outstanding at 31-12-2015	Exercisable at 31-12-2015	Exercise price (EUR)
2009	6 years	639	1,166,550	932,650	932,650	–	–	–	40.260
2010	6 years	663	1,107,350	923,300	53,450	–	869,850	869.850	61.500
2011	6 years	684	1,161,100	971,200	62,500	–	908,700	908.700	44.895
2012	6 years	674	1,093,300	947,250	62,250	–	885,000	885.000	44.520
2013	6 years	621	956,925	956,925	65,640	–	891,285	–	43.315
2014	6 years	654	770,638	770,638	25,041	–	745,597	–	17.260
2015	6 years	654	534,470	–	–	–	534,470	–	15.060
			6,790,333	5,501,963	1,201,531	–	4,834,902	2,663,550	

The outstanding options as at 31 December 2015 have an exercise price ranging from EUR 15.06 to EUR 61.50.

The average remaining term of the options is 3.3 years (2014: 4 years). The movement during the year of options and the average exercise price is as follows:

	2015		2014	
	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)	Number of options
Options outstanding at 1 January	42.69	5,501,963	43.27	5,491,865
Forfeited during the period	41.35	(1,201,531)	20.70	(379,710)
Options granted during the period	15.06	534,470	17.26	770,638
Options exercised during the period	–	–	21.48	(380,830)
Options outstanding at 31 December	39.95	4,834,902	42.69	5,501,963
Exercisable at 31 December		2,663,550		2,827,150

The fair value of the share options with only service conditions is determined by using a binomial model. Concerning the estimate for early departure (forfeitures), different percentages for different categories of staff are used: Board of Management 0% (only performance shares and performance options as from 2014) and other management/employees 6% based on one year.

The expected behaviour for exercising the options is estimated until the end of the exercise period. Expected volatility is estimated by considering historical share price volatility.

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

	2015	2014
Average fair value of the granted options during the year in EUR	6.32	4.78
Exercise price (and fair value of shares at grant date) in EUR	15.06	17.26
Expected volatility	45%	45%
Option term	6 years	4 years
Expected dividends	0.00%	3.77%
Risk-free interest rate (based on government bonds)	0.18%	0.44%
Costs of granted options at the end of 2011 in EUR	–	3,282,136
Costs of granted options at the end of 2012 in EUR	2,932,352	2,895,753
Costs of granted options at the end of 2013 in EUR	3,828,884	2,920,884
Costs of granted options at the end of 2014 in EUR	903,490	920,490
Costs of granted options at the end of 2015 in EUR	697,137	–
Total	8,631,863	10,019,263

5.32.2 Number of employees as at 31 December

	2015			2014		
	Netherlands	Foreign	Total	Netherlands	Foreign	Total
Technical staff	649	8,086	8,735	714	9,292	10,006
Management and administrative staff	200	2,273	2,473	179	2,534	2,713
Temporary and contract staff	96	656	752	118	700	818
	945	11,015	11,960	1,011	12,526	13,537
Average number of employees during the year	978	11,771	12,749	991	12,501	13,492

5.33 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 depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For 2015, the following impairments have been reported:

(EUR x 1,000)	2015
Goodwill Subsea Services	171,731
Goodwill Onshore Geotechnical Europe/Africa	31,544
Goodwill Geoscience other	3,797
Subtotal	207,072
Property, plant and equipment (PP&E)	115,732
Multi-client data libraries (MCDL)	37,670
Other intangible assets (and other non-financial fixed assets)	2,844
Total	363,318

Goodwill

Fugro recognised an impairment loss on the goodwill of Subsea Service of EUR 171.7 million as a result of further deterioration of market conditions which is expected to continue in subsequent years. This has resulted in a downward adjustment of the projected future cash flows. The impairment loss relates to the cash generating unit of Subsea Services and is included in the operating segment Subsea Services. The recoverable amount of this CGU amounts to EUR 284 million as per 31 December 2015, which is based on a value in use calculation. The onshore Geotechnical Europe/Africa forms part of the Geotechnical operating segment (refer to note 5.40). Due to significant deteriorated market conditions in the African region a goodwill impairment of EUR 31.5 million has been recorded for this CGU. As at 31 December 2015, this CGU has limited headroom which is disclosed in note 5.40. The recoverable amount of this CGU amounts to EUR 65.3 million, which has been determined based on the value in use calculation. Furthermore, a goodwill impairment of EUR 3.8 million was recorded relating to certain other corporate assets within the CGU Geoscience other.

Property, plant and equipment

An impairment loss on property, plant and equipment has been recorded of EUR 115.7 million mainly related to vessels (including certain ROV's) as a result of poor market conditions. The recoverable amounts are determined on the highest of the fair value less costs to sell (determined by using external broker quotes) and value in use calculations using discounted cash flow models. Pre-tax discount rates used in these calculations vary from 8% to 11%. Further, the impairment loss on property, plant and equipment also includes a loss in respect of the (expected) sale and lease back of two vessels in connection with the sale and leaseback transaction closed in 2015. Upon the classification of these assets as held for sale an impairment loss is recorded of EUR 5.5 million for the vessels to bring the carrying amount to their fair values less costs to sell (determined by using external broker quotes).

Multi-client data libraries

On 30 June 2015, Fugro has sold the multi-client data libraries for a net cash amount of EUR 103.6 million. Before the classification of the multi-client data libraries as assets classified as held for sale an impairment charge of EUR 37.7 million has been recognised to bring the carrying amount of the multi-client data libraries in line with its fair value less costs to sell. The reported multi-client data libraries represent mainly the profit sharing agreement with

Finder that has been retained by Fugro. As part of the transaction, Fugro lost control over certain subsidiaries, resulting in a net transaction loss of EUR 1.1 million that forms part of other income. Refer to note 5.31.

In 2014, the following impairments were identified:

(EUR x 1,000)	2014
Goodwill Seabed	174,009
Goodwill Geospatial Services	38,300
Goodwill Geoscience other	1,647
Subtotal	213,956
Property, plant and equipment	104,335
Multi-client data libraries	175,698
Other intangible assets (and other non-financial fixed assets)	15,059
Total	509,048

5.34 Other expenses

(EUR x 1,000)	2015	2014
Maintenance and operational supplies	51,384	48,396
Indirect operating expenses	62,675	64,256
Occupancy costs	21,354	18,278
Property lease expense*	27,576	26,714
Communication and office equipment	35,425	33,862
Write-off receivables	6,010	33,790
Restructuring costs	12,757	3,366
Research costs	3,653	3,127
Loss on disposal of property, plant and equipment	–	378
Marketing and advertising costs	6,094	7,431
Other	71,393	52,648
Total	298,321	292,246

* As from 2015, property lease expense is separately reported. Previously, these costs form part of occupancy costs. Total occupancy costs, including property lease expense, amounted to EUR 44.9 million in 2014. Refer to note 5.52.4.

Other expenses include amongst others professional services, training costs, audit fees, miscellaneous charges and sundry costs. Certain adviser and other costs amounting to EUR 13.3 million (2014: EUR nil), included in other, are considered as exceptional item under the covenant requirement. Refer to note 5.52.4. Audit fees, as charged by KPMG are disclosed in note 9.13.

5.35 Net finance (income)/expenses

(EUR x 1,000)	2015	2014
Interest income on loans and receivables	(6,577)	(9,946)
Dividend income on available-for-sale financial assets and other investments in equity instruments	(873)	(51)
Net foreign exchange variance	(10,186)	(2,522)
Finance income	(17,636)	(12,519)
Interest expense on financial liabilities measured at amortised cost	62,017	36,308
Net change in fair value of financial assets at fair value through profit or loss (refer to note 5.43.3)	2,474	10,292
Net change in fair value of derivatives	79	390
Finance expense	64,570	46,990
Net finance (income)/expenses recognised in profit or loss	46,934	34,471

(EUR x 1,000)	2015	2014
Recognised in other comprehensive income		
Net change in fair value of hedge of net investment in foreign operations	(81,385)	(75,840)
Foreign currency translation differences of foreign operations	118,736	152,508
Foreign currency translation differences of equity-accounted investees	4,212	2,761
Net change in translation reserve transferred to profit or loss due to disposal	(8,286)	–
	33,277	79,429
Net change in fair value of cash flow hedges transferred to profit or loss	477	210
Net change in fair value of available-for-sale financial assets	37	(829)
Total	33,791	78,810
Recognised in:		
Hedging reserve	477	210
Translation reserve	33,615	76,547
Retained earnings	37	(829)
Non-controlling interests	(338)	2,882
Total	33,791	78,810

5.36 Income tax expense/(gain)

Recognised in profit or loss

(EUR x 1,000)	2015	2014*
Current income tax expense/(gain)		
Current year	36,795	27,719
Adjustments for prior years	11,546	6,666
	48,341	34,385
Deferred income tax expense/(gain)		
Origination and reversal of temporary differences	10,614	(86,618)
Change in tax rate	1,606	2
Recognition of previously unrecognised tax losses and temporary differences	(13,988)	(388)
Write down of deferred tax asset	27,046	15,670
Adjustments for prior years	(3,982)	(8,011)
	21,296	(79,345)
Total income tax expense/(gain)	69,637	(44,960)

* Prior year figures are restated for comparison purposes as the weighted domestic average tax rate computation is revised.

Reconciliation of effective tax rate

(EUR x 1,000)	2015 %	2015	2014* %	2014*
Profit/(loss) for the period from continuing operations		(358,689)		(547,645)
Income tax expense/(gain)		69,637		(44,960)
Profit/(loss) before income tax		(289,052)		(592,605)
Income tax using the weighted domestic average tax rates	19.9	(57,552)	27.6	(163,652)
Change in tax rate	(0.6)	1,606	–	2
Recognition of previously unrecognised tax losses and temporary differences	4.9	(13,988)	–	(388)
Current year tax losses and tax credits not recognised	(14.8)	42,698	(8.7)	51,502
Write down of deferred tax asset	(9.4)	27,046	(2.7)	15,670
Non-deductible expenses	(23.4)	67,634	(9.0)	53,622
Tax exempt income	3.7	(10,713)	0.1	(371)
Adjustments for prior years (deferred)	1.4	(3,982)	1.4	(8,011)
Adjustments for prior years (current)	(4.0)	11,546	(1.1)	6,666
Dividend and other income taxes	(1.8)	5,342	–	–
	(24.1)	69,637	7.6	(44,960)

* Prior year figures are restated for comparison purposes as the weighted domestic average tax rate computation is revised.

The weighted domestic average tax rate is computed by multiplying the result before tax of each tax group with the applicable local corporate income tax rates that vary from 0% to 35%. The decreased weighted domestic average tax rate when compared to prior year is caused by a significant different mix of results in the various tax groups.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)			2015			2014
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Defined benefit plan actuarial gains (losses)	12,781	(3,773)	9,008	(26,091)	7,276	(18,815)
Net change in fair value of cash flow hedges transferred to profit or loss	477	–	477	210	–	210
Net change in fair value of hedge of net investment in foreign operations	(81,385)	–	(81,385)	(75,840)	–	(75,840)
Share-based payment transactions	9,286	–	9,286	8,371	553	8,924
Net change in fair value of available-for-sale financial assets	37	–	37	(829)	–	(829)
Net change in translation reserves transferred to profit or loss	(8,286)	–	(8,286)	–	–	–
Foreign currency translation differences of foreign operations and equity-accounted investees	122,659	289	122,948	148,643	6,626	155,269
	55,569	(3,484)	52,085	54,464	14,455	68,919

Reference is also made to note 5.44.

5.37 Current tax assets and liabilities

The net current tax liability of EUR 27,075 thousand (2014: EUR 12,278 thousand liability) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

5.38 Property, plant and equipment

(EUR x 1,000) 2015

	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Cost						
Balance at 1 January 2015	214,643	1,168,465	825,294	178,664	219,168	2,606,234
Acquisitions through business combinations	–	8,751	–	8,337	–	17,088
Investments in assets under construction	–	–	–	43,062	–	43,062
Other additions	1,995	74,493	27,757	–	13,165	117,410
Capitalised fixed assets under construction	2,351	13,777	171,495	(195,058)	7,435	–
Disposals	(9,049)	(45,384)	(84,364)	–	(21,085)	(159,882)
Effects of movement in foreign exchange rates	9,331	47,812	70,237	3,860	17,033	148,273
Transfers to assets classified as held for sale (note 5.48)	(5,646)	–	(62,003)	–	–	(67,649)
Balance at 31 December 2015	213,625	1,267,914	948,416	38,865	235,716	2,704,536
Depreciation and impairment losses						
Balance at 1 January 2015	73,992	829,362	327,491	2,269	175,096	1,408,210
Depreciation	7,792	140,656	40,982	(2,269)	25,325	212,486
Impairment loss (note 5.33)	307	19,507	91,534	–	4,384	115,732
Disposals	(2,517)	(43,648)	(22,612)	–	(18,883)	(87,660)
Effects of movement in foreign exchange rates	4,487	31,297	24,927	–	15,089	75,800
Transfers to assets classified as held for sale (note 5.48)	(2,632)	–	(3,985)	–	–	(6,617)
Balance at 31 December 2015	81,429	977,174	458,337	–	201,011	1,717,951
Carrying amount						
At 1 January 2015	140,651	339,103	497,803	176,395	44,072	1,198,024
At 31 December 2015	132,196	290,740	490,079	38,865	34,705	986,585

(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	20,864	–	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
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

5.38.1 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 5.33 Impairments. The Group has not reversed any material impairment losses.

5.38.2 Fixed assets under construction

This involves mainly vessels under construction and ROVs. These will become operational in 2016. At 31 December 2015, capitalised borrowing costs related to the construction of vessels amounted to EUR 2 million (2014: EUR 7 million), with an interest rate of 4.6% (2014: 4.1%).

5.38.3 Leased fixed assets

The Group has no leased fixed assets.

5.39 Intangible assets

(EUR x 1,000) 2015

	Goodwill	Multi-client data libraries	Software	Other	Total
Cost					
Balance at 1 January 2015	805,319	999,158	29,423	68,110	1,902,010
Acquisitions through business combinations	2,709	–	–	–	2,709
Purchase of intangible assets	–	–	3,984	6,424	10,408
Transfer	–	2,577	–	(2,577)	–
Internally developed intangible assets (including Finder)	–	22,835	732	–	23,567
Disposals	–	(1,042,198)	–	–	(1,042,198)
Effect of movements in foreign exchange rates	42,977	50,097	(373)	8,705	101,406
Balance at 31 December 2015	851,005	32,469	33,766	80,662	997,902
Amortisation and impairment losses					
Balance at 1 January 2015	229,828	851,707	19,691	38,350	1,139,576
Amortisation	–	17,590	4,331	5,461	27,382
Impairment loss (note 5.33)	207,072	37,670	279	2,565	247,586
Disposals	–	(953,516)	–	–	(953,516)
Effect of movements in foreign exchange rates	17,526	47,372	(4,503)	9,852	70,247
Balance at 31 December 2015	454,426	823	19,798	56,228	531,275
Carrying amount					
At 1 January 2015	575,491	147,451	9,732	29,760	762,434
At 31 December 2015	396,579	31,646	13,968	24,434	466,627

(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 (note 5.33)	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

5.39.1 Impairment loss and subsequent reversal

For the impairment loss in 2015 reference is made to note 5.33. The Group has not reversed any material impairment losses.

5.40 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 2015:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Division	Goodwill 2015
Subsea Services	(18%)	2.0%	10.0%	Subsea Services	16,977
Offshore Survey	(14%)	2.0%	10.0%	Survey	123,278
Geospatial Services	(6%)	2.0%	10.0%	Survey	17,918
Offshore Geotechnical	(13%)	2.0%	10.0%	Geotechnical	63,339
Onshore Geotechnical Europe/Africa*	11%	2.0%	10.0%	Geotechnical	12,933
Onshore Geotechnical Middle East & India/Asia Pacific*	(7%)	2.0%	10.0%	Geotechnical	33,172
Onshore Geotechnical Americas*	(20%)	2.0%	10.0%	Geotechnical	41,166
Seabed Geosolutions	(25%)	2.0%	15.0%	Geoscience	87,796
Total					396,579

* These CGU's were previously reported as one CGU named onshore Geotechnical. The significant deterioration of mainly the African market within onshore Geotechnical, which is expected to last in coming year(s), has given further raise for Fugro to separately disclose the goodwill allocated to the Europe/Africa, Middle East & India/Asia Pacific and Americas CGU's. Therefore, Onshore Geotechnical has been split into and separately reported as onshore Geotechnical Europe/Africa, onshore Geotechnical Middle East & India/Asia Pacific and onshore Geotechnical Americas as at 31 December 2015. Sufficient headroom existed for these CGU's individually as at 31 December 2014.

The capitalised goodwill was allocated to the following CGU's as at 31 December 2014:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Division	Goodwill 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*	n/a	n/a	n/a	Geoscience	3,796
Total					575,491

* Geoscience other is treated as corporate assets which value is supported by the recoverable amounts of the other CGUs.

The recoverable amounts of the cash-generating units have been determined based on value in use calculations. 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 indefinite. About 74% 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. In addition to provide services related to development, production decommission of the infrastructure. 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 2016 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 further considerations on revenue and cash flow projections for Subsea see below.

- Cash flows for the CGU's beyond five years are extrapolated using an estimated long-term growth rate of 2% (2014: 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 10.0% to 15.0% (2014: 9.7%-14.0%).

The recoverable amounts for Offshore Survey, Geospatial Services, Onshore Geotechnical (Middle East & India/Asia Pacific and Americas) and Offshore Geotechnical exceed the carrying amounts of the CGU's with significant headroom.

Fugro has analysed the sensitivities of a reasonably possible change on the excess of the expected future discounted cash flows over the carrying amount including goodwill ('Headroom'). Changes to the assumptions used in the impairment test for which the recoverable amount equals the carrying value (thus no headroom) or for which there only is limited headroom are as follows:

Cash generating unit (EUR x million)	Impairment	Carrying amount	Headroom	Scenario on (post-tax) discount rate	Scenario on change in cash flow projections
Subsea Services	171.7	283.5	–	– bps	–%
Onshore Geotechnical Europe/Africa	31.5	65.3	–	– bps	–%
Seabed Geosolutions	–	164.5	24.2	+/+ 90 bps	–/– 6.7%
Geoscience other	3.8	n/a	n/a	n/a	n/a

Subsea forecasted revenues for 2017 are similar to 2016 with projected break-even cash flows. Cash flows for 2018 are expected to improve due to measures that are taken to address the cost base such as terminations of certain charters, but with an expected corresponding decrease in revenues. Revenues in 2019 are expected to be on a similar level to previous year, but with higher projected cash flows following expected improved market conditions. For the years beyond 2019, projected revenues are substantially in line with forecasted revenues in 2016 contributing cash flows of around EUR 13 million.

An impairment charge of EUR 171.7 million was recorded in the Subsea Services CGU (refer to note 5.33), 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 Subsea Services at 31 December 2015 had been showing a decrease of 2.7% subsequent to 2016, the Group would have recognised an additional impairment of EUR 17 million.

If the estimated cost of capital used in determining the post-tax discount rate for the CGU Subsea Services had been 0.4% higher than management's estimates, the Group would have recognised an additional impairment (against goodwill) of EUR 17 million.

An impairment charge of EUR 31.5 million was reported in the Onshore Geotechnical Europe/Africa (refer to note 5.33), 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 Onshore Geotechnical Europe/Africa at 31 December 2015 had been showing a decrease of 9.6% subsequent to 2016, the Group would have recognised an additional impairment of EUR 12.9 million. If the estimated cost of capital used in determining the post-tax discount rate for the CGU onshore geotechnical Europe/Africa had been 1.7% higher than management's estimates, the Group would have recognised an additional impairment (against goodwill) of EUR 12.9 million.

5.41 Multi-client data libraries

During 2015 Fugro generated EUR 20 million (2014: EUR 76 million) sales from the seismic libraries. Total straight line amortisation and additional sales related amortisation amounted to EUR 18 million (2014: EUR 70 million) and was charged to the income statement as amortisation. Refer to note 5.33.

Fugro entered into a profit sharing agreement with Finder in 2012. Finder is an Australian based exploration company. As at 31 December 2015, the reported MCDL of EUR 31.6 million relate to 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.

5.42 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)	2015	2014
Interest in joint ventures	29,577	34,582

The Group's share in realised profit (or loss) in joint ventures amounted to a net gain of EUR 7,810 thousand in 2015 (2014: EUR 9,566 thousand loss). In 2015, the Group received dividends of EUR 10,481 thousand (2014: EUR 5,262 thousand) from its investments in equity-accounted investees or other investments, of which EUR 873 thousand (2014: EUR 51 thousand) is related to available-for-sale financial assets and other investments in equity instruments. Refer to note 5.35.

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 110 million (2014: EUR 113 million), liabilities of EUR 51 million (2014: EUR 41 million), revenues of EUR 91 million (2014: EUR 77 million) and a net gain of EUR 16 million (2014: EUR 5 million). The total comprehensive result generated by the joint ventures is similar to the net gain.

The group has no commitments relating to its joint ventures.

5.43 Other investments

The Group holds the following other investments:

(EUR x 1,000)	2015	2014
Other investments in equity instruments	1,095	1,095
Long-term loans	83,922	85,261
Deposits	4,836	–
Financial assets at fair value through profit or loss	–	2,474
Advance lease payment	5,514	–
Available-for-sale financial assets	328	442
Other long-term receivables	2,729	2,153
	98,424	91,425

5.43.1 Other investments in equity instruments

The Group has the following other investments in equity instruments accounted for at cost:

Name of the company Cash generating unit	Country	Ownership	Assets	Liabilities	Equity	Revenue	Profit/(loss)
La Coste & Romberg-Scintrex	USA	11%	22,520	12,200	10,320	22,180	4,491

The Group's other investments in equity instruments are not listed. A reliable fair value estimate cannot be made.

5.43.2 Long term loans

In January 2013, a vendor loan was issued to CGG as part of the consideration of the sale of the majority of the Geoscience business. The loan had to be repaid in two equal tranches in 2017 and 2018. This vendor loan included a warrant (Seabed warrant) representing the fair value of the underlying Seabed Geosolutions B.V. unquoted shares, accruing to Fugro in case of default of the counterparty. In December 2015, CGG and Fugro N.V. have agreed to convert the vendor loan into a senior secured term loan of USD 90 million (as being the equivalent of EUR 84.4 million) and to derecognise the Seabed warrant. The transaction enables Fugro to increase the tradability and security of the loan due from CGG. Fugro has retained substantially all risks and rewards of the converted vendor loan. Fugro continues to measure the loan at amortised costs using the effective interest rate with a carrying value of EUR 74.1 million as at 31 December 2015 (31 December 2014: EUR 75.6 million). The senior secured term loan matures on 15 May 2019 and carries variable interest with a floor of 6.5% per annum (2014: 5.5% fixed per annum). The nominal value of the senior secured term loan amounts to EUR 82.8 million (31 December 2014: EUR 84.4 million for the vendor loan).

Fugro has a loan due from Wavewalker B.V. for the principal amount of EUR 8.3 million (31 December 2014: EUR 8.3 million). The loan bears annual interest of 5%. The loan has to be repaid, including interest, before 30 April 2027.

5.43.3 Financial assets at fair value through profit or loss

Following the termination of the Seabed warrant, as noted in previous paragraph, the warrant has been fully written off for the amount of EUR 2.5 million. This is reported as a net change in fair value through profit or loss, which forms part of finance expenses. Refer to note 5.35.

5.43.4 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).

5.44 Deferred tax assets and liabilities

5.44.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	18,994	10,955	(12,205)	(15,058)	6,789	(4,103)
Intangible assets	2,949	32,702	(12,854)	(27,035)	(9,905)	5,667
Loans and borrowings	–	–	(4,288)	(193)	(4,288)	(193)
Employee benefits	18,638	26,556	–	–	18,638	26,556
Provisions for other liabilities and charges	5,017	11,100	(37)	–	4,980	11,100
Tax loss carry-forwards	60,876	56,852	–	–	60,876	56,852
Exchange rate differences	–	507	–	(53)	–	454
Other items	9,531	8,635	(3,986)	(3,596)	5,545	5,039
Deferred tax assets/(liabilities)	116,005	147,307	(33,370)	(45,935)	82,635	101,372
Set off of tax components	(27,619)	(42,178)	27,619	42,178	–	–
Net deferred tax asset/(liability)	88,386	105,129	(5,751)	(3,757)	82,635	101,372

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The recognised amounts relate to tax groups that are profitable or are expected to be profitable in the foreseeable future.

Movement in temporary differences during the year

(EUR x 1,000)					2015
	Balance 1 January 2015	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2015
Property, plant and equipment	(4,103)	6	10,886	–	6,789
Intangible assets	5,667	6,244	(21,816)	–	(9,905)
Loans and borrowings	(193)	–	(1,531)	(2,564)	(4,288)
Employee benefits	26,556	–	(4,145)	(3,773)	18,638
Provisions for other liabilities and charges	11,100	(954)	(5,166)	–	4,980
Tax loss carry-forward	56,852	–	4,024	–	60,876
Exchange differences	454	2	(3,364)	2,908	–
Other items	5,039	690	(184)	–	5,545
Total	101,372	5,988	(21,296)	(3,429)	82,635

(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

5.44.2 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)	2015	2014
Tax credits	1,414	–
Deductible temporary differences	26,396	18,828
Tax losses	108,480	59,849
Total	136,290	78,677

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)	2015	2014
As of 1 January	78,677	9,315
Movements during the period:		
Additional unrecognised losses and temporary differences	69,744	67,172
Recognition of previously unrecognised tax losses and temporary differences	(13,988)	(388)
Effect of change in tax rates	–	(122)
Exchange rate differences	(144)	2,470
Change from reassessment	5,542	47
Acquired from business acquisitions	(3,541)	183
As of 31 December	136,290	78,677

Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 5,031 thousand expires in periods varying from two to five years. An amount of EUR 29,472 thousand expires between five and ten years, an amount of EUR 29,128 thousand expires between ten and twenty years and an amount of EUR 105,725 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 recognised 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 2015, no deferred tax liabilities relating to investments in subsidiaries have been recognised (2014: 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 (2014: 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.

5.45 Inventories

In 2015 EUR 67,102 thousand (2014: EUR 70,577 thousand) of other inventories was recognised as an expense and EUR 168 thousand (2014: EUR 300 thousand) was written down. The write down is included in third party costs.

5.46 Trade and other receivables

(EUR x 1,000)	2015	2014
Unbilled revenue on (completed) projects	286,928	354,073
Trade receivables	338,823	479,944
Non-trade receivables	124,769	132,052
Receivables under finance lease	–	5,774
Current portion vendor loan	5,382	4,641
	755,902	976,484

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 2015, trade receivables include retentions of EUR 22.2 million (2014: EUR 10.2 million) relating to completed projects.

Trade receivables are shown net of impairment losses amounting to EUR 29.2 million (2014: EUR 50.6 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 (2014: nil).

Non-trade receivables include VAT receivables, prepayments for insurance and claims, deposits, current portion of long term receivables and sundry receivables. The contract in connection with the receivables under finance lease has been expired and settled in December 2015.

5.47 Cash and cash equivalents

(EUR x 1,000)	2015	2014
Cash and cash equivalents	304,993	322,167
Bank overdraft	(21,908)	(169,089)
Cash and cash equivalents in the consolidated statement of cash flows	283,085	153,078

The global cash pool was introduced in 2015, which made it possible for the company to use the cash surplus within the group to reduce the overdrafts at its main uncommitted facilities.

5.48 Assets classified as held for sale

The assets held for sale relate to one vessel, which delivery took place early 2016, in connection with the sale and lease back transaction of two geotechnical vessels. Furthermore, assets classified as held for sale also comprise some land and buildings for which the sale is going to be completed in 2016. Upon classification of these assets to held for sale, the vessels and properties have been measured at the lower of their carrying amount and fair value less costs to sell resulting in an impairment charge of EUR 5.5 million. The vessel has a carrying amount of EUR 58.0 million and the land and buildings are valued at EUR 3.0 million as at 31 December 2015.

5.49 Total equity

5.49.1 Share capital

(In thousands of shares)	Ordinary shares	
	2015	2014
On issue and fully paid at 1 January	84,572	84,572
Stock dividend 2015 respectively 2016	–	1,699
Repurchased and withdrawn	–	(1,699)
Repurchased for option programme at year-end	(3,628)	(3,623)
On issue and fully paid at 31 December – entitled to dividend	80,944	80,949

On 31 December 2015, the authorised share capital amounts to EUR 16 million (2014: EUR 16 million) divided into 96 million ordinary shares (2014: 96 million), each of EUR 0.05 nominal value and EUR 224 million (2014: EUR 224 million) various types of preference shares, each of EUR 0.05 nominal value.

On 31 December 2015, 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 2015, no certificates of shares were issued by the Foundation Trust Office (2014: 1,698,575). 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 2015 (2014: EUR nil).

5.49.2 Share premium

The share premium can be considered as paid in capital.

5.49.3 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.

5.49.4 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.

5.49.5 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 no certificates of own shares to cover its option scheme in 2015 (2014: 205,410 at an average price of EUR 39.86). No shares were sold in 2015 (2014: 380,830). A number of 5,031 certificates was adjusted to align with the actual certificates of own shares held. As per 31 December 2015, Fugro holds 3,628,347 own certificates of shares (2014: 3,623,316) with respect to the option scheme.
This was 4.3 % of the issued capital (2014: 4.3%).

5.49.6 Unappropriated result

No dividend is proposed to be paid-out for 2015.

5.50 Earnings per share

The basic earnings per share for 2015 amount to EUR 4.60 negative (2014: EUR 5.65 negative). For 2015, no result from discontinued operations is applicable. Last year, the earnings per share from discontinued operations amounted to EUR 0.02 negative. The diluted earnings per share amount to EUR 4.60 (2014: EUR 5.63 negative) from continuing operations. The diluted earnings per share from discontinued operations amounted to EUR 0.02 negative in 2014.

The calculation of basic earnings per share at 31 December 2015, is based on the loss from continuing operations attributable to owners of the company consisting of a loss of EUR 358,689 thousand (2014: EUR 547,645 thousand loss) that is adjusted for the gain of the non-controlling interest of EUR 13,833 thousand (2014: EUR 90,093 thousand loss), and the weighted average number of shares outstanding at 31 December 2015 of 80,944 thousand (2014: 80,969 thousand). There is no result from discontinued operations for 2015 (2014: EUR 1,318 thousand loss). The weighted average number of ordinary shares is calculated as follows:

5.50.1 Basic earnings per share

Weighted average number of ordinary shares

(In thousands of shares)	2015	2014
On issue and fully paid at 1 January	80,944	80,774
Effect of own shares held	–	(161)
Effect of shares issued due to exercised options	–	238
Effect of shares issued due to optional dividend	–	964
Effect of purchased own shares for stock dividend	–	(846)
Weighted average number of ordinary shares at 31 December	80,944	80,969

5.50.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2015 was based on a loss attributable to owners of the company from continuing operations of EUR 358,689 thousand (2014: EUR 547,645 thousand loss) adjusted for the gain of the non-controlling interest of EUR 13,833 thousand (2014: EUR 90,093 thousand loss) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 81,028 thousand (2014: 81,253 thousand). There is no result from discontinued operations for 2015 (2014: EUR 1,318 thousand loss). The weighted average number of ordinary shares (diluted) is calculated as follows:

Weighted average number of ordinary shares (diluted)

(In thousands of shares)	2015	2014
Weighted average number of ordinary shares at 31 December	80,944	80,969
Effect of share options on issue	84	284
Weighted average number of ordinary shares (diluted) at 31 December	81,028	81,253

5.51 Non-controlling interest

5.51.1 Subsidiaries with non-controlling interest

The total non-controlling interest for the period is EUR 36,702 thousand (surplus), of which EUR 20,766 thousand (surplus) is for Seabed Geosolutions B.V. and EUR 15,372 thousand (surplus) is attributable to Fugro-Suhaimi Ltd. The individual non-controlling interest of other subsidiaries is considered as insignificant.

5.51.2 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, which also represent 40% respectively 50% of the companies' voting rights in the general meeting of shareholders.

Fugro controls the operations and management of Seabed and Suhaimi as it directs the relevant revenue generating activities of both companies. Fugro also determines the strategy, policies and day-to-day business of these activities; therefore both subsidiaries, with a significant non-controlling interest, are fully incorporated into these consolidated financial statements. The shareholders of these companies have certain customary rights on certain key decisions, such as decisions on the declaration and payment of dividend and any significant change to the scope of the business, which rights are considered as protective in nature and normally go beyond the normal scope of business.
Such decisions must be taken by a majority of 75% of the votes cast in both entities, but do not affect Fugro's ability to control the activities of both companies.

Summarised balance sheet

(EUR x 1,000)	Seabed		Suhaimi	
	As at 31 December		As at 31 December	
	2015	2014	2015	2014
Current				
Assets	197,294	98,955	36,753	30,490
Liabilities	(145,416)	(123,915)	(17,696)	(12,659)
Total current net assets	51,878	(24,960)	19,057	17,831
Non-current				
Assets	114,330	111,550	16,055	14,964
Liabilities	(114,293)	(139,761)	(4,368)	(3,617)
Total non-current net assets	37	(28,211)	11,687	11,347
Net assets	51,915	(53,171)	30,744	29,178
NCI percentage	40%	40%	50%	50%
Carrying amount of NCI	20,766	(21,268)	15,372	14,589

Summarised income statement

(EUR x 1,000)	Seabed		Suhaimi	
	For period ended 31 December		For period ended 31 December	
	2015	2014	2015	2014
Revenue	343,815	228,235	39,772	35,711
Profit/(loss) before income tax	28,303	(246,679)	15,812	14,829
Income tax (expense)/income	(11,641)	3,571	–	–
Post-tax profit/(loss) from continuing operations	16,662	(243,108)	15,812	14,829
Post-tax profit from discontinued operations	–	–	–	–
Other comprehensive income			–	–
Total comprehensive income/(loss)	16,662	(243,108)	15,812	14,829
Total comprehensive income/(loss) allocated to non-controlling interests	6,665	(97,243)	7,906	7,414
Dividends paid to non-controlling interests	–	–	8,868	2,914

Summarised cash flows

(EUR x 1,000)	Seabed		Suhaimi	
	For period ended 31 December		For period ended 31 December	
	2015	2014	2015	2014
Net cash generated from operating activities	(17,317)	(39,482)	22,091	12,035
Net cash used in investing activities	(37,002)	(53,187)	(2,047)	(5,134)
Net cash used in financing activities	80,298	94,688	(8,449)	(7,469)
Net increase in cash and cash equivalents and bank overdrafts	25,979	2,019	11,595	(568)
Cash, cash equivalents and bank overdrafts at beginning of year	17,902	13,993	3,281	3,369
Exchange gains/(losses) on cash and cash equivalents	2,382	1,890	298	480
Cash and cash equivalents and bank overdrafts at end of year	46,263	17,902	15,174	3,281

The information above is the amount before intercompany eliminations.

5.52 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 5.58, 5.59 and 5.60.

(EUR x 1,000)	2015	2014
Bank loans	183,337	154,869
Private placement loans 2011 in USD	478,651	609,754
Private placement loans 2011 in EUR	23,290	34,674
Private placement loans 2011 in GBP	66,235	85,634
Private placement loans 2002 in USD	29,980	30,025
Revolving credit facilities CGG	34,960	36,815
Other loans and long-term borrowings	1,351	2,260
Subtotal	817,804	954,031
Less: current portion of loans and borrowings	89,722	4,077
	728,082	949,954

The bank loans and private placement loans contain covenants. On 3 December 2015, the group has reached agreement with its lenders on the refinancing of its multicurrency revolving credit facility. The company has renegotiated and aligned the terms, conditions and covenants of both the multicurrency revolving credit facility and the private placement loans including the fixed charge cover covenant. The nominal interest rates of the outstanding private placements loans were increased by 100 bps upon closing of the multicurrency revolving credit facility.

The Group is in compliance with these new covenants as at 31 December 2015. Reference is made to 5.52.4.

As at 31 December 2015, Fugro has drawn a total amount of EUR 180.5 million under the committed multicurrency revolving facilities (31 December 2014: EUR 155.0 million).

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2015		2014	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank loans	EUR	EURIBOR + 155 bps	2020	185,000	183,337	155,000	154,869
Private placement loans:							
320 million USD bonds 2011	USD	5.05%	2018	201,533	196,260	262,400	260,356
330 million USD bonds 2011	USD	5.78%	2021	214,746	209,282	270,600	268,164
100 million USD bonds 2011	USD	5.88%	2023	74,841	73,109	82,000	81,234
27.5 million GBP bonds 2011	GBP	5.06%	2018	25,557	24,889	35,200	34,914
40 million GBP bonds 2011	GBP	5.82%	2021	42,451	41,346	51,200	50,720
35 million EUR bonds 2011	EUR	5.81%	2021	23,917	23,290	35,000	34,674
37 million USD bonds 2002	USD	8.10%	2017	30,605	29,980	30,340	30,025
Revolving credit facilities CGG	USD	LIBOR + 500 bps	2016–2017	34,960	34,960	36,815	36,815
Mortgage and other loans and long-term borrowings	Variable	1.25% – 13.57%	2016–2019	1,351	1,351	2,260	2,260
				834,961	817,804	960,815	954,031

5.52.1 Bank loans

On 3 December 2015, Fugro has reached agreement with seven banks for the refinancing of its multicurrency revolving credit facility. The 5-year multicurrency revolving credit facility of EUR 500 million has replaced the previous loan facility of EUR 775 million. Rabobank and ING Bank N.V. provided EUR 127.5 million each, HSBC Bank Plc. provided EUR 75 million, Barclays Bank plc and ABN AMRO Bank N.V. provided EUR 50 million each, Credit Suisse provided EUR 40 million and BNP Paribas S.A./N.V. provided EUR 30 million. The interest is LIBOR, or in relation to any loan in EUR, EURIBOR plus a margin based on the consolidated net debt/adjusted EBITDA at each period of twelve months ending on the last day of the company's financial quarters.

At 31 December 2015, a total amount of EUR 185 million of the multicurrency revolving credit facility was in use and was denominated in euro.

The total transaction costs amounts to EUR 5.0 million (31 December 2014: EUR 3.3 million) of which EUR 1.9 million relate to the drawn part of the bank loans. These are included in the carrying amount of the bank loans for the drawn facility and recorded as other current assets for the undrawn portion and are amortised over the term.
An amount of EUR 4.0 million was paid in 2015.

5.52.2 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 2015 in an interest expense of EUR 477 thousand (2014: EUR 546 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 81,385 thousand loss (2014: EUR 75,840 thousand loss).

In 2015, a total amount of EUR 251 million has been repaid on the private placement loans following the sale of the MCDL of EUR 101 million, and an amount of EUR 150 million upon the financial close of the refinancing of the multicurrency revolving credit facility. The company has also aligned the terms and conditions of the private placement loans with the new multicurrency revolving credit facility. The repayments as well as the alignment are considered as non-substantial modifications to the (existing) loans and did not give raise to a change in accounting treatment on the loans accordingly. Transaction costs have been charged following the refinancing and temporary adjustment of the covenant and the related definitions last year. Refer to note 5.52.4. The transaction costs amount to EUR 12.4 million (31 December 2014: EUR 5.9 million) of which EUR 8.7 million has been paid in 2015. These transactions costs are included in the carrying amount of the private placement loans and are amortised over the remaining terms.

5.52.3 Revolving credit facilities

In 2015, four revolving credit facilities have been granted by CGG to Seabed Geosolutions B.V. for an amount of USD 78 million, of which two facilities for the amount of USD 44.9 million were already granted in 2014. These facilities formed part of four separate facilities in which Seabed has entered into with Fugro and CGG on a 60/40 percent basis.
The facilities were fully drawn. On 18 December 2015, CGG made a capital contribution on the shares of Seabed for an amount of USD 40 million by converting part of the revolving credit facilities to share premium. Three facilities of totally USD 38 million had a maturity of one year and have been fully converted. One fully drawn facility of USD 40 million was granted by CGG last year and has a maturity of three years. An amount of USD 2 million from this facility was contributed as share premium, resulting in a closing balance of USD 38 million (31 December 2014: USD 40 million).
The facility is valued at the closing rate and amounts to EUR 35.0 million at 31 December 2015 (31 December 2014: EUR 36.8 million). The facility carries an interest of LIBOR plus 500 bps.

5.52.4 Covenant requirements

The multicurrency revolving credit facility as well as the US private placement loans contain certain covenant requirements.

In December 2015, Fugro has reached agreement with its lenders on the refinancing of the multicurrency revolving credit facility, and has aligned the terms and conditions of the private placement loans with new multicurrency revolving credit facility. Upon the refinancing, the Margin fixed charge coverage (Fixed charge cover) has been adjusted as shown in the table below:

Relevant period ended or ending	Net leverage	Fixed charge cover	
	Covenant	Original covenant	Adjusted Covenant
December 2014	< 3.50x	> 2.00x	> 2.00x
March 2015	< 3.25x	> 2.00x	> 2.00x
June 2015	< 3.00x	> 2.00x	> 2.00x
September 2015	< 3.00x	> 2.00x	> 2.00x
December 2015	< 3.00x	> 2.25x	> 1.80x
March 2016	< 3.00x	> 2.25x	> 1.80x
June 2016 onwards	< 3.00x	> 2.50x	> 1.80x
December 2017	< 3.00x	> 2.50x	> 1.80x
March, June, September and December 2018	< 3.00x	> 2.50x	> 2.00x
March 2019 onwards	< 3.00x	> 2.50x	> 2.50x

The covenant requirements consist of the following:

- Equity > EUR 200 million (only applicable to private placement loans 2002).
- Net leverage (EBITDA coverage): Net financial indebtedness (loans and borrowings less net cash) plus outstanding guarantees in excess of EUR 250 million / Adjusted consolidated EBITDA.
- Margin fixed charge cover(age): Adjusted consolidated EBITDA plus operating lease expense / net interest expense plus operating lease expense.
- Capital expenditures, acquisition of share or other assets and businesses shall not exceed EUR 195 million for the year ended 31 December 2015 (Previously, this was set on EUR 180 million).
- Solvency: Consolidated net worth / Balance sheet total > 1.0: 3.0.
- Consolidated financial indebtedness of the subsidiaries < 10% for the private placement loans of the consolidated balance sheet total.
- Consolidated financial indebtedness of the subsidiaries, excluding Seabed, < EUR 55 million for the bank loans.
- 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).

The covenant requirements are applicable at each period of twelve months ending on the last day of the company's financial quarters.

The Adjusted consolidated EBITDA for purpose of the covenant calculations comprises the income (or loss) from operations before interest expense, depreciation, amortisation and taxes, but not including any exceptional items as listed below, and are further adjusted by:

- Including pre-acquisition income or (loss) from businesses acquired.
- Excluding the income or (loss) from businesses disposed of, for the period for which they formed part of the Group.

Exceptional items comprise:

- Onerous contract charges (note 5.30).
- Impairments (note 5.33).
- Restructuring costs (note 5.34).
- Write-off receivables (note 5.34).
- Certain adviser and other fees (to the extent not capitalised as transaction costs on loans and borrowings (note 5.52.1 and 5.52.2)).
- Excluding the income or (loss) on disposal of property, plant and equipment (note 5.31 and 5.34).

For purpose of the calculation of the net interest expense, any amortised transaction costs directly attributable to covenant amendments (advisor and other fees) are excluded.

The calculation of the operating lease expense for covenant requirements, as part of the fixed charge cover ratio, is adjusted following the refinancing of the multicurrency revolving credit facility on 3 December 2015. As from 2015, the operating lease expense comprises operational lease expense under third party costs as well as the property lease expense under other expenses. Further as from 2015, for covenant requirements (a) part of the operational lease expense is excluded for amounts that relate to maintenance, repairs, taxes, insurance, assessments or other similar charges, and additional rentals (in excess of fixed minimums) based on gross receipts. Amounts required to be paid pursuant to (i) any lease or agreement with a term of less than one year or (ii) any project-based lease or agreement with a term that begins at the start of a specific project and ends upon completion of such project are reported as costs of other rentals under third party costs, but shall not exceed EUR 175 million as from 2015 for covenant requirements. Previously, the operating lease expenses used for the covenant requirements consisted of the reported operational lease expense under third party costs. Total operational lease expense relating to (a) amounts to EUR 35,133 thousand and is therefore excluded from operating lease expense as from 2015. The property lease expense for the amount of EUR 27,576 thousand is therefore included in the operating lease expense as from 2015. Total operating lease expense for covenant requirements therefore amounts to EUR 91,913 thousand in 2015.

The aggregate (gross) amounts used for capital expenditure and/or expended on the acquisition of share or other assets and businesses by the Group, in each case in the company's financial year ended 31 December 2015, shall not exceed EUR 195 million (or the equivalent in another currency). No such ceiling is applicable for 2016 and thereafter. Further, in respect of each financial year of the company beginning with the year ending 31 December 2016, an aggregate maximum amount of EUR 35 million shall apply in respect of exceptional items excluded from adjusted consolidated EBITDA, excluding any gains from exceptional items unless such gains represent an adjustment or reversal relating to a loss previously counted as an exceptional item.

As can be concluded from the table below, Fugro complies with all adjusted covenant requirements and also complied with all covenant requirements during 2015. In case Fugro would not comply with the (adjusted) covenant requirements, both the private placement loans and multicurrency revolving credit facility will become immediately due.

	(EUR x 1,000)	2015
	Adjusted consolidated EBITDA	339,733
(5.30)	Operating lease expense	91,913
(5.35)	Net interest expense	47,963
	Margin fixed charge coverage > 1.8	3.09
	Net consolidated financial indebtedness (loans and borrowings less net cash)	534,893
	Bank guarantees exceeding cap of EUR 250 million	–
	Total	534,893
	EBITDA coverage < 3.0	1.57
	Consolidated net worth	1,197,655
	Balance sheet total	2,841,184
	Solvency > 33.33%	42.2%
	Margin Indebtedness subsidiaries < 10%	2.8%
	Financial indebtedness < EUR 55 million*	23,259
	Dividend < 60% of the profit	–

* Not applicable for 2014.

The table below summarises the covenant requirements of 2014 based on the original covenants:

(EUR x 1,000)	2014
Adjusted consolidated EBITDA	366,230
Operating lease expense	149,424
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	–

5.52.5 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 1.3%-13.6% (2014: 1.3%-13.6%).

5.52.6 Change of control provisions

A change of control of Fugro could result in early repayment of the bank loans (note 5.52.1) and the private placement loans (note 5.52.2). An amount of EUR 185 million was drawn from the bank facilities as at 31 December 2015 (31 December 2014: EUR 155 million). The sale and lease back arrangement contains certain change of control clauses. Reference is made to note 5.29.

5.53 Employee benefits

(EUR x 1,000)	2015	2014
Present value of funded obligations	431,190	454,345
Fair value of plan assets	(354,001)	(352,063)
Recognised net liability for defined benefit obligations	77,189	102,282
Liability for long-service leave	14,213	13,840
Total employee benefit liabilities	91,402	116,122

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 and the United States. Details of these plans are as follows:

- In the Netherlands the Group provides a pension plan based on average salary. This plan qualifies as a defined benefit scheme. As from 1 January 2016 the accrual rate will decrease from 1.75% to 1.45% affecting the 2015 past service cost positively by EUR 7.7 million. 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 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.

During 2015, changes were incorporated to the Norwegian pension plan and as a result the plan is qualified as a defined contribution scheme. Previously, this plan was qualified as a defined benefit pension scheme. As a consequence, the remaining net liability of some EUR 6.8 million has been released to the profit or loss as past service costs in 2015.

Plan assets consist of the following:

(EUR x 1,000)	2015	2014
Equity securities	105,223	110,801
Government bonds	158,053	166,543
Corporate bonds	41,925	45,361
Investment funds	18,874	–
Real estate	23,508	13,628
Cash	6,418	15,730
	354,001	352,063

Movements in the present value of the funded obligations

(EUR x 1,000)	2015	2014
Present value of the funded obligation at 1 January	454,345	352,301
Current service costs (see below)	12,053	8,282
Interest expenses	13,263	14,635
	25,316	22,917
Remeasurements:		
(Gain)/loss from change in demographic assumptions	(12,806)	2,438
(Gain)/loss from change in financial assumptions	(9,423)	73,915
Experience (gains)/losses	(545)	2,552
	(22,774)	78,905
Exchange differences	13,164	9,573
Paid by plan participants	2,221	1,993
Benefits paid by the plan	(10,623)	(6,377)
Plan amendments and curtailments	(30,459)	(4,967)
Present value of the funded obligation at 31 December	431,190	454,345

In 2015, the loss from change in financial assumptions highly relate to a decrease in market interest rates. The plan amendments and curtailments for 2015 relate to the amendments in the pension plan in the Netherlands and Norway and reflected as past service costs in profit or loss.

Movement in the fair value of plan assets

(EUR x 1,000)	2015	2014
Fair value of plan assets at 1 January	352,063	268,451
Interest income	10,035	11,324
Remeasurement:		
Return on plan assets, excluding amounts included in interest income	(9,993)	52,814
Exchange differences	9,125	7,249
Paid by the employer	17,932	17,163
Contributions paid by plan participants	2,212	2,244
Benefits paid by the plan	(10,623)	(6,377)
Plan amendments	(15,850)	–
Administrative expenses	(900)	(805)
Fair value of plan assets at 31 December	354,001	352,063

The plan amendments and curtailments for 2015 relate to the amendments in the pension plan in the Netherlands and Norway and reflected as past service costs in profit or loss. See table below for expenses recognised in profit or loss.

Expenses recognised in profit or loss

(EUR x 1,000)	2015	2014
Current service costs	12,053	8,282
Past service costs	(14,609)	(4,967)
Administrative expenses	900	805
Interest on obligation	13,263	14,635
	11,607	18,755
Interest income	(10,035)	(11,324)
	1,572	7,431

The expenses are recognised in the following line items in the statement of comprehensive income:

(EUR x 1,000)	2015	2014
Personnel expenses	1,572	7,431

Actual return on plan assets

(EUR x 1,000)	2015	2014
Actual return on plan assets	42	64,138

Remeasurements recognised directly in other comprehensive income

(EUR x 1,000)	2015	2014
Cumulative amount at 1 January	(73,895)	(46,472)
Recognised during the year	12,781	(26,091)
Plan amendments	2,865	–
Effect of movement in exchange rates	(2,902)	(1,332)
Cumulative amount at 31 December	(61,151)	(73,895)

Refer to note 5.36 with respect to the income tax impact on the actuarial gain of EUR 12,781 thousand (2014: EUR 26,091 thousand loss). The plan amendment of EUR 2.9 million (gain) relate to the change from a defined benefit plan to a defined contribution pension scheme in Norway during 2015, and represents the accumulated actuarial losses recognised previously through other comprehensive income on this plan.

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

	2015			2014		
	UK	Norway	Netherlands	UK	Norway	Netherlands
Discount rate at 31 December	3.8%	n/a	2.2%	3.6%	2.1%	2.0%
Future salary increases	2.8%	n/a	1.5%	2.7%	2.4%	2.0%
Medical cost trend rate	n/a	n/a	n/a	n/a	n/a	n/a
Future pension increases	2.6%	n/a	0.4%	2.6%	3.3%	0.5%

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:
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.

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 10.4%	Increase by 11.5%
Salary growth rate	0.50%	Increase by 1.2%	Decrease by 1.2%
Pension growth rate	0.50%	Increase by 8.1%	Decrease by 7.1%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 0.0%	Decrease by 0.0%

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)	2015	2014	2013	2012	2011
Present value of the defined obligation	431,190	454,345	352,301	337,999	329,428
Fair value of plan assets	354,001	352,063	268,451	259,454	243,220
Deficit in the plan	(77,189)	(102,282)	(83,850)	(78,545)	(86,208)
Experience adjustments arising on plan liabilities	(546)	2,552	(4,403)	1,879	10,910
Experience adjustments arising on plan assets	(9,993)	52,814	(1,814)	12,559	10,840

Plan assets are comprised as follows:

(EUR x 1,000)				2015				2014
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	105,223	–	105,223	30%	110,801	–	110,801	31%
Debt instruments	218,852	–	218,852	62%	211,904	–	211,904	60%
Government	158,053	–	158,053	45%	166,543	–	166,543	47%
Corporate bonds (Investment grade)	41,925	–	41,925	12%	45,361	–	45,361	13%
Corporate bonds (Non-investment grade)	18,874	–	18,874	5%	–	–	–	–
Property	–	23,508	23,508	7%	–	13,628	13,628	4%
US	–	–	–	–	–	–	–	–
UK	–	23,508	23,508	7%	–	13,628	13,628	4%
Norway	–	–	–	–	–	–	–	–
Cash and cash equivalents	6,418	–	6,418	2%	15,730	–	15,730	5%
Total	330,493	23,508	354,001	100%	338,435	13,628	352,063	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 deferred 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 employer is ultimately responsible for funding the accrued pensions and the pension increases.

The expected contributions 2016 amount to EUR 21.7 million (2015: EUR 20.1 million).

The weighted average duration of the defined benefit obligation is 22 years (2014: 23 years).

As at 31 December 2015	Netherlands	United Kingdom	Total weighted
Duration of plan	24	19	22

5.54 Provisions for other liabilities and charges

(EUR x 1,000)

	2015					2014			
	Onerous contracts	Asset retirement obligations	Procedures	Restructuring	Total	Onerous contracts	Asset retirement obligations	Procedures	Total
Balance at 1 January	83,273	11,832	22,820	–	117,925	–	–	225	225
Transfer from Trade and other payables	–	–	–	–	–	–	–	19,455	19,455
Provisions made during the year	20,467	–	4,903	12,757	38,127	83,803	10,008	3,140	96,951
Provisions used during the year	(31,411)	–	(3,779)	(10,026)	(45,216)	(2,604)	–	–	(2,604)
Provisions reversed during the year	(39,737)	–	(859)	–	(40,596)	–	–	–	–
Unwinding of discount	–	618	–	–	618	–	797	–	797
Effect of movement in foreign exchange rates	4,862	1,450	(443)	3	5,872	2,074	1,027	–	3,101
Balance at 31 December	37,454	13,900	22,642	2,734	76,730	83,273	11,832	22,820	117,925
Non-current	25,285	13,900	22,642	–	61,827	26,394	11,832	22,820	61,046
Current	12,169	–	–	2,734	14,903	56,879	–	–	56,879

In 2015, the restructuring costs amounted to EUR 12.8 million and an amount of EUR 10.0 million was used. No restructuring provision was accounted in previous year. An amount of EUR 39.7 million in respect of onerous contract provisions was reversed during 2015, mainly due to contract amendments and improved project performance. Fugro has accounted for certain tax indemnities and warranties under procedures in respect of the sale of the majority of the Geoscience business to CGG for liabilities arising from tax exposures amounting to EUR 19.0 million as at 31 December 2015 (31 December 2014: EUR 22.8 million).

5.55 Trade and other payables

(EUR x 1,000)	2015	2014
Trade payables	169,392	210,445
Advance instalments to work in progress	34,954	54,441
Non-trade payables	298,867	322,802
Balance at 31 December	503,213	587,688

Non-trade payables include accrued expenses of invoices to be received, employee related accruals, interest payable and considerations payable regarding acquisitions.

5.56 Financial risk management

5.56.1 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. A summary of important observations is reported to the audit committee.

5.56.2 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 one 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 Board of Management. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group publishes an internal list of clients that need extra attention before a contract is closed.

The Board of Management reviews frequently the outstanding trade receivables. Local management is requested to take additional precaution in working with 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 305.0 million at 31 December 2015 (2014: EUR 322.2 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 commercial reasons exist. Fugro has filed declarations of joint and several liabilities 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.

5.56.3 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 global cash pool was introduced in the last quarter of 2015, which made it possible for the company to use the cash surplus within the group to reduce the overdrafts at its main uncommitted facilities.

As at 31 December 2015, Fugro holds cash balances for the amount of EUR 48 million (31 December 2014: EUR 16 million) in Angola where exchange controls apply. Ninety-seven percent of total cash balances is held in Angolan Kwanza's. The company expects that these exchange controls will become less when the oil and gas market conditions are expected to improve and when Angola will have increased inflow of USD in relation to their oil business. In addition, several actions are being explored to further lower this amount in the coming year and thereafter.

The Group monitors cash flow on a regular basis and operates with a global cash pool. Consolidated cash flow information, including a six months projection, is reported on a monthly basis to the Board of Management, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected near term operational expenditures, including the servicing of financial obligations from lease commitments not included in the statement of financial position. 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 multicurrency revolving credit facility agreements with seven banks totalling EUR 500 million. Rabobank and ING Bank N.V. provided EUR 127.5 million each, HSBC Bank Plc. provided EUR 75 million, Barclays Bank Plc. and ABN AMRO Bank N.V. provided EUR 50 million each, Credit Suisse provided EUR 40 million and BNP Paribas S.A./N.V. provided EUR 30 million. At 31 December 2015, an amount of EUR 185 million has been drawn. These bank facilities have been secured until December 2020.

- A variety of unsecured overdraft facilities in various currencies totalling around EUR 379 million of which EUR 22 million has been drawn at 31 December 2015 (31 December 2014: around EUR 433 million with EUR 169 million drawn).
- US private placement loans totaling EUR 614 million. In 2016, an amount of EUR 90 million will be repaid in connection with the sale and leaseback transaction. The facility needs further to be repaid, in fixed installments denominated in the several currencies, as follows: in 2017 EUR 27 million, in 2018 EUR 193 million, in 2021 EUR 240 million and in 2023 EUR 65 million. Refer to note 5.52.4 Covenant requirements.

5.56.4 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. About 74% of the Group's activities relate to the oil and gas industry. The general downturn in the oil and gas market has resulted in pressure on work volume and pricing for oil services companies. Fugro expects the market for oil services to remain weak for the foreseeable future. For the maximum exposure to credit risk for trade receivables and unbilled revenue on (completed) contracts in the oil and gas industry reference is made to note 5.57.

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. An amount of EUR 47 million is in Angolan Kwanza's which is subject to significant currency risk at year-end 2015.

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 private placement loans denominated in British pound. 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 2015, 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.

5.56.5 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 2015, which was also applicable for 2014.

The targeted solvency is set > 33.33%. The solvency at the end of 2015 was 42.2% (2014: 42.6%). 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 2015 and 2014. As a result the return is 27.4% (negative) in 2015 as well as in 2014 (25.9% negative).

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 5.52.4. As per 31 December 2015 and 31 December 2014 the Group complied with all imposed external capital requirements.

5.57 Credit risk

Exposure to credit risk

(EUR x 1,000)	Carrying amount	
	2015	2014
Other investments in equity instruments	1,095	1,095
Available-for-sale financial assets	328	442
Long-term loans	83,922	85,261
Financial assets at fair value through profit or loss	–	2,474
Deposits	4,836	–
Other long-term receivables	2,729	2,153
Unbilled revenue on (completed) projects	286,928	354,073
Trade receivables	338,823	479,944
Non-trade receivables	124,769	132,052
Receivables under finance lease	–	5,774
Current portion long term loans	5,382	4,641
Cash and cash equivalents	304,993	322,167
	1,153,805	1,390,076

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	
	2015	2014*
Netherlands	39,664	47,934
Europe other	131,880	214,161
Africa	40,274	54,418
Middle East	133,512	118,923
Asia	57,863	117,982
Australia	32,532	66,284
Americas	190,026	214,315
	625,751	834,017

* As from 2015, Seabed's trade receivables and unbilled revenue on completed contracts are further allocated to the geographical areas. Previously, these were allocated to Europe. The comparative figures have been adjusted for comparison purposes.

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	
	2015	2014
Oil and gas	465,559	599,988
Infrastructure	98,869	83,359
Mining	9,386	8,145
Other	51,937	142,525
	625,751	834,017

Impairment losses

The ageing of trade receivables and unbilled revenue on (completed) contracts at the reporting date was:

- As of 31 December 2015, trade receivables and unbilled revenue on (completed) projects of EUR 625,751 thousand (31 December 2014: EUR 834,017 thousand) were fully performing
- As of 31 December 2015, trade receivables of EUR 171,587 thousand (31 December 2014: EUR 195,486 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 2015, trade receivables and unbilled revenue on (completed) projects of EUR 29,211 thousand (31 December 2014: EUR 50,590 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)	2015		2014	
	Gross	Impairment	Gross	Impairment
From 0 to 30 days	454,216	52	639,797	1,266
From 31 to 60 days	53,834	–	89,731	2,506
From 61 to 90 days	20,528	41	33,778	58
Over 90 days	98,776	29,118	108,968	46,760
Retentions and special items	27,608	–	12,333	–
	654,962	29,211	884,607	50,590

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)	2015	2014
Balance at 1 January	50,590	36,888
Impairment loss recognised	9,128	36,894
Impairment loss reversed	(3,118)	(15,759)
Trade receivables written off	(28,955)	(9,589)
Effect of movement in exchange rates	1,566	2,156
Balance at 31 December	29,211	50,590

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 5.56.2.

5.58 Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

(EUR x 1,000) 2015

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	183,337	199,274	1,574	1,424	2,852	193,424	–
Private placement loans:							
320 million USD bonds	196,260	219,563	32,035	4,213	8,426	174,889	–
330 million USD bonds	209,282	268,908	33,642	5,160	10,321	30,962	188,823
100 million USD bonds	73,109	101,665	10,750	1,858	3,717	11,151	74,189
27.5 million GBP bonds	24,889	28,887	4,214	555	1,111	23,007	–
40 million GBP bonds	41,346	55,172	7,057	1,061	2,122	6,365	38,567
35 million EUR bonds	23,290	30,622	3,918	588	1,176	3,528	21,412
37 million USD bonds	29,980	32,927	4,538	1,065	27,324	–	–
Revolving credit facilities CGG	34,960	37,033	908	874	35,251	–	–
Other loans and long-term borrowings	1,351	1,359	1,359	–	–	–	–
Trade and other payables	503,213	503,213	503,213	–	–	–	–
Bank overdraft	21,908	21,908	21,908	–	–	–	
	1,342,925	1,500,531	625,116	16,798	92,300	443,326	322,991

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) 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

5.59 Currency risk

The following significant exchange rates applied during the year:

(in EUR)	Average rate	Reporting date mid-spot rate
USD	0.910	0.920
GBP	1.380	1.360
NOK	0.111	0.104
AUD	0.680	0.670

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 2014. Refer to note 5.56.4 Currency risk.

Effect in EUR x 1,000	Equity	Profit or loss
31 December 2015		
USD	(33,807)	7,819
GBP	(23,231)	6,314
NOK	(10,496)	1,405
AUD	(12,561)	8,699
31 December 2014		
USD	(46,796)	27,203
GBP	(31,580)	(753)
NOK	(18,907)	482
AUD	(24,077)	8,949

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. The effect for 2015 in the table above on profit or loss is positive as the losses reduce if the euro would increase against the other currencies.

5.60 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	
	2015	2014
Fixed rate instruments		
Financial assets	9,917	85,261
Financial liabilities	(599,507)	(762,347)
Variable rate instruments		
Financial assets	378,998	322,167
Financial liabilities	(240,205)	(360,773)
	(450,797)	(715,692)

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 2014.

(EUR x 1,000)	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Variable rate instruments	1,388	(1,388)	–	–
Cash flow sensitivity (net)	1,388	(1,388)	–	–
31 December 2014				
Variable rate instruments	(18)	18	–	–
Cash flow sensitivity (net)	(18)	18	–	–

At 31 December 2015, 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 1,388 thousand (2014: EUR 18 thousand negative).

5.61 Fair values

5.61.1 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)		2015		2014
	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
Loans and receivables				
Trade receivables and other receivables	755,902	755,902	976,484	976,484
Cash and cash equivalents	304,993	304,993	322,167	322,167
Deposits	4,836	4,836	–	–
Long-term loans	83,922	83,922	85,261	85,261
Other long-term receivables	2,729	2,729	2,153	2,153
Available-for-sale financial assets				
Other investments in equity instruments*	1,095	1,095	1,095	1,095
Available-for-sale financial assets	328	328	442	442
Financial liabilities measured at amortised cost				
Bank loans	(183,337)	(183,337)	(154,869)	(154,869)
Mortgage and other loans and long-term borrowings	(1,351)	(1,351)	(2,260)	(2,260)
Private placement loans in USD	(508,631)	(530,213)	(639,779)	(655,859)
Private placement loans in GBP	(66,235)	(69,149)	(85,634)	(87,842)
Private placement loans in EUR	(23,290)	(24,343)	(34,674)	(35,623)
Revolving credit facilities CGG	(34,960)	(34,960)	(36,815)	(36,815)
Bank overdraft	(21,908)	(21,908)	(169,089)	(169,089)
Trade and other payables	(503,213)	(503,213)	(587,688)	(587,688)
Total	(189,120)	(214,669)	(320,732)	(339,969)
Unrecognised gains/(losses)		(25,549)		(19,237)

* 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:

Derivatives

(EUR x 1,000)	2015	2014
Loans and borrowings*	1.3%–13.6%	1.3%–13.6%
Finance lease receivable	n/a	6.0 %
Long term receivables	5.0%–6.5%	5.0%–17.0%

* The majority of the loans and borrowing bears interest rates varying from 1.6% to 8.1% as at 31 December 2015. Refer to note 5.52.

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 2015 (EUR x 1,000)		Level 1	Level 2	Level 3	Total
(5.42)	Available-for-sale financial assets	328	–	–	328
	Total	328	–	–	328

The fair value less cost of disposal for several Fugro vessels 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 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

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 2015	Derivatives 2014
Opening balance at 1 January	2,474	12,766
Gain/(loss) recognised in profit or loss	(2,474)	(10,292)
Closing balance at 31 December	–	2,474
Total gain/(loss) for the period included in the result for assets held at the end of the reporting period, under 'Finance expenses'	(2,474)	(10,292)

Following the conversion of the vendor loan into a senior secured term loan the warrant has been derecognised (refer to 5.43.2).

5.61.2 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.

5.61.3 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 recognised financial assets	Gross amounts of recognised 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 2015			
Cash and cash equivalents	305,492	(499)	304,993
As at 31 December 2014			
Cash and cash equivalents	335,472	(13,305)	322,167

Financial liabilities

(EUR x 1,000)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
As at 31 December 2015			
Bank overdraft	(77,879)	55,971	(21,908)
As at 31 December 2014			
Bank overdraft	(211,255)	42,166	(169,089)

5.62 Commitments not included in the statement of financial position

5.62.1 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(EUR x 1,000)	2015	2014
Less than one year	142,800	140,156
Between one and five years	240,109	226,003
More than five years	116,543	12,962
	499,452	379,121

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 249 million was recognised as an expense in profit or loss in respect of operating leases and other rentals (2014: EUR 303 million).

5.62.2 Bank guarantees

Per 31 December 2015, Fugro's bank has issued bank guarantees to clients for an amount of EUR 85 million (2014: EUR 91 million).

5.62.3 Capital commitments

At 31 December 2015, the Group has contractual obligations to purchase property, plant and equipment for EUR 6.9 million (2014: EUR 40.4 million).

5.62.4 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.

5.63 Subsequent events

On 8 January 2016, Fugro completed the sale and operating leaseback of the Fugro Voyager vessel. The net proceeds amounted to EUR 48 million.

5.64 Related parties

5.64.1 Identity of related parties

The Group has a related party relationship with its subsidiaries, its equity-accounted investees and other investments, its Directors and its Supervisory Board.

5.64.2 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 5.32.1).

The remuneration of the Board of Management for 2015 and 2014 is as follows:

(in EUR)	P. van Riel		P.A.H. Verhagen		M.R.F. Heine	
	2015	2014	2015	2014	2015	2014
Fixed salary	600,000	600,000	450,000	450,000	412,500	–
Compensation pension contribution	95,550	–	69,930	–	215,238	–
Bonus*	–	–	67,500	108,000	60,000	–
Pension costs (including disability insurance)	36,129	122,735	39,367	89,707	1,274	–
	731,679	722,735	626,797	647,707	689,012	–
Long-term incentive plan (see note 5.32.1)	63,900	49,106	47,925	36,830	47,925	–
One-off compensation of restricted certificates of shares**	–	–	–	216,000	–	–
Total	795,579	771,841	674,722	900,537	736,937	–

(in EUR)	S.J. Thomson		W.S. Rainey		A. Jonkman	
	2015	2014	2015	2014	2015	2014
Fixed salary	450,000	450,000	350,000	350,000	–	350,000
Compensation pension contribution	87,885	–	–	–	–	–
Bonus*	45,000	–	15,000	–	–	–
Pension costs (including disability insurance)	11,249	(321,708)	275,000	275,000	–	284,818
	594,134	128,292	640,000	625,000	–	634,818
Long-term incentive plan (see note 5.32.1)	47,925	36,830	–	36,830	–	–
One-off compensation of restricted certificates of shares**	–	–	–	–	–	–
Total	642,059	165,122	640,000	661,830	–	634,818

* This amount represents the bonus that has been granted in the year. Previously, the reported amounts represented the bonuses granted in previous year but paid in the year. The comparatives numbers have been adjusted. Only Mr. P.A.H. Verhagen from the Board of Management was granted a bonus in 2014 of 24% of his base salary. The bonus for 2014 reported last year, e.g. granted in 2013 but paid in 2014, amounted to EUR 301,667, EUR 215,771, EUR 233,333, EUR 111,872 and EUR 233,333 for Messrs. P. van Riel, S.J. Thomson, W.S. Rainey, J. Rüegg and A. Jonkman respectively.

** These costs relate to one-off compensation to Mr. P.A.H. Verhagen of 15,000 restricted shares in Fugro's share capital, which costs of EUR 216 thousand are spread over three years starting from 2014.

Due to the 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 members of the Board of Management are compensated by an annual non-deductible pension contribution, which allows building up pension out of net salary, such that the costs for Fugro are at similar level as before. These amounts are reflected as compensation pension contribution in the table above. The compensation for M.R.F. Heine includes an one-off pension compensation of EUR 158,689 relating to previous years, which gross amount has been paid in 2015.

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 AGM on 6 May 2014 and amended in the AGM on 30 April 2015. Within the framework of the remuneration policy, compensation for the Board of Management is determined by the Supervisory Board on the advice of the remuneration committee. This remuneration policy is available on Fugro's website: www.fugro.com.

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 66.7% 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. 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.

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 2015 budget. 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 evaluated the performance of the company in relation to the financial criteria included in the short-term incentive plan. This led to the conclusion that no annual bonus was granted on the financial criteria. Based on input from the remuneration committee, the Supervisory Board also evaluated the performance of the members of the Board of Management in relation to the personal targets set for each of them. This resulted in achievements of 60% to 90% of the personal targets and bonus pay-outs of 10% to 15% of base salary. As Mr. W.S. Rainey stepped down from the Board of Management at the AGM 2015, his bonus for the year 2015 is calculated on a pro-rata basis. Taking responsibility for the overall 2015 net result of the company, the chairman of the board of management declined his bonus.

As at 31 December the following performance options for the Board of Management under the long-term incentive plan were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2015	Forfeited in 2015	Exercised in 2015	Outstanding at 31-12-2015	Exercisable at 31-12-2015	Exercise price (EUR)
2014	6 years	4	97,500	97,500	–	–	97,500	–	17.26
2015	6 years	4	97,500	–	–	–	97,500	–	15.06
			195,000	97,500	–	–	195,000	–	

The chairman of the Board of Management received 30,000 performance options in 2015 (2014: 30,000). The other board members received each 22,500 performance options in 2015 (2014: 22,500). Refer to note 5.32.1.

As at 31 December the following performance shares for the Board of Management under the long-term incentive plan were outstanding:

Year of issue	Duration	Number of participants	Granted	Outstanding at 01-01-2015	Forfeited in 2015	Vested in 2015	Outstanding at 31-12-2015
2014	3 years	4	48,750	48,750	–	–	48,750
2015	3 years	4	48,750	–	–	–	48,750
			97,500	48,750	–	–	97,500

The chairman of the Board of Management received 15,000 performance shares in 2015 (2014: 15,000). The other board members received each 11,250 performance shares in 2015 (2014: 11,250). Refer to note 5.32.1.

The table below provides an overview of the outstanding number of options for the board of management in respect of the share option scheme:

Board of Management

		Number of options					In EUR		Number of months	
	Year	Number at 01-01-15	Granted in 2015	Exercised in 2015	Forfeited in 2015	Number at 31-12-15	Exercise price	Share price at exercise day	Expiring date	Bonus
P. van Riel	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		280,900	–	–	60,000	220,900				
P.A.H. Verhagen	2013-2014	30,000	–	–	–	30,000	43.315		31-12-2019	
Total		30,000	–	–	–	30,000				
W.S. Rainey	2009-2010	66,700	–	–	35,000	31,700	50.35*		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	–	–	35,000	184,700				
S.J. Thomson	2009-2012	130,700	–	–	35,000	95,700	41.864*		31-12-2018	–
	2013	47,000	–	–	–	47,000	43.315		31-12-2019	5
Total		177,700	–	–	35,000	142,700				
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	–	–	52,500	158,900				
A. Jonkman	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		265,900	–	–	60,000	205,900				

		Number of options					In EUR		Number of months	
	Year	Number at 01-01-15	Granted in 2015	Exercised in 2015	Forfeited in 2015	Number at 31-12-15	Exercise price	Share price at exercise day	Expiring date	Bonus
K.S. Wester	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		249,400	–	–	90,000	159,400				
Total		1,435,000	–	–	332,500	1,102,500				

* Weighted average.

5.64.3 Executive Committee

As at 31 December 2015, the Group only considers the Board of Management as 'key management'. Previously, the Executive Committee comprised the board of management and the director of the Survey division. The director of the Survey division has joined the Board of Management at the AGM 2015, and therefore the executive committee has ceased to exist. His compensation is reflected and included in the table below for the full for both years. At the AGM 2015, Mr. W.S. Rainey stepped down from the Board of Management. His remuneration is reflected for the full for both years in the table below. Besides their salaries, the Group also provides non-cash benefits to the Board of Management and contributes to their post-retirement plan. The members of the Board of Management also participate in Fugro's long-term incentive plan. The compensation comprises:

	2015	2014
Fixed salary	2,262,500	2,462,500
Compensation pension contribution	468,603	–
Bonus*	187,500	108,000
Pension costs (including disability insurance)	363,020	38,185
Long-term incentive plan	207,675	187,423
One-off compensation of restricted certificates of shares	–	216,000
	3,489,298	3,012,108

* This amount represents the bonus that has been granted in the year. Previously, the reported amounts represented the bonuses granted in previous year but paid in the year. The comparatives numbers have been adjusted. Only Mr. P.A.H. Verhagen from the Board of Management was granted a bonus in 2014 of 24% of his base salary. The bonus for 2014 reported last year, e.g. granted in 2013 but paid in 2014, amounted to EUR 1,270,976.

A total amount of EUR 635 thousand relates to remunerations paid to a former member of the Board of Management.

5.64.4 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	2015	2014
H.L.J. Noy, Chairman	80,000	80,000
J.C.M. Schönfeld, Vice-Chairman	65,000	63,260
A.J. Campo	88,000	57,973
P.H.M. Hofsté	38,666	–
A.H. Montijn	38,666	–
D.J. Wall	88,000	67,746
J.A. Colligan	19,333	58,601
M. Helmes	–	20,022
G-J. Kramer	–	50,001
Th. Smith	–	35,022
	417,665	432,625

Mrs. P.H.M. Hofsté and Mrs. A.H. Montijn have been appointed as members of the Supervisory Board as from 30 April 2015. Both are appointed for a period of four years. Mr. J.A. Colligan retired from the Supervisory Board as from 30 April 2015. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.

5.64.5 Other related party transactions

5.64.5.1 *Joint ventures*

The Group has not entered into any significant joint ventures in 2015.

5.65 Subsidiaries

5.65.1 Significant subsidiaries

For an overview of (significant) subsidiaries we refer to chapter 6.

5.66 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:

- 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 accounting policy 5.16. Note 5.40 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 5.56.2 and 5.57. 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.
- A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and are not recognised in the Group's statement of financial position. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. The sale and leaseback arrangement is further disclosed in note 5.29.
- Deferred tax: The assumptions used in recognition and measurement of deferred taxes are disclosed in note 5.44.
- 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 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 5.53 contains information about the (actuarial) assumptions related to employee benefits. Actuarial gains and losses related to defined benefit plans are accounted for in other comprehensive income
- Other provisions, tax and other contingencies: Information on the assumptions used in estimating the effect of legal claims, asset retirement obligations and onerous contract provisions are included in accounting policy 5.24 and note 5.54. 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.

6 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD OF FUGRO N.V.

(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
Fugro TSM Finance Pty Ltd.		Perth, Australia
Fugro Exploration 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 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 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
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro Financial International N.V.		Willemstad, Curaçao
Fugro Survey Caribbean N.V.		Willemstad, Curaçao
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 Gabon SARL		Port Gentil, Gabon
Fugro Consult GmbH		Berlin, Germany
Fugro Holding (Deutschland) GmbH		Berlin, Germany
Fugro-OSAE GmbH		Bremen, Germany
Fugro Ghana Ltd.	90%	Accra, Ghana
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 (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 Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro Survey Management Ltd.		Wanchai, Hong Kong
MateriaLab Consultants Ltd.		Tuen Mun, Hong Kong
Fugro Consult Kft.		Budapest, Hungary
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.	88%	Dublin, Ireland
FAZ Research Ltd.	88%	Dublin, Ireland
Fugro Oceansismica S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro-KGNT LLP	50%*	Almaty, Kazakhstan Republic
Fugro-MAPS S.a.r.l.		Beirut, Lebanon
Fugro Subsea Services Limited Libya (Libyan Branch Office)		Tripoli, Libya
UAB 'Fugro Baltic'		Vilnius, Lithuania
Fugro Eco Consult S.a.r.l.		Munsbach, Luxembourg
Fugro Technical Services (Macau) Ltd.		Macau, Macau

Company	%	Office, Country
Fugro Geodetic (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro Geosciences (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro Loadtest (Malaysia) Sdn Bhd.		Puchong, Malaysia
Fugro TSM Labuan Pty Ltd.		Federal Territory of Labuan, 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-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 Mozambique Ltda.		Maputo, Mozambique
Fugro CIS B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Engineers B.V.		Nootdorp, The Netherlands
Fugro Financial Resources 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 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
Fugro Subsea A/S		Haugesund, Norway
Fugro Geotechnics A/S		Oslo, Norway
Fugro Norway A/S		Oslo, Norway
Fugro Satellite Positioning r A/S		Oslo, Norway
Fugro Oceanor A/S		Trondheim, Norway
Fugro Middle East & Partners LLC	70%	Muscat, Oman
Fugro Geodetic Ltd.		Karachi, Pakistan
Fugro Panama S.A.		Panama City, Panama
Fugro Symphony Inc.		Panama City, Panama
Fugro TerraLaser S.A.		Lima, Peru
Fugro Peninsular Services	49%	Doha, Qatar
Fugro Engineering LLP		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 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
Fugro Earth Resources (Pty) Ltd.		Johannesburg, South Africa
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 Subsea LLC	49%	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
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 GeoServices 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
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 Consultants, 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
Fugro Americas, Inc.		Houston, United States

Company	%	Office, Country
Fugro Synergy, Inc.		Houston, United States
Fugro Chance, Inc.		Lafayette, United States
John Chance Land Surveys, Inc.		Lafayette, United States
FAZ Technology, Inc.	88%	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

* Joint arrangements which classify as joint ventures, which are equity-accounted.

7 COMPANY BALANCE SHEET

As at 31 December, before result appropriation

	(EUR x 1,000)	2015	2014
	Assets		
(9.1)	Intangible assets	1,430	1,289
(9.2)	Tangible fixed assets	24	391
(9.3)	Financial fixed assets	2,098,176	2,408,947
	Deferred tax assets	–	428
	Total non-current assets	2,099,630	2,411,055
(9.4)	Trade and other receivables	22,893	10,970
	Cash and cash equivalents	–	105,026
	Total current assets	22,893	115,996
	Total assets	2,122,523	2,527,051
	Equity		
	Share capital	4,228	4,228
	Share premium	431,227	431,227
	Translation reserve	(48,023)	(81,638)
	Hedging reserve	(391)	(868)
	Other reserves	(353,958)	(353,958)
	Retained earnings	1,537,094	1,977,645
	Unappropriated result	(372,522)	(458,870)
(9.5)	**Total equity**	1,197,655	1,517,766
	Provisions		
(9.6)	Provisions for other liabilities and charges	21,538	22,669
	Deferred tax liabilities	2,711	–
	Liabilities		
(9.7)	Loans and borrowings	508,435	760,087
	Total non-current liabilities	532,684	782,756
	Bank overdraft	151,097	146,338
(9.7)	Loans and borrowings	89,722	–
(9.8)	Trade and other payables	147,447	71,078
	Current tax liabilities	3,564	6,178
	Other taxes and social security charges	354	2,935
	Total current liabilities	392,184	226,529
	Total liabilities	924,868	1,009,285
	Total equity and liabilities	2,122,523	2,527,051

8 COMPANY INCOME STATEMENT

For the year ended 31 December

(EUR x 1,000)	2015	2014
Share in results from participating interests, after taxation	(352,440)	(455,043)
Other results after taxation	(20,082)	(3,827)
Net result	(372,522)	(458,870)

9 NOTES TO THE COMPANY FINANCIAL STATEMENTS

General

The company financial statements form part of the 2015 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 112 to 126 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)	2015	2014
Cost		
Balance at 1 January	1,297	287
Disposals	–	–
Additions	560	1,010
Balance at 31 December	1,857	1,297
Amortisation and impairment losses		
Balance at 1 January	8	8
Amortisation of intangible assets	496	–
Disposals	(77)	–
Balance at 31 December	427	8
Carrying amount		
At 1 January	1,289	279
At 31 December	1,430	1,289

The intangible assets comprise goodwill and capitalised software. 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. Capitalised software is amortised over a period of 3 years. No impairment has been recognised.

9.2 Tangible fixed assets

(EUR x 1,000)	2015	2014
Cost		
Balance at 1 January	2,069	1,594
Other investments	53	475
Disposals	(880)	–
Balance at 31 December	1,242	2,069
Depreciation		
Balance at 1 January	1,678	1,432
Depreciation	116	246
Disposals	(576)	–
Balance at 31 December	1,218	1,678
Carrying amount		
At 1 January	391	162
At 31 December	24	391

9.3 Financial fixed assets

(EUR x 1,000)	2015	2014
Subsidiaries	1,172,025	1,205,542
Financial assets at fair value through profit or loss	–	2,474
Long-term loans to Group companies	926,151	1,200,931
	2,098,176	2,408,947

9.3.1 Subsidiaries

(EUR x 1,000)	2015	2014
Balance at 1 January	1,205,542	1,870,905
Share in result of participating interests	(352,440)	(455,043)
Capital increase	285,406	30,000
Dividends	(10,459)	(308,107)
Currency exchange differences	29,874	75,954
Other	14,102	(8,167)
Balance 31 December	1,172,025	1,205,542

9.3.2 Long-term loans

(EUR x 1,000)	2015	2014
Balance at 1 January	1,200,931	899,359
Loans issued	55,525	249,418
Redemptions	(419,416)	(29,119)
Currency exchange differences	89,111	81,273
Balance 31 December	926,151	1,200,931

This concerns loans to subsidiaries at an average interest rate of 3.7% (2014: 3.6%) and the CGG vendor loan with a carrying value of EUR 74.1 million as at 31 December 2015 (31 December 2014: EUR 75.6 million) as disclosed in note 5.43.2 of the consolidated financial statements.

9.4 Trade and other receivables

(EUR x 1,000)	2015	2014
Receivables from Group companies	10,078	265
Other taxes and social security charges	3,916	4,810
Other receivables	8,899	5,895
Balance 31 December	22,893	10,970

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 5.49 of the consolidated financial statements. The translation reserve and hedging reserve qualify as legal reserves (Dutch: '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 5.54 of the consolidated financial statements. Fugro has accounted for certain tax indemnities and warranties under procedures in respect of the sale of the majority of the Geoscience business to CGG for liabilities arising from tax exposures amounting to EUR 19.0 million as at 31 December 2015 (31 December 2014: EUR 22.8 million). Further, an amount of EUR 2.5 million relates to employee benefit liabilities as at 31 December 2015.

9.7 Loans and borrowings

(EUR x 1,000)	2015	2014
Private placement loans, non-current portion	508,435	760,087
Private placement loans, current portion	89,722	–
Balance at 31 December	598,157	760,087

For the notes on private placement loans reference is made to note 5.52 of the consolidated financial statements. The average interest on loans and borrowings amounts to 5.6 % per annum (2014: 4.8%).

9.8 Trade and other payables

(EUR x 1,000)	2015	2014
Trade payables	4,081	1,856
Payables to Group companies	127,385	–
Interest payable	8,505	12,852
Non-trade payables and accrued expenses	7,476	56,370
Balance 31 December	147,447	71,078

The payables to group companies fully relates to the cashpool overdraft of Fugro N.V. The interest is calculated on the total balance of the cash pool. Reference is made to note 5.47 of the consolidated financial statements.

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 Bank guarantees

Per 31 December 2015, Fugro's bank has issued bank guarantees to clients for an amount of EUR 65 million (2014: EUR 66 million).

9.11 Guarantees

Fugro has filed declarations of joint and several liabilities 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. On 3 December 2015, Fugro has reached agreement with seven banks for the refinancing of its multicurrency revolving credit facility. Fugro N.V. is borrower and guarantor under this multicurrency revolving credit facility agreement. Further reference is made to note 5.52 of the consolidated financial statements.

In 2015, Fugro N.V. has granted 4 revolving credit facilities to Seabed for an amount of USD 117 million. These facilities form part of four revolving credit facilities in which Seabed has entered into with Fugro and CCG on a 60/40 pro rata basis. On 18 December 2015, Fugro and CCG decided to make an additional capital contribution of USD 100 million on the shares of Seabed by converting part of the revolving credit facilities into share premium on a 60/40 pro rata basis. In this respect, Fugro N.V. has transferred USD 60 million of revolving credit facilities to the Fugro entity which holds the 60 percent of Seabed's voting shares. Subsequently, these facilities were contributed as share premium to Seabed. This contribution comprised three revolving credit facilities of USD 57 million with a maturity of one year, and an amount of USD 3 million from a USD 60 million credit facility with a maturity of three years. The latter revolving credit facility was granted last year and has a closing balance of USD 57 million as at 31 December 2015. This facility is valued at the closing rate and amounts to EUR 52.4 million at 31 December 2015 (31 December 2014: EUR 55.2 million), and has an interest of LIBOR plus 500 bps. In addition, Fugro and CGG have provided Seabed last year with financial support for a maximum amount of USD 163 million (EUR 150 million) on a 60/40 pro-rata basis which support expires at 6 March 2016.

9.12 Contingencies

For the notes to contingencies reference is made to note 5.62.4 of the consolidated financial statements.

9.13 Related parties

For the notes to related parties, reference is made to note 5.64 of the consolidated financial statements.
In note 5.64 the remuneration of the Board of Management and Supervisory Board is disclosed.

9.14 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)		2015			2014	
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Statutory audit of financial statements	1,805	1,232	3,037	1,713	1,501	3,214
Other assurance services	–	31	31	–	–	–
Tax advisory services	–	43	43	–	304	304
Total	1,805	1,306	3,111	1,713	1,805	3,518

In 2015, the audit fees under the category statutory audit of financial statements, include an amount of EUR 270 thousand for the audit of the 2014 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, 25 February 2016

Board of Management

P. van Riel, Chairman Board of Management, Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer
M.R.F. Heine, Director Survey division
S.J. Thomson, Director Subsea Services/Geoscience division

Supervisory Board

H.L.J. Noy, Chairman
J.C.M. Schönfeld, Vice-Chairman
A.J. Campo
P.H.M. Hofsté
A.H. Montijn
D.J. Wall

10 OTHER INFORMATION

10.1 Independent auditor's report

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

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 2015

OPINION

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 2015, 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 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements 2015 of Fugro N.V. (the Company), based in Leidschendam. The financial statements include the consolidated financial statements and the company financial statements.
The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2015;
2. the following statements for the year then ended: consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2015;
2. the company income statement for the year then ended; and
3. the notes comprising 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 are further described 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.

Audit approach

Summary

Materiality
- Overall materiality of EUR 8 million
- 3% of result before tax

Audit scope
- Coverage of 79% of revenues
- Coverage of 85% of total assets

Key audit matters
- Valuation of goodwill
- Valuation of PP&E
- Revenue recognition and valuation of trade receivables
- Income tax positions
- Refinancing and compliance covenants

Unqualified audit opinion

Materiality

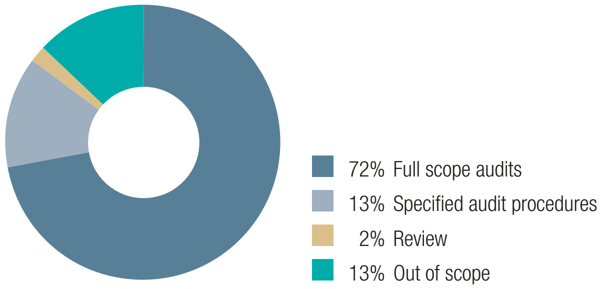
Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our 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 (2014: EUR 8 million). The materiality is determined with reference to a benchmark of consolidated result before tax which represents approximately 3% of the consolidated result before tax for 2015. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

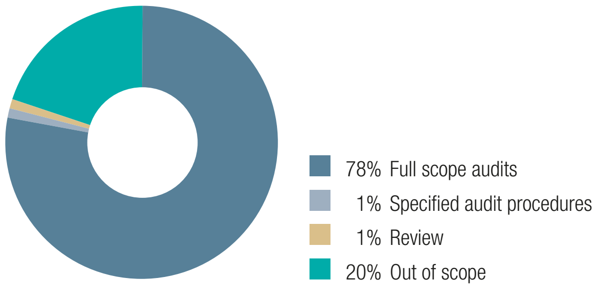
The audits undertaken for group reporting purposes at the group entities were all performed with materiality levels set by, or agreed with, us. In our audit instructions sent to our component auditors, we instructed the component auditors to apply allocated group materiality in the range of EUR 1.0 million and EUR 4.0 million depending on the size of the respective group entities 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.

Group assets



Group revenue



SCOPE OF THE 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 financial statements of Fugro N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the Group audit. In this respect we have determined the nature and extent of the audit procedures carried out for group entities. When doing so, the significance and/or risk profile of group entities or activities were taken into consideration. On this basis, we selected group entities 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 74 Fugro group entities, including the main group entities in Australia, Brazil, UK, Switzerland and USA (Fugro USA and Seabed).

(b) specified audit procedures were carried out over specific items at a further 17 group entities.

(c) reviews for group reporting purposes were performed at a further 7 group entities.

None of the out of scope group entities represented more than 2% of total Group revenue or total Group assets. For these out of scope group entities, where no component auditor is involved, we performed, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatements within these out of scope group entities.

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 our 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), Brazil, Australia, Mexico and Singapore were performed. Conference calls were also held with the auditors of these group entities and with part of the other in-scope group entities. 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 performing the procedures mentioned above at group entities, 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 about the financial statements.

OUR 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

Description

As at 31 December 2015 goodwill amounting to EUR 396.6 million represents 14% of the balance sheet total. Management's impairment tests were significant to our audit because the assessment process is complex and requires significant management judgement. Furthermore, there is an increased risk of impairment due to the deteriorated market outlook. The goodwill impairment tests performed by management resulted in EUR 171.7 million impairment of goodwill related to Subsea Cash Generating Unit (CGU), EUR 31.5 million impairment of goodwill Onshore Geotechnical Europe/Africa CGU and EUR 3.8 million impairment of goodwill Geoscience other CGU. Management used assumptions such as market position and future market and economic conditions, including expected economic growth and inflation rates.

Our response

Our audit procedures included an assessment of the historical accuracy of management's estimates through retrospective review, evaluating and testing the assumptions, methodologies, CGU determination, the discount rates and other data used by the Company, for example by comparing them to external data. We evaluated the 2016 financial budget and involved component auditors in the evaluation of the solidity of the financial budget preparation process and the reasonability of the 2016 forecasts. Furthermore, we evaluated management's 2017-2020 outlook in particular around forecasted revenues, EBITDAs and capital expenditures. We assessed whether the CGU structure is aligned with the organisational structure.

We involved our valuation expert to assist us with our assessment of the discount rates, expected inflation rates, the appropriateness of the model used and the reasonability of the overall outcome in relation to the market capitalisation of the Company. Furthermore, we specifically assessed management's sensitivity analysis focused on what the impact would be of a reasonably possible change in assumptions such as forecasted EBITDAs, growth rate in the first year, long term growth rate and discount rates on the recoverable amount and as a result on the carrying amount.

Based on our procedures performed we consider management's key assumptions to be within a reasonable range. We believe management has a solid evaluation process for the 2016 financial budget, where for the years after 2016 it is more uncertain and difficult to forecast as also noted by management in note 5.40. We assessed the adequacy of the Company's disclosures included in notes 5.33, 5.39 and 5.40 of the consolidated financial statements including about those assumptions to which the outcome of the impairment test is most sensitive.

Estimates relating to impairment testing of property, plant and equipment

Description

As at 31 December 2015 property, plant and equipment amounting to EUR 986.6 million represents 35% of the balance sheet total. Management's assessment of the valuation of property, plant and equipment was significant to our audit because this process is complex and requires significant management judgement. Furthermore, there is an increased risk of impairment due to the deteriorated market outlook. Management's assessment resulted in impairment losses recorded of EUR 115.7 million.

Our response

We evaluated management's assessment of impairment indications and indications for reversal of impairments for property, plant and equipment, we tested management's assumptions used in the value in use calculations and we assessed the historical accuracy of management's estimates. We evaluated supporting external broker reports obtained by management to evaluate the fair value less cost of disposal, where applicable. We involved our valuation expert to assist us in the evaluation of the discount rates used by the Company, performed sensitivity analyses where considered necessary, and assessed the consistency of valuation methodologies applied throughout the Group. Based on our procedures performed we consider management's key assumptions to be within a reasonable range.

Furthermore, we evaluated the adequacy of the Company's disclosures regarding the impairments of these property, plant and equipment, which are included in notes 5.33 and 5.38 of the consolidated financial statements.

Revenue recognition and estimates with respect to the valuation of trade receivables and unbilled revenues on (completed) projects

Description

Trade receivables and unbilled revenues on (completed) projects were significant to the Company as these represent approximately 22% of the balance sheet total. Furthermore, the valuation of trade receivables and unbilled revenues on (completed) projects required management judgment due to the specific risks associated with each individual trade receivable and unbilled revenues on (completed) projects.

Our response

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. We performed detailed procedures, including internal control testing, on individually significant projects, such as, substantiating transactions with underlying documentation, including contracts and third party correspondence, to obtain evidence for the accuracy and collectability. We also evaluated the accounting principles for revenue recognition, which form the basis for the recognition of unbilled revenues. In addition, we evaluated the adequacy of the Company's disclosures regarding trade receivables and unbilled revenues on (completed) projects, the related risks such as credit risk and the aging of trade receivables as disclosed in note 5.56 of the consolidated financial statements.

Estimates in respect to income tax positions

Description

Income tax was significant to our audit because the Company's operations are subject to income taxes in various jurisdictions, the assessment process is complex and involves a high degree of judgment and the amounts involved are material to the financial statements as a whole.

Our response

We have tested the completeness and accuracy of the amounts recognised as current and deferred tax, including the assessment of other judgemental tax positions.
Our audit procedures included, with involvement of our component auditors, among others, an 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 balance sheet will be recovered through taxable income in future years and available tax planning strategies. We involved local and international tax 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. Based on our procedures performed we consider management's key assumptions to be within a reasonable range. We also assessed the adequacy of the Company's disclosure in notes 5.36 and 5.44 of the consolidated financial statements.

Refinancing and compliance with debt covenant requirements

Description

Based on the refinancing that was completed in 2015 and the amendment of the debt covenants (private placement loans and multicurrency revolving credit facility (RCF)), the accounting treatment for the refinancing and adequate disclosure of the amended covenant requirements were considered a key audit matter. In addition, we consider compliance with debt covenant requirements a key audit matter as this is part of management's assessment of the going concern assumption.

Our response

We have inspected the terms of the new RCF and the amended private placements loans and evaluated the accounting treatment of the loan agreements including the existing and new amendment fees.

In addition, we paid special attention to the debt covenant requirements including the covenant ratios and events of default. We evaluated management's calculation of the covenant ratios in accordance with the loan agreements, and the sensitivity analysis on covenant ratio forecast throughout 2016. For this purpose, we also evaluated the 2016 financial budget and involved component auditors in the evaluation of the solidity of the financial budget preparation process and the reasonability of the 2016 financial budget. Given the relevance of the EBITDA amount in the covenant calculations, we paid special attention to the correct classification of items in EBITDA and specific and exceptional items included in and excluded from Adjusted EBITDA in accordance with criteria as stated in the loan agreements. We also assessed the adequacy of the Company's disclosure regarding the covenants and loan agreements, which are included in note 5.52.4 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 of the financial statements in accordance with EU-IFRS and with 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. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of 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 in the financial statements.

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 to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute level of assurance, which means we may not have detected all errors and/or fraud.

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 the Board of Management.
- Concluding on the appropriateness of the Board 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. The Board of Management has disclosed our key internal control observations as part of 'assessment of internal control' included in the management statements of the annual report.

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 Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Board of Management report and other information):

- 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 by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Board of Management report, to the extent we can assess, is consistent with the financial statements.

ENGAGEMENT

Our reappointment by the General Meeting of Shareholders as auditor of Fugro N.V. for 2015 was approved on 6 May 2014. We have operated as the statutory auditor of Fugro N.V. since before 2003. The Company has appointed EY as the statutory auditor of the Company starting for the year ending 31 December 2016 at the General Meeting of Shareholders on 30 April 2015.

Amstelveen, 25 February 2016

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

10.2 Subsequent events

Reference is made to note 5.63.

10.3 Foundation Boards

Stichting Administratiekantoor Fugro ('Foundation Trust Office')

The Board of the Foundation Trust Office, Leidschendam, The Netherlands, is currently composed as follows:

Name	Function	Term
M. van Gelder, Chairman	Board member	2019
A.L. Asscher	Board member	2019
J.A.W.M. van Rooijen	Board member	2017

The (Board of the) Foundation 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 currently composed as follows:

Name	Function	Term
M.W. den Boogert, Chairman	Board member	2016
M.A.M. Boersma	Board member	2018
S.C.J.J. Kortmann	Board member	2016
J.C. de Mos	Board member	2016

The (Board of the) Foundation operates completely independent of Fugro.

Stichting Continuïteit Fugro ('Foundation Continuity')

The Board of Foundation Continuity, Curaçao, is currently 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	2019
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 29 April 2016 to declare a dividend for 2015 to shareholders.

REPORT OF STICHTING ADMINISTRATIEKANTOOR FUGRO ('FOUNDATION TRUST OFFICE')

In accordance with article 19 of the administration terms and conditions of the Foundation Trust Office ('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 2015 reporting year all the Trust Office's activities were related to the administration of ordinary shares against which certificates have been issued.

During 2015 the Board met six times. In the meetings of 27 January and 3 February 2015 the Board discussed, among other things, developments following the announcement by Boskalis that it had increased its holding in Fugro to 20.01% and the composition of the Board. The meeting of 23 March 2015 was dedicated, among other things, to discuss the announcement by Boskalis that it had increased its holding in Fugro to 25.1% and the preparation for the annual general meeting of Fugro of 30 April 2015. In the meeting of 15 April 2015 the Board discussed, among other things, Boskalis' request for a proxy in order to exercise the voting rights in respect of the number of underlying shares for which certificates have been issued in the annual general meeting of Fugro of 30 April 2015. The meeting of 27 May 2015 was dedicated to discuss a possible expansion of the Board from three to four members if required and necessary, and the appointment of a communication advisor. The meeting of 24 September 2015, after the publication of Fugro's half-yearly results, was dedicated, among other things, to general business developments. In the meetings in March, April and September 2015, it was also discussed whether it would be necessary or useful to convene a meeting of holders of certificates. All times it was decided that at that particular moment this was not the case. Prior to the meetings in March and September 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 2014 and the half-yearly report 2015 respectively. Corporate Governance within Fugro and the Trust Office was also discussed in the various 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 30 April 2015. In this 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 authorized 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 of the Board, both Mr. R. van der Vlist and Mr. J.F. van Duyne stepped down on 30 June 2015 because their maximum (third four-year) term expired. The previous report of the Trust Office stated that the Board intended appointing Mr. A.L. Asscher and Mr. M.C. 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 offered 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. As no request for such a meeting was submitted, in its meeting of 15 April 2015, the Board, in accordance with its announced intention, appointed Messrs. Asscher and Van Gelder as members of the Board for a period of four years as of 30 June 2015. Subsequently Mr. Van Gelder was appointed Chairman of the Board.

Mr. L.P.E.M. van den Boom stepped down from the Board on 11 March 2015 and on 23 March 2015 the Board determined that - for the time being - the Board shall consist of three members. In a meeting held on 8 February 2016 the Board decided to increase again the number of board members to four and to appoint a fourth Board member. The Trust Office intends to appoint Mr. R. Willems as member 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 25 March 2016, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. The request should be submitted in writing and should state the name and address of the recommended candidate.

Mr. Willems was in a 38 year career with Royal Dutch Shell amongst others country chairman of Shell Netherlands (2003-2007). He presently serves as supervisory board member of the Van Leeuwen Buizengroep, Essent, Caldic Chemie and the Netherlands Investment Institute (NLII) as well as the Boerhaave Museum.

In accordance with the roster no members of the Trust Office's Board will step down in 2016.

At present the Board of the Trust Office comprises:

1. Mr. M.C. van Gelder, Chairman
2. Mr. A.L. Asscher
3. Mr. J.A.W.M. van Rooijen

Mr. Van Gelder was amongst others Chairman of the Board of Management and Chief Executive Officer of Mediq N.V.
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 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 2015 the total costs of the Trust Office amounted to EUR 202,000 including the total remuneration of the members of the Board of EUR 48,000 (including VAT).

On 31 December 2015, 83,376,844 ordinary shares with a nominal value of EUR 0.05 were in administration against which 83,376,844 certificates of ordinary shares had been issued. During the financial year 27,212 ordinary shares were exchanged into certificates. No certificates were exchanged into ordinary shares. 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, 12 February 2016
The Board

HISTORICAL REVIEW

	IFRS 2015 [5)* 7)]	IFRS 2014 [5)* 7)]	IFRS 2013 [5)* 7)]	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Income and expenses (x EUR 1,000)							
Revenue	2,362,986	2,572,191	2,423,971	2,164,996	1,858,043	2,280,391	2,052,988
Third party costs	918,396	1,227,011	915,412	793,250	617,107	765,587	624,413
Net revenue own services (revenue less third party costs)	1,444,590	1,345,180	1,508,559	1,371,746	1,240,936	1,514,804	1,428,575
Impairments	(363,318)	(509,048)	–				
Results from operating activities (EBIT) [2]	(249,928)	(548,568)	267,020	306,624	352,016	351,479	367,422
EBITDA [8]	353,258	251,746	545,467	465,368	481,925	561,083	551,130
Cash flow [9]	324,930	336,696	365,381	400,148	431,495	489,757	456,773
Net result (including discontinued operations) [2]	(372,522)	(458,870)	428,303	289,745	287,595	272,219	263,410
Net result for continuing operations	(372,522)	(457,870)	224,230	231,535	293,911	–	–
Balance sheet (x EUR 1,000)							
Property, plant and equipment	986,585	1,198,024	1,129,920	1,065,873	981,104	1,291,314	1,043,227
Investments	177,560	296,934	318,767	261,687	359,238	446,755	330,244
of which in acquisitions	17,088	16,724	65,427	3,371	117,500	2,931	9,882
Depreciation of property, plant and equipment	212,486	200,403	179,036	155,619	127,196	201,493	173,593
Net current assets [1]	451,820	451,703	413,446	264,477	521,017	253,186	140,301
Total assets	2,841,184	3,565,672	3,630,602	4,169,716	3,861,595	3,089,991	2,366,317
Provisions for other liabilities and charges	61,827	61,046	225	1,165	4,215	5,204	6,240
Loans and borrowings	728,082	949,954	689,023	1,166,734	1,215,173	590,862	441,339
Equity attributable to owners of the company [1]	1,197,655	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	(10.6)	(21.3)	11.0	14.2	18.9	15.4	17.9
Profit/revenue	(15.8)	(17.8)	9.3	10.7	15.8	11.9	12.8
Profit/net revenue own services	(25.8)	(34.0)	14.9	16.9	23.7	18.0	18.4
Profit/average capital and reserves [1]	(27.4)	(25.8)	11.3	12.8	18.6	22.3	24.9
Total equity/total assets [1]	43.4	42.4	58.1	47.4	43.4	49.3	50.7
Interest cover	(4.5)	(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]	14.16	17.95	23.94	23.62	20.34	18.79	15.08
Results from operating activities (EBIT) [3]	(3.09)	(6.78)	3.30	3.82	4.44	4.49	4.82
Cash flow [3]	4.01	4.16	4.52	4.99	5.45	6.25	5.99
Net result [3]	(4.60)	(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	15.06	17.26	43.32	44.52	44.895	61.50	40.26
Highest share price	27.21	47.72	48.81	57.88	63.53	62.06	41.85
Lowest share price	13.86	9.07	35.24	37.65	34.47	37.095	19.085
Number of employees							
At year-end	11,960	13,537	12,591	12,165	11.495	13,463	13,482
Shares in issue (x 1,000) [4]							
Of nominal EUR 0.05 at year-end	84,573	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	Dutch GAAP 1998
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	578,207
722,321	604,855	503,096	405,701	364,644	273,372	328,401	331,685	250,132	176,067	197,258
1,432,153	1,197,875	931,223	754,914	643,364	549,000	617,498	578,132	462,765	370,648	380,948
385,732	324,813	211,567	144,070	104,236	63,272	111,873	98,470	73,697	61,805	61,669
535,178	439,590	295,948	218,833	177,453	124,056	158,814	142,039	113,269	98,334	97,926
438,902	337,106	226,130	176,093	125,802	80,480	119,161	105,301	85,596	77,233	74,057
283,412	216,213	141,011	99,412	49,317	18,872	72,220	61,732	46,024	40,704	37,800
–	–	–	–	–	–	–	–	–	–	–
859,088	599,298	412,232	262,759	232,956	268,801	192,293	163,298	120,526	114,035	108,181
337,469	299,699	203,944	90,414	71,028	123,983	100,036	89,352	49,008	37,301	61,487
14,423	8,666	21,041	10,057	2,296	70,888	24,852	11,196	3,686	9,257	6,081
140,429	107,684	78,169	69,445	66,139	54,004	46,941	43,569	39,572	36,529	36,257
56,060	171,347	150,733	222,485	(95,348)	114,852	129,071	(50,514)	92,269	15,066	7,170
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	338,021
13,155	16,278	13,888	398	1,075	584	12,706	8,056	6,746	10,573	8,894
395,384	449,957	341,997	300,753	184,268	431,895	273,520	121,450	120,713	23,234	24,368
928,329	699,989	562,417	465,460	223,913	211,196	271,698	244,660	101,453	107,909	90,575
17.9	18.0	14.8	12.9	10.3	9.2	11.8	10.8	10.3	11.3	10.7
13.2	12.0	9.8	8.6	4.9	2.3	7.6	6.8	6.5	7.4	6.5
19.8	18.0	15.1	13.2	7.7	8.3	11.7	10.7	9.9	11.0	9.9
34.8	34.3	27.4	28.8	22.7	17.6	27.4	35.7	45.4	41.0	45.0
44.1	41.6	40.2	41.3	23.2	20.2	34.6	30.4	22.1	29.3	27.9
13.9	13.1	10.9	7.2	3.7	2.2	6.1	7.8	8.1	13.1	12.1
12.12	9.94	8.08	6.76	3.60	3.48	4.57	4.17	2.10	2.29	1.91
5.29	4.67	3.08	2.18	1.76	1.09	1.95	1.86	1.48	1.27	1.30
6.01	4.84	3.29	2.67	2.12	1.39	2.08	1.98	1.72	1.59	1.56
3.88	3.11	2.05	1.51	0.83	0.33	1.26	1.16	0.92	0.84	0.80
1.25	0.83	0.60	0.48	0.48	0.46	0.46	0.40	0.34	0.31	0.28
20.485	52.80	36.20	27.13	15.35	10.20	10.78	12.53	17.19	9.23	4.99
59.95	62.00	36.64	27.40	16.41	12.86	16.50	18.91	17.81	9.98	10.99
19.32	34.91	27.13	15.14	10.05	6.13	9.88	10.75	9.31	4.10	4.06
13,627	11,472	9,837	8,534	7,615	8,472	6,923	6,953	5,756	5,114	5,136
76,608	70,421	69,582	68,825	62,192	60,664	59,449	58,679	51,048	50,449	48,682

6) Including a one off extra dividend of EUR 0.50 in 2013.
* Including effect change of presentation multi-client data libraries.
7) As of 2013 the amortization on multi-client data libraries is reclassified from third party costs to amortization costs.
8) EBITDA is excluding impairments.
9) As of 2013 the cash flow represents the net cash generated from operating activities.

GLOSSARY

Technical terms

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.

LNG liquefied natural gas.

Metocean meteorological and oceanographic.

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 recognised 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

Back log the amount of revenue related to signed contracts and work that can reasonably be expected based on framework contracts and outstanding tenders and proposals of which a good chance of success is expected (>50%) weighted with the likelihood of winning this work. Regarding Seabed Geosolutions, only signed contracts are taken into account.

Capital employed total equity plus net interest bearing debt minus the interest bearing senior secured term loan (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 before interest and taxation.

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.

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).
- Excluding profit / (loss) on disposal of property, plant and equipment.

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 (applying domestic weighted average tax rate).

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

Fugro N.V.
Veurse Achterweg 10
2264 SG Leidschendam
The Netherlands
T +31 (0)70 3111422
F +31 (0)70 3202703
E holding@fugro.com

Chamber of commerce 2710091

Realisation:
Domani B.V., Weesp

Photography and images:
Fugro N.V.

Fugro N.V.
Veurse Achterweg 10
2264 SG Leidschendam
The Netherlands