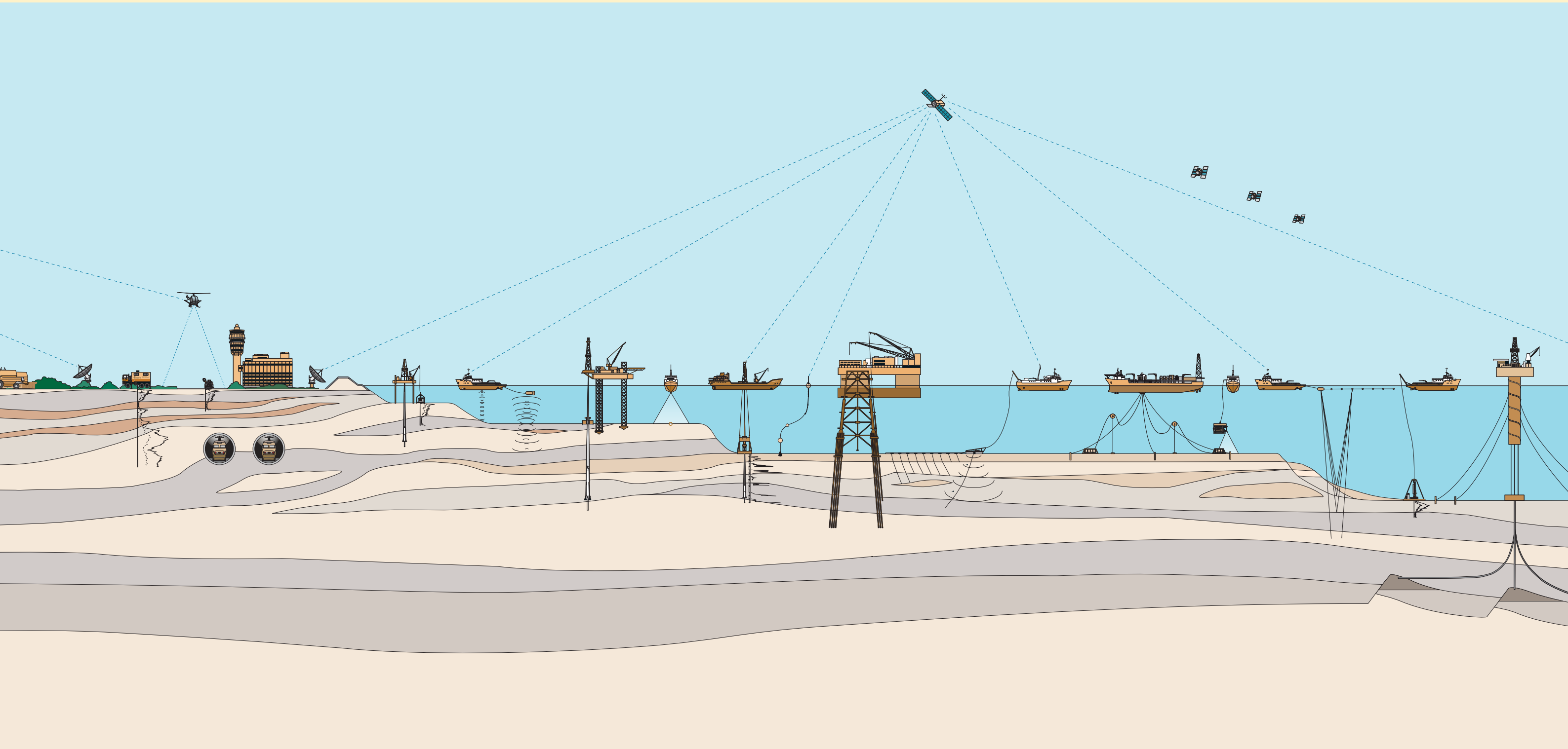
FUGRO N.V.

Annual Report 2012



Fugro N.V.
Veurse Achterweg 10
2264 SG Leidschendam
P.O. Box 41
2260 AA Leidschendam
The Netherlands
T +31 (0)70 3111422
F +31 (0)70 3202703
E holding@fugro.com
www.fugro.com
Commercial Register The Hague
Trade Registry no 27120091
VAT no 00 56 21 409 B01

Cautionary statement regarding forward-looking statements

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

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Annual Report 2012

Preface

Dear Stakeholder,

In our 50th anniversary year we are pleased to report a strong finish to the year resulting in the highest annual revenue (EUR 2,952 million) and net profit (EUR 291.6 million) ever reported in the history of Fugro. Except for weakness in our subsea activities, the Survey and the Geotechnical divisions delivered a good performance. The Geoscience division surpassed expectations with an overall better vessel utilisation than planned and strong multi-client performance with good sales of new data.

The main event in the year 2012 was the successful divestment of the majority of the Geoscience division to CGG at a preliminary estimated net transaction gain in 2013 of around EUR 200 million (subject to post completion adjustments) and entry into the Seabed Geosolutions JV with CGG, in which Fugro has a 60% controlling stake. These transactions were completed 31st January 2013 and 16th February 2013, respectively. Completion of the transaction strongly improved our balance sheet and our gearing ratio now stands at around 30%.

The company went through management changes at the top and reverted to the historic model with a CEO leading the company supported by an executive committee. Less noticed but key to our future, the company successfully moved to a regional management structure to improve business efficiency, execution and control.

Mid-December we were confronted with an event that required specific attention. We received a whistleblower letter with allegations concerning elements of the company's financial reporting. The Supervisory Board and Board of Management took immediate action. We informed KPMG, our statutory auditors, and the company also immediately engaged law firm De Brauw Blackstone Westbroek to lead and carry out an in-depth, independent investigation into the allegations of the whistleblower. In turn they engaged Deloitte Forensic & Dispute Services to support the financial investigation. The investigation was carried out under the supervision of our Supervisory Board. Given the fact the allegations concerned elements of the company's financial reporting, KPMG expanded its team and the company engaged an additional support team from PwC to assist with enhanced financial closing procedures.

The independent investigation led by De Brauw Blackstone Westbroek was completed shortly prior to the publication of this Annual Report 2012 and the Financial Statements 2012. There were no material adverse findings from the investigation and the enhanced financial closing procedures did not result in any material adverse consequences for our Financial Statements 2012. The Supervisory Board has consented with the Financial Statements 2012 and KPMG has issued an unqualified auditor's report on these financial statements.

The high degree of scrutiny has brought to light areas where our financial processes can be improved. We will quickly start implementation and expect to have most work done by the end of 2013.

We look forward to the future with confidence. Thanks to the Geoscience transaction we have a very strong balance sheet. For the most part we operate solid, profitable and cash generative businesses. Where we don't, for example in Subsea services, we will implement required improvement measures. Current success is no guarantee for the future. As a result of the divestment of some 25% of our business, it is the right time to re-examine who we are and what opportunities we have in a fast changing world to restore our revenue base and continue to grow from there. We have engaged a leading international consultancy group to assist us in a review of our global strategy which we expect to largely complete at the time we announce our half year results. In the strategy process we will review the role of the corporate centre, shareholder value creation, business and financial controls, our business portfolio and growth potential, global regionalisation trends, increasing use of joint ventures, feedback from the 2012 financial closing process, ever increasing governance demands and demands from stakeholders for more detail. At the same time it is a key requirement for us to retain our deeply engrained, success driven business culture, our core values based on trust and open and direct communication, and entrepreneurship deep into the organisation.

The majority of our business is within the oil and gas sector. Industry surveys indicate continued growth of investments in this sector and we expect to benefit accordingly. We will strongly focus on improving our subsea business. In 2013 this business will be separately headed and will be separately reported as the Subsea division. Most of our other business is subject to the general economy, which we expect to continue to be weak in Europe and somewhat more positive elsewhere. In weakly performing areas we have adjusted or are continuing to adjust our businesses to ensure they contribute positively to overall performance. We are also excited about the opportunities for the Seabed Geosolutions JV with CGG which will contribute to our revenue and profit growth. 2013 will be a start-up year in which we build up the JV. The overall outlook for this business is strong as its seabed technology has more focus on the development and production segment of the oil and gas market.

The year behind us has not been easy. We are in good shape, with a strong balance sheet, with most of our business performing well, with focus on areas that need improvement, a strategic review well underway, and with our eye on opportunities to profitably grow the company.

Yours sincerely

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

Fugro at a glance

MAJOR DEVELOPMENTS IN 2012

General

- This was Fugro's best year ever in its 50 years of existence with a record revenue of EUR 2,953 million and a net result of EUR 291.6 million.
- On 24 September 2012 Fugro and CGG announced that they have signed an agreement under which CGG will acquire the majority of Fugro's Geoscience division, excluding the multi-client library and ocean bottom nodes business, for a cash consideration of EUR 1.2 billion. The transaction closed with effective date 31 January 2013 (for more details we refer to a separate paragraph in this report).
- As part of the transaction, Fugro and CGG also announced they would form a seabed joint venture with a 60/40 split Fugro/CGG with Fugro in control. This part of the transaction was completed 16 February 2013. The joint venture is called Seabed Geosolutions.
- Following the divestment it was decided that Fugro will review its strategy. This strategy process will be completed in the course of the second half of the year.

Continued and discontinued	***Continued***
• In 2012 Fugro's revenue increased by 14.5% to EUR 2,952.7 million (2011: EUR 2,577.8 million). Revenue increased organically by 3.9% and by 3.9% as a result of acquisitions. The foreign currency effect was 6.7% positive. The effect of disposals was nil.	• In 2012 Fugro's total revenue increased by 16.5% from EUR 1,858.0 million in 2011 to EUR 2,165.0 million in 2012. Revenue increased organically by 5.3% and by 4.9% as a result of acquisitions. The foreign currency effect was 6.3% positive. The effect of disposals was nil.
• Net result went up by 1.4% to EUR 291.6 million (2011: EUR 287.6 million).	• Net result from continued operations is EUR 232.8 million in 2012 (2011: EUR 293.9 million), a decrease of 20.8%.
• EBITDA was EUR 648.8 million (2011: EUR 581.0 million)	• EBITDA was EUR 467.0 million (2011: EUR 481.9 million)
• The EBIT of EUR 417.3 million (2011: EUR 349.3 million) is mainly influenced by: – no longer depreciating assets held for sale of EUR 33 million; – gain on finance lease of Geo Pacific EUR 16.9 million; – week subsea market; – low utilization ocean bottom nodes first half of 2012; – write off minority participation technology company (EUR 21 million); – amortisation of data libraries EUR 143 million (2011: EUR 69 million).	• Results from operating activities (EBIT) were 12.4% lower at EUR 308.3 million (2011: EUR 352.0 million). The lower EBIT is mainly influenced by: – week subsea market; – low utilization ocean bottom nodes first half of 2012; – write off minority participation technology company (EUR 21 million); – amortisation of data libraries EUR 143 million (2011: EUR 69 million).
• Net profit margin was 9.9% (2011: 11.2%).	• Net profit margin was 10.8% (2011: 15.8%).
• Earnings per share was stable at EUR 3.63 (2011: EUR 3.63).	• The earnings per share for 2012 is EUR 2.90 (2011: EUR 3.71).
• Backlog at the beginning of 2013 amounted to EUR 1,776.2 million. This is 4.9% higher than at the beginning of 2012 (EUR 1,692.6 million).	• Backlog at the beginning of 2013 is EUR 1,514.2 million. This is 11.1% higher than EUR 1,362.7 million in 2012.
• It is proposed to increase the dividend for 2012 to EUR 2.00 per share, consisting of a regular dividend of EUR 1.50 increased by an one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder in cash or in shares. If no choice is made, the dividend will be paid in shares.	

The term 'shares' as used in this Annual Report should, with respect to ordinary shares issued by Fugro N.V., be construed to include certificates of shares (also referred to as 'share certificates' or 'depositary receipts' for shares) issued by Stichting Administratiekantoor Fugro (also referred to as 'Fugro Trust Office' or 'Trust Office'), unless the context otherwise requires or unless it is clear from the context that this is not the case. For further information please refer to page 95.

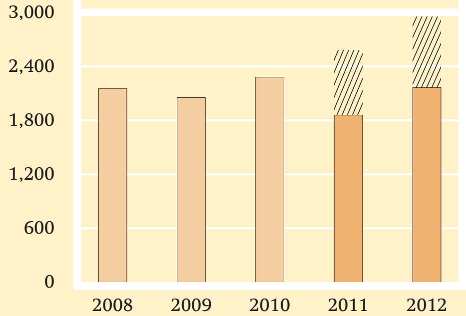
In this Annual Report, Fugro N.V. is also referred to as 'the Company' or 'Fugro'. Fugro N.V. and its subsidiary companies are together referred to as 'the Group'.

KEY FIGURES

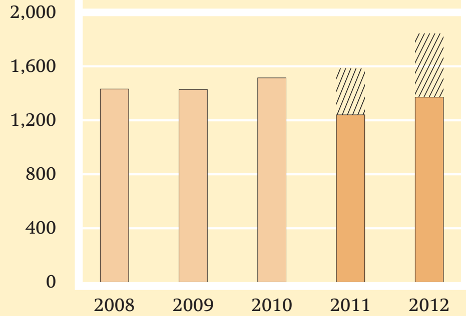
	2012	Change in %	2011	2010
	Continued			Continued
Result (x EUR million)				
Revenue	2,165.0	16.5	1,858.0	2,280.4
Gross profit (net revenue own services)	1,371.7	10.5	1,240.9	1,514.8
Results from operating activities (EBIT)	308.3	(12.4)	352.0	351.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	467.0	(3.1)	481.9	561.1
Cash flow	401.4	(7.0)	431.5	489.8
Net result	232.8	(20.8)	293.9	272.2
Net result (including discontinued operations)	291.6	1.4	287.6	
Net margin (%)	10.8		15.8	11.9
Interest cover (factor)	17.2		48.9	29.0
Capital (x EUR million)				
Balance sheet total	4,169.7	8.0	3,861.6	3,090.0
Balance sheet total (excluding assets and liabilities classified as held for sale)	3,157.8			
Total equity	1,978.4	18.2	1,674.1	1,523.2
Solvency (%)	46.9		42.9	48.8
Return on shareholders' equity (%)	16.1		18.2	20.2
Return on invested capital (%)	13.3		14.2	17.9
Assets (x EUR million)				
Tangible fixed assets	1,065.9	8.6	981.1	1,291.3
Investments (including acquisitions and assets under construction)	261.7	(27.1)	359.2	401.9
Of which: assets of acquisitions	3.4		117.5	2.9
investments	184.3		284.2	443.8
assets under construction	74.0		(42.6)	(44.8)
Depreciation of tangible fixed assets	155.6		127.2	201.5
Data per share (x EUR 1.–) [1]				
Capital and reserves	23.62	16.1	20.34	18.79
Result from operating activities (EBIT)	3.84	(13.5)	4.44	4.49
Cash flow	5.00	(8.3)	5.45	6.25
Net result (including discontinued operations)	3.63	0.0	3.63	3.47
Dividend for the year under review	2.00	33.3	1.50	1.50
Share price: year-end	44.52		44.895	61.50
Share price: highest	57.88		63.53	62.06
Share price: lowest	37.65		34.47	37.095
Average price/earnings ratio	13.0		13.5	14.3
Average dividend yield (%) [2]	4.2		3.1	3.0
Issue of nominal shares (in thousands)				
At year-end	82,844		81,393	80,270
Entitled to dividend at year-end	81,641		79,230	79,387
Entitled to dividend average for the year	80,241		79,195	78,357
Number of employees				
At year-end	12,165	5.8	11,495	13,463

	2009	2008
and discontinued		
	2,053.0	2,154.5
	1,428.6	1,432.2
	367.4	385.7
	551.1	535.2
	456.8	438.9
	263.4	283.4
	12.8	13.2
	47.8	14.1
	2,366.3	2,123.3
	1,199.5	935.8
	50.2	43.7
	24.9	35.9
	23.5	29.7
	1,043.2	859.1
	359.6	394.4
	9.9	14.4
	320.4	323.0
	29.3	57.0
	173.6	140.4
	15.08	12.12
	4.82	5.29
	5.99	6.01
	3.46	3.88
	1.50	1.50
	40.26	20.485
	41.85	59.95
	19.085	19.32
	8.8	10.2
	4.9	3.8
	78,772	76,608
	77,554	75,138
	76,210	73,048
	13,482	13,627

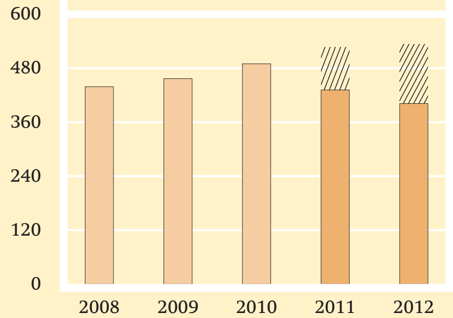
Revenue
(x EUR 1 mln.)



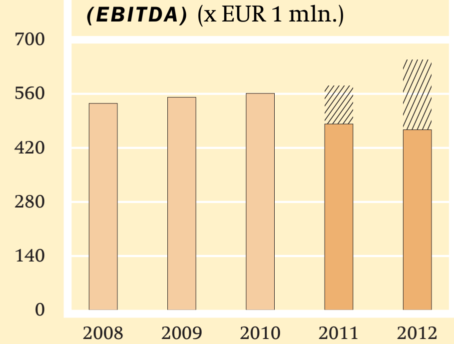
Gross profit (net revenue own services) (x EUR 1 mln.)



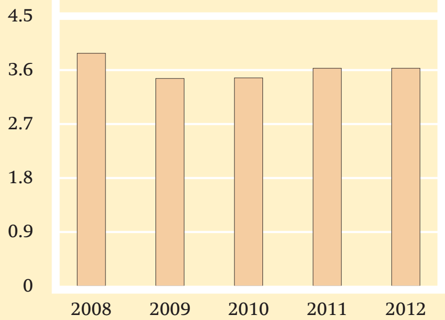
Cash flow
(x EUR 1 mln.)



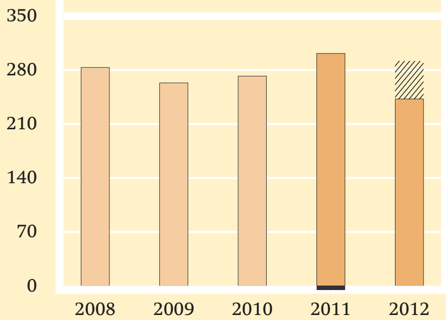
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (x EUR 1 mln.)



Net result per share
(x EUR 1.–)



Net result
(x EUR 1 mln.)



Continued and discontinued
Continued
Discontinued

1) *More data regarding the basic earnings per share can be found in note 5.47 to the financial statements (page 160).*
2) *Dividend for the year, to be paid the following year, divided by the average of the highest and lowest share price during the year.*

MISSION AND PROFILE

Mission

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

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

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

Fugro achieves this mission through:

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

Profile

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

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

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

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

*Resources**


12,165 Employees


50 Vessels


75 CPT Trucks


27 Laboratories

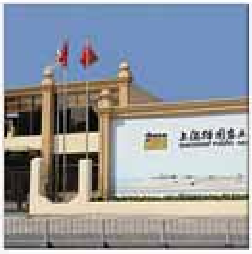

29 Jack-up Platforms


27 Aircraft


261 Land-based Rigs
17 Offshore Rigs


150 ROVs


9 AUVs


> 250 Offices

* *After divestment*

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

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

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

Fugro grows organically and through acquisitions, and by the end of 2012 employed some 14,600 staff in more than 60 countries. After the divestment the number of employees is 12,165.

FUGRO'S ACTIVITIES

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

Geotechnical

The Geotechnical division investigates the engineering properties and geologic 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. Geoconsulting integrates engineering geophysics and geology assessment with geotechnical engineering analysis to solve geohazard and engineering problems in order to provide solutions for the projects of our clients. These services support clients' projects worldwide in the onshore (land), near shore (coastal) and offshore environments, including deep water. Typical projects include support of infrastructure development and maintenance, large design and construction projects, flood protection and support of the design and installation of oil and gas facilities, wind farms and mine sites.

Survey

The Survey division provides a range of services in support of the oil and gas industry, renewables, commercial and civil industries, as well as governments and other organisations. It encompasses numerous offshore, subsea and geospatial activities as well as global positioning systems that support these and other Group activities. Offshore services include geophysical investigation for geohazards, pipeline and cable routes, inspection and construction support services, hydrographic charting and meteorological and oceanographic studies. Subsea services revolve around the use of remotely operated vehicles (ROVs) in support of drilling as well as inspection, repair and maintenance (IRM) services of subsea assets. These services expand into light well intervention services in support of oil and gas production. 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) are used for the foregoing services but are also provided on a subscription basis to clients in the oil and gas industry as well as agriculture.

Geoscience

The Geoscience division provides services and products associated with collecting, processing, interpreting, managing and storing geophysical, geochemical and geological data. These data sets are used for evaluating the presence of natural resources, including oil, gas, water and minerals, and for optimising the exploration, appraisal, development and production of those resources. A broad range of geophysical data sets are collected including marine seismic, gravity, magnetics and electromagnetics.
The data sets are collected at sea, on the seabed, from the air and on land using vessels, low flying airplanes and helicopters. Clients are oil and gas companies, mining companies and governmental organisations.
All activities in the Geoscience division, except for the multi-client data library and the ocean bottom nodes business, have been sold to CGG. In the future, these businesses will continued to be referred to as the Geoscience Division.

FINANCIAL TARGETS AND STRATEGY

Financial targets

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

Important financial targets are:

- growth in earnings per share averaging 10% per annum
- strong cash flow with an average annual growth per share of 10%
- maintaining a healthy balance sheet and solvency (> 33 1/3 %)
- interest cover (EBIT/Interest) of more than 5

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

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

Strategy

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

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

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

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

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

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

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

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

Over the period 2005 – 2008 revenues from both continued and discontinued doubled and the net profit margin increased from 8.6% to 13.2%. As from late 2008 the market conditions have been negatively influenced by the global economic downturn, resulting in a slight decrease in both revenue and net profit in 2009. In the course of the second half of 2010 revenue growth was resumed and continued in 2011 and 2012. Price pressure remained in some segments, resulting in moderate profit increases in 2010 through 2012. The oil and gas industry is expected to modestly increase investments in 2013 and some improvement in market conditions is anticipated in this sector. The timing of recovery of the world economy is still difficult, which may affect other sectors in which Fugro operates.
Fugro has recently started a process to review its strategy after the divestment of the majority of its geoscience business in January 2013. The review is taking place with the help of an external consulting firm and will be

ROV support vessel, Fugro Symphony, Bergen, Norway

completed by mid year. Fugro will communicate the outcome in the course of the second half year 2013.

Market positions

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

On land, Fugro's major clients are governments, industry and construction companies in local and regional markets. In these markets Fugro holds strong regional positions.

At sea, the major clients are oil and gas companies, and offshore contractors that operate in a global market. Fugro has a leading position in offshore survey and offshore geotechnical activities. In other market segments, like mining and precise positioning, Fugro holds leading market positions in niche markets with a large variety of clients.

Acquisitions

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

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

Research and development

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

Cooperation and scale advantages

Effective cooperation between Fugro's business units is promoted at various levels. Critical mass is also a key factor for the successful execution of large assignments. Capacity utilisation and cooperation are optimised through the exchange of equipment, employees and expertise between the various activities and by extensive employee training. Fugro promotes technological advancement by clustering the knowledge available within and outside the Group. The integration of information systems and the utilisation of scale advantages enhance the service provided to clients. At the start of the year Fugro introduced a regional and global service line based organisation to make the cooperation even more effective by supporting decision taking at the regional or global service line level to address large and/or complex projects.

INFORMATION FOR SHAREHOLDERS

Financial agenda	
8 March 2013	Publication of 2012 annual figures (before trading hours), press conference and analysts' meeting with webcast
27 March 2013	Notice for Annual General Meeting on 8 May 2013
10 April 2013	Record date for registration to attend the Annual General Meeting
6 May 2013	Annual General Meeting in the Crowne Plaza Den Haag – Promenade hotel at 14:00 hours, dual language webcast (Dutch and English)
8 May 2013	Trading update business developments first quarter 2013 (before trading hours)
10 May 2013	Quotation ex-dividend
14 May 2013	Record date dividend entitlement (after trading hours)
15 May – 28 May 2013	Dividend option period (cash or shares)
3 June 2013	Determination and publication (before trading hours) of the amount of the dividend in shares based upon the volume weighted average price of the traded shares Fugro at NYSE Euronext Amsterdam on 29, 30 and 31 May 2013
7 June 2013	Payment (as from) of the dividend related to the financial year 2012
9 August 2013	Publication of half-yearly figures 2013 and announcement of the profit forecast for 2013 (before trading hours), press conference and analysts' meeting with webcast
8 November 2013	Trading update business developments third quarter 2013 (before trading hours)
7 March 2014	Publication of 2013 annual figures (before trading hours), press conference and analysts' meeting with webcast
6 May 2014	Annual General Meeting

Listing on the stock exchange

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

On 28 February 2013 Fugro's market capitalisation amounted to EUR 3.0 billion.

As far as is known, approximately 72% of the outstanding shares are held by foreign investors.

Information on the shares can be found on pages 6 and 7 (key figures) and on pages (93, 159 and 160).

Dividend policy

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

In 2012 about 55% of the shareholders chose to receive the dividend for 2011 in shares (2011: 52%). In 2012, 1,451,390 new shares were issued for this purpose.

Data per share* (x EUR 1.–)	**2012**	**2011**	**2010**	**2009**	**2008**
Cash flow	**6.64**	6.65	6.25	5.99	6.01
Net result	**3.63**	3.63	3.47	3.46	3.88
Dividend paid out in the year under review	**1.50**	1.50	1.50	1.50	1.25
Proposed dividend over the year under review	**2.00**	1.50	1.50	1.50	1.50
Pay-out ratio of the net result (%)	**56.0**	41.3	43.7	44.2	39.8

* *Continued and discontinued business.*

Material changes to the policy on additions to reserves and on dividends shall be submitted to the General Meeting.

Dividend for 2012

It is proposed that the dividend for 2012 be increased to EUR 2.00 per share (2011: EUR 1.50), consisting of a regular dividend of EUR 1.50 increased by an one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder:

- in cash, or
- in shares.

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

The proposed dividend equates to a pay-out ratio of 56.0% of the net result.

Shareholders (and holders of certificates of shares) have until 28 May 2013 to make their dividend preference known. The determination of the number of shares that entitles the holder to one new share will take place on 3 June 2013 (before trading hours) based upon the volume weighted average price of the traded shares Fugro at NYSE Euronext Amsterdam on 29, 30 and 31 May 2013. To arrive at a whole number a deviation of a maximum of 5% of the calculated value may be applied. The dividend will be made payable on 7 June 2013.
No trading will take place on NYSE Euronext Amsterdam in dividend rights.

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

	Certificates and shares (excluding Fugro Trust Office)	Shares held by Fugro Trust Office*	% of the issued capital**
AGM 2012	61.6	37.7	99.3
EGM 2011	57.0	41.9	98.9
AGM 2011	56.8	42.5	99.3
AGM 2010	35.7	63.5	99.2

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

** *Excluding own shares held by Fugro.*

Change in outstanding shares	2012	2011
Outstanding at 1/1	81,392,981	80,269,684
Stock dividend	1,451,390	1,123,297
Outstanding at 31/12	82,844,371	81,392,981
Balance purchased for option scheme (31/12)	1,202,566	2,162,746
Entitled to dividend as of 31/12	81,641,805	79,230,235

Agenda General Meeting and record date

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

Remote electronic voting

Currently Fugro offers the possibility to grant proxies, whether or not with voting instructions, by electronic means. Fugro also offers the holders of certificates of shares the possibility to issue voting instructions by using an internet e-voting system: 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.

Share holdings of 5% or more

Under the Dutch Financial Supervision Act, shareholdings of 5% or more in any Dutch listed company must be disclosed to the Dutch Authority for the Financial Markets (AFM). According to the public register of the AFM the following shareholders disclosed that they owned an interest, directly and indirectly, of between 5 and 10% in Fugro's share capital on 1 March 2013:

Mr. G-J. Kramer (directly and indirectly)	5.71%
WAM Acquisitions GP, Inc.	5.26%

As stated on page 95, only certificates of shares of Fugro are listed on NYSE Euronext Amsterdam. These certificates are issued by the Fugro Trust Office, which carries out the administration of the underlying shares (for which it has issued the certificates). On 1 March 2013 the Fugro Trust Office administered 97.70% of the issued (underlying) shares.

Participations and employee options

As far as is known, on 31 December 2012 around one percent of Fugro's share capital was held by members of the Board of Management and other employees within the Group. Of the total number of employee options granted during the past years, 5,441,620 options (excluding the option grants as per 31 December 2012) were still outstanding on 31 December 2012.
A total number of 1,093,300 new options, with an exercise price of EUR 44.52 were granted to a total of 674 employees on 31 December 2012. Of these options, 20% were granted to the four members of the Board of Management (see also pages 184 and 185).

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

Movement in number of shares purchased to cover the options granted

	2012	2011
Balance on 1/1	2,162,746	882,796
Purchased	0	2,250,000
Sold in connection with option exercise	(960,180)	(970,050)
Balance on 31/12	1,202,556	2,162,746
Granted, not exercised options as of 31/12	6,534,920	6,429,400

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

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

In 2012 Fugro purchased nil shares (2011: 2,250,000 at an average price of EUR 48.92 per share). On 31 December 2012 a total of 1,202,556 own shares were held. These shares are not entitled to dividend and there are no voting rights attached to these shares. The exercise of all outstanding options as of 31 December 2012, including the options granted on this date, could – after having used the purchased shares – lead to an increase of the issued share capital by a maximum of 6.4%. As stated above it is Fugro's policy to purchase own shares to cover the options granted with the result that no new shares are issued when options are exercised. Since the 1st of January 2013 a total of 18,650 options were exercised.

Investor relations

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

Prevention of the misuse of inside information

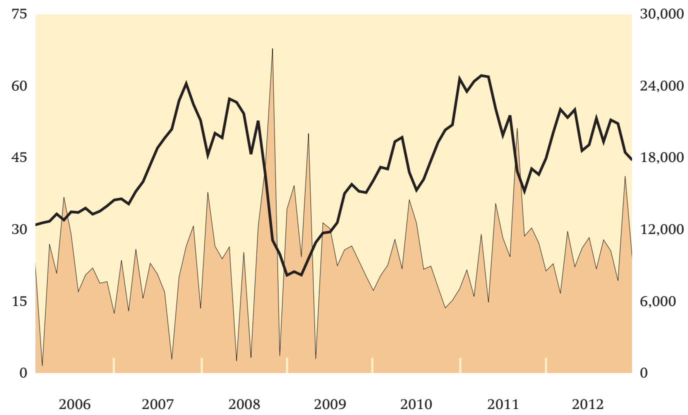
Fugro considers prevention of the misuse of inside information when trading in securities to be essential for its relationship with the outside world. Fugro has issued internal guidelines (last updated in August 2011) on the holding of and effecting transactions in Fugro securities which apply to the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

Further information

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

Share price and number of shares traded

(January 2006 – December 2012)



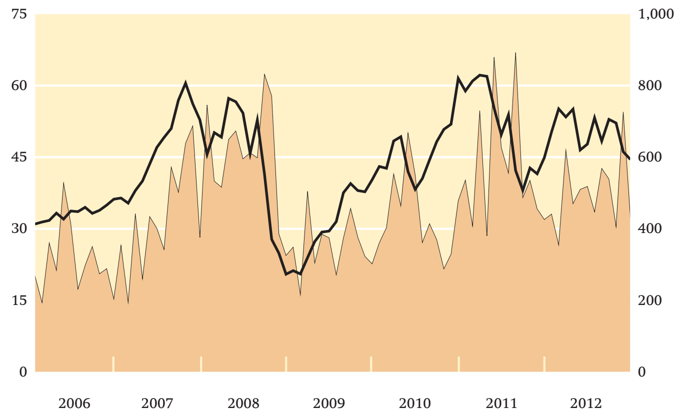
Closing price (scale left).

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

Source: NYSE Euronext

Share price and trading volume in Euro

(January 2006 – December 2012)



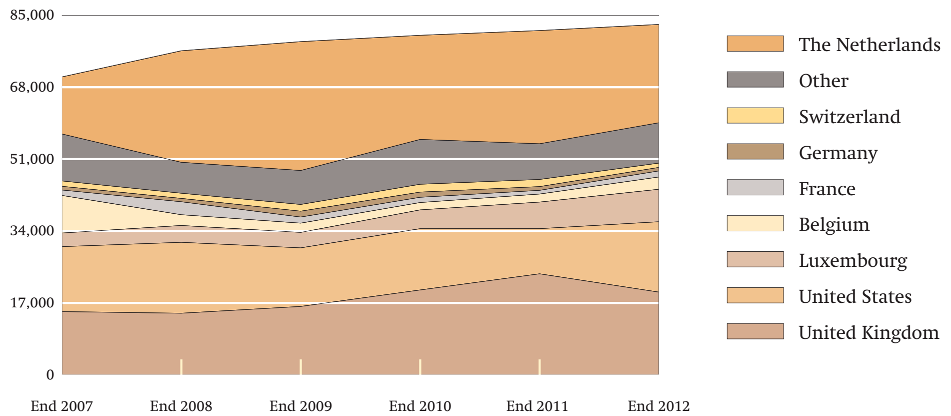
Closing price (scale left).

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

Source: NYSE Euronext

Distribution of shareholders

(x 1,000 shares)



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

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

name	**Mr. J.A. Colligan** (1942)
committee	member audit committee (chairman as of 8 February 2013)
nationality	British
first appointed	2003
current term	until AGM 2015
expertise	management strategy and risks inherent to the company's business; management selection, nomination and selection, oil and gas sector, innovation and technology development
other functions	Director Society of Petroleum Engineers Foundation

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

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

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

* *Mr. Cremers stepped down as member of the Supervisory Board on 7 February 2013.*

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

name	**Mr. H.L.J. Noy** (1951)
committee	member audit committee (as of 8 February 2013)
nationality	Dutch
first appointed	2012
current term	until AGM 2016
expertise	management of listed consulting/engineering company; strategy; internal risk management and control systems; shareholder and employee relations
previous position	Chairman Executive Board and CEO ARCADIS N.V. until 16 May 2012
other functions	Supervisory Board member Royal BAM NV, Board member VEUO (The Dutch Association of Listed Companies); Extraordinary Board member Dutch Safety Board; Board member ING Trust Office and of Foundation Administration Office for shares of TKH Group

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

Report of the Supervisory Board

In many respects the year 2012 was quite turbulent. In many areas of the world, there was a continuation of the unpredictable and volatile economic environment. The year for Fugro was highlighted by Fugro's 50th anniversary and the agreement to divest the majority of the Geoscience division. Completion of this divestment and the formation of the Seabed Geosolutions joint venture, which came to completion in January/February 2013, were key priorities. The Supervisory Board is confident that the strategic choices made will contribute to the performance of Fugro. The review and execution of the updated general strategy in the second half of 2013 are essential for the future of Fugro.

Financial statements 2012 and dividend

This Annual Report includes the Financial Statements 2012, which are accompanied by an unqualified independent auditor's report of the external auditor, KPMG Accountants N.V. (KPMG). These Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and section 9 of Book 2 Dutch Civil Code.

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

We propose that the shareholders adopt the Financial Statements 2012 and discharge the members of the Board of Management in office in the 2012 financial year for its management of the company during 2012 and the members of the Supervisory Board in office for its supervision over said management. We endorse the proposal of the Board of Management to increase the dividend for 2012 to EUR 2.00 per share, consisting of a regular dividend of EUR 1.50 increased by an one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder in cash or in shares. The amount of the dividend in shares will be determined and published on Monday 3 June 2013 before trading hours. If no choice is made, the dividend will be paid in shares.
The ex-dividend date is 10 May 2013 and the dividend is paid as from Friday 7 June 2013. The proposed regular dividend of EUR 1.50 equates to a pay-out ratio of 42% of the net result. The total dividend of EUR 2.00 equates to a pay-out ratio of 56% of the net result.

Composition and profile of the Supervisory Board

The Supervisory Board comprises six members being of American, British, Dutch and German nationality. Their biographies are listed on page 16 of this annual report. The Supervisory Board has prepared 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 knowledge, skills, experience and expertise, their independence as well as the different ages and gender should be such that it best fits the profile and the strategy of the company.

Diversity has been, and will continue to be, an important consideration in the selection processes for (re) appointment of Supervisory Directors. At the same time, the first priority when considering vacancies is quality, expertise, experience, independence, nationality and age. As a result the Supervisory Board is currently not able to indicate if the requirement of achieving a 30% of each sex among Supervisory Board members is achievable in the next 3 years. When Mr. Schreve steps down after the closing of the AGM on 8 May 2013 the Supervisory Board comprises five members including one female member (20%). The Supervisory Board is greatly indebted to its Chairman, Mr. F.H. Schreve, for his 'return' in December 2011 and all his work on the Supervisory Board and would like to express its great appreciation for his commitment during, especially, the past eighteen months.

The Supervisory Board attaches great importance to the independence of its members. All Supervisory Board members are independent within the meaning of the Dutch Corporate Governance Code ('Code'). Supervisory Board members do not carry out any other functions that could jeopardise their independence. With the exception of Mr. G-J. Kramer, none of the Supervisory Board members possesses Fugro options or shares. Mr. Kramer

Fugro's specially-engineered launching platform for diving project at the Bento Munhoz da Rocha netto Hydroelectric dam in Paraná state, Brazil

holds a 5.71% interest in Fugro (as stated on page 13). Both the composition of the Supervisory Board and the expertise and experience of its individual members comply with all corporate governance rules and requirements. The division of duties within the Supervisory Board and the procedure of the Supervisory Board are laid down in terms of reference. These terms (including the terms of reference of the Audit Committee and of the Remuneration and Nomination Committee) are posted on Fugro's website.

Meetings in 2012

The Supervisory Board met eight times in 2012. Five meetings were regularly scheduled two-day meetings. Two meetings were held as a conference call. The Board of Management attended all those meetings but in some cases part of the meetings was held without (all) members of the Board of Management being present. During none of the regular meetings one of the Supervisory Directors was regularly absent. The overall attendance percentage was 92%. Members who were absent always informed the Chairman in advance of their views on the items on the agenda and designated other Supervisory Directors to proxy for them. Outside of the regular meetings and calls the Chairman was in regular contact with the chairman of the Board of Management and with other members of the Board of Management when necessary or useful.

In May members of the Supervisory Board attended part of Fugro's annual 'May Managers meeting' and also the meetings and activities with regard to the celebration of Fugro's 50th anniversary. In November a meeting was combined with visits to operating companies in Singapore and Hong Kong, whereby presentations on business activities, labour market, politics and demographics and discussion with senior management took place. These company visits take place annually and provide additional insight into the quality of local operations and management.

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

Next to the regular agenda items, the following items were discussed:
In January the budget for 2012 was approved. The functioning of the members of the Board of Management and their remuneration were discussed and also the possibility and the advantage of granting a call option by Fugro to Foundation Protective Preference Shares with respect to the protective preference shares. Furthermore projections of acquisitions of the past years were reviewed. Attention was also paid to the Report of the Dutch Monitoring Committee Corporate Governance of December 2011.

In March the Supervisory Board discussed its own functioning. The proposal to grant a call option on protective preference shares to Foundation Protective Preference Shares was approved as well as the dividend proposal (as a large shareholder Mr. Kramer did not participate in the discussions and decision). The strategy of the Geoscience division was discussed. The Annual Report 2011 was approved.

In May the Supervisory Board discussed the Geotechnical strategy as well as the strategy of Subsea Services. The Board of Management presented a focus on strategic growth directions and their intention to undertake a review of all options for Fugro's marine streamer seismic data acquisition business and associated activities. With respect to safety, the Supervisory Board was informed on a new initiative (iPower) that was initiated to put more emphasis in the role of each individual employee in recognizing hazardous situations and taking the necessary actions.

In August the Supervisory Board was further informed on the ongoing discussions with relevant market parties following Fugro's announcement on 30 May 2012 that it would review all options for its marine streamer seismic data acquisition business and associated activities.

In September two extraordinary Supervisory Board meetings were held in order to discuss and subsequently to approve the proposals of the Board of Management to divest the majority of the Geoscience division to CGG and to enter into a seabed geosolutions joint venture with CGG.

In November the Supervisory Board was updated on the completion process of the transaction with CGG as well as on vessel management issues. The valuation of the multi-client data library was also discussed. Furthermore the strategy of Offshore Survey and an updated strategy of Subsea Services were discussed.

Considerable time was spent on discussion with the Board of Management on the overall strategy and the realisation of the strategic targets which continue to require fine-tuning. It was agreed to review the general strategy with the aim to refine the current strategy in the context of the divestment of the majority of the Geoscience division and the formation of the Seabed Geosolutions joint venture, market developments and the changing environment in which Fugro operates. The strategy review includes an analysis of the central holding and the support functions it provides in light of the changing business environment and governance and compliance requirements. This review will take place in the course of 2013.

The Supervisory Board also discussed in several meetings the functioning of the Board of Management. In the November meeting it was agreed with Mr. Steenbakker that he would step down as chairman and member of the Board of Management as of 16 November 2012. Subsequently Mr. P. van Riel was appointed as his successor. The trading update and the outlook for the full year were also discussed and reviewed.

Whistleblower letter

Mid-December the Supervisory Board was confronted with an event that required specific attention. A whistleblower letter was received with allegations concerning elements of the company's financial reporting. The Supervisory Board and Board of Management took immediate action. KPMG was informed and the company also immediately engaged law firm De Brauw Blackstone Westbroek (DBBW) to lead and carry out a thorough, detailed and broad, independent investigation into the allegations of the whistleblower. In turn they engaged Deloitte Forensic & Dispute Services to support the investigation.
The investigation was carried out under the supervision of the Supervisory Board. Given the fact the allegations concerned elements of the company's financial reporting, KPMG expanded its team and the company engaged an additional support team from PwC to assist with enhanced financial closing procedures. The independent investigation led by DBBW was completed shortly prior to the publication of this Annual Report 2012. There were no material adverse findings from the investigation and the enhanced financial closing procedures did not result in any material adverse consequences for the Financial Statements 2012. The high degree of scrutiny has brought to light areas where the financial processes can be improved. The Board of Management will quickly start implementation and expect to have most work done by the end of 2013. The strategic review that is ongoing pays attention also to reinforcing corporate functions, including the financial organisation.

Functioning of the Board of Management and of the Supervisory Board

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

The Supervisory Board also reviewed its own performance and its individual members. The self-assessment of the Supervisory Board focused primarily on composition, independence, expertise, mix of professionalism and experience, training and knowledge, board effectiveness and responsibility, team effectiveness, quality of the information received and the frequency of meetings, chairmanship, relationship with the Board of Management, contacts with the Board of

Management and other senior managers, workload and functioning of colleagues. This internal self-assessment was based on individual discussions with the Chairman and on questionnaires, which were completed by each Supervisory Board member and plenary discussed in a closed meeting. The outcome of the self-assessment was concluded positively but led to some suggestions for improvement. These suggestions relate, amongst others, that more time should be available for discussion on strategy issues.

Audit Committee

In 2012 the members of the Audit Committee were Messrs. F.J.G.M. Cremers (chairman) and J.A. Colligan and Mrs. M. Helmes. The composition of the Audit Committee is in accordance with the requirements of the Code. Collectively the members possess the required experience and financial expertise. Mr. Cremers and Mrs. Helmes were acting as financial experts within the meaning of the Code. The Audit Committee met three times in 2012. The external auditor (KPMG) attended all these meetings. Mr. H.L.J. Noy attended the meetings as well. The financial statements 2011 and the 2012 half-yearly results were discussed during the relevant meetings. Topics such as taxation, claims and disputes, compliance and the economic crisis were discussed. Risk areas, such as hedging, fluctuations in currency exchange rates, valuation of the multi-client data library, impairment and insurance, agency agreements were also discussed as was the functioning of the internal risk management and control system and the 2012 audit plan of the internal audit function. In December attention was paid to accounting and related financial issues with regard to the closing of the transaction with CGG. The Audit Committee also discussed new Dutch legislation which makes it mandatory for audit firms to rotate and that a new (other than KPMG) external auditor has to be appointed in 2016 at the latest.

At least once every four years the Audit Committee and the entire Supervisory Board conduct a thorough assessment of the functioning of the external auditor in accordance with best practice provision V.2.3 of the Code. The previous assessment took place in 2010 when KPMG was reappointed as the external auditor. In 2012 the functioning of the external auditor was reviewed by the Board of Management and discussed in the Audit Committee. The outcome was positive. Rotation of the lead audit engagement partner of KPMG took place at the end of 2011.

Remuneration and Nomination Committee

In 2012 the members of the Remuneration and Nomination Committee were Messrs. G-J. Kramer (chairman), F.H. Schreve and Th. Smith. The Committee met formally three times, mostly in the presence of the chairman of the Board of Management but also met informally on a number of occasions. The recurring topics that were discussed included, amongst others, the remuneration policy for the members of the Board of Management and their remuneration and the composition, succession and performance evaluation of both the members of Board of Management and the Supervisory Board, as well as the functioning of the Board of Management.

The Remuneration Report for the year 2012 was prepared in accordance with best practice provision II.2.12 of the Code and approved by the Supervisory Board. This Report contains an account of the manner in which the remuneration (and nomination) policy has been executed in 2012. The Remuneration Report 2012 is posted on Fugro's website. A summary is provided hereunder.

Summary Remuneration Report 2012

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

The key elements of the remuneration policy are as follows:

- fixed salary;
- annual bonus (short-term incentive), depending on targets determined in advance with a maximum of twelve months (100%) of annual fixed salary. The bonus is related to quantified financial targets and this will account for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus. The financial targets and the weighing given to the individual financial elements are as follows: earnings per share 60%, net profit margin 20% and return on capital employed 20%. The non-financial targets are based on Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and that can be influenced by them. These targets could include, among other things, health safety and environment, corporate social responsibility and personal development;

- stock options (long-term incentive). The stock options for the Board of Management form part of a broad option scheme that is in existence already many years and that is applicable to more than 600 employees worldwide. Options are granted on the basis of the contribution to the long term development of Fugro, among which the development of the long term strategy, on the basis of measurable targets such as the (growth) targets in the strategic plan and in the annual budget. This part of the income of members of the Board of Management (and other senior management) also depends on the Fugro share price and is therefore linked to the value of Fugro;
- pension provisions and fringe benefits. Pension is based upon a customary pension scheme and on an available premium system. The fringe benefits are commensurate with the position held.

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

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

Remuneration in 2012
Board of Management

Fixed salary 2012

The fixed salaries of the members of the Board of Management were adjusted in accordance with the changes in the Board of Management as of 1 January 2012. More details are provided in the Remuneration Report.

Annual bonus 2011

At the beginning of 2012 the Remuneration and Nomination Committee evaluated the predetermined 2011 annual bonus targets. Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2011 were achieved. The Supervisory Board concluded that the personal (non-financial) targets were all met. The financial performance compared to the financial targets came at approximately five months. As a result the Supervisory Board decided to award to each of the members of the Board of Management an annual bonus of nine month's annual fixed salary for the year 2011 (paid in 2012).

Stock options 2012

As per 31 December 2012 a total number of 219,000 stock options were granted to the members of the Board of Management. The exercise price of these options is EUR 44.52 (the closing price of the shares at NYSE Euronext Amsterdam on 31 December 2012). The option period is six years and the options can only be exercised after 1 January 2016 (vesting period is three years).

Further details of Fugro's remuneration policy and of the remuneration of the individual members of the Board of Management, broken down into its various components, are presented in the Financial Statements on page 186 and in the Remuneration Report.

Supervisory Board

There were no changes in the remuneration of the members of the Supervisory Board. Further details are presented in the Financial Statements on page 186 and in the Remuneration Report.

Nomination

The main topics discussed were the composition of the Supervisory Board and of the Board of Management, appointments and reappointments, senior management succession, talent identification and diversity, including gender related.

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

Board of Management

In the AGM held on 22 May 2012 Mr. A. Jonkman and Mr. J. Rüegg were reappointed to the Board of Management. Mr. Rüegg was reappointed for an additional one year to be in charge of the Survey division and will take retirement after the AGM in May 2013.

In November 2012 the Supervisory Board and Mr. Steenbakker jointly agreed that Mr. Steenbakker would step down as chairman and member of the Board of Management because of a difference of opinion with respect to the vision regarding the direction for the company. Mr. P. van Riel was appointed as his successor.

Mr. S. J. Thomson and Mr. M. R.F. Heine were appointed as successors of Mr. Rüegg (68) who will retire after the AGM in May 2013. Mr. Thomson will manage Subsea Services and Mr. Heine will manage Survey. Mr. Thomson is also proposed for appointment to the Board of Management at the AGM in May 2013.

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

With the recent successful sale of the majority of the Geoscience activities, the execution of the strategic review and the reinforcement of corporate functions, Fugro enters a new stage in its development. In this connection, Mr Jonkman has indicated that he would like to step down following the AGM in 2014.
Mr. Jonkman served as CFO and member of the Board of Management of Fugro N.V. for 9 years during a period of strong growth of the company. The Supervisory Board has initiated the search for a successor and expects to be able to complete the process towards the end of 2013. After a transition period and the preparation of the 2013 financial statements, Mr Jonkman will transfer his duties to the new CFO. Thereafter he will be engaged in special projects at the request of the Chairman of the Board of Management.

Supervisory Board

In the AGM held on 22 May 2012, Mr. Noy was appointed as member of the Supervisory Board. He will take over the chairmanship of Mr. Schreve after the closing of the AGM in May 2013.

On 11 February 2013 it was announced that Mr. Cremers has stepped down as member of the Supervisory Board. The pace with which changes within the financial organisation are implemented and that decisions of the Supervisory Board in respect thereof were not adequately carried through, are the reasons for his decision. As announced in November 2012, Fugro is conducting a review of its strategy. This also encompasses the holding functions including the financial organisation and processes. It was considered important that the results of the strategy review are also included in changes of the financial organisation. The Supervisory Board regrets the decision of Mr. Cremers and thanks him for his contributions during the almost eight years that he was a Supervisory Director and chairman of the Audit Committee.

In order to deal with the vacancy in the Audit Committee Mr. Noy was appointed as member of the Audit Committee and Mr. Colligan was appointed chairman.

Mrs. M. Helmes is proposed for reappointment to the Supervisory Board at the AGM in May 2013.

In conclusion

We would like to thank the shareholders for the trust they have put in the company and we would like to express our appreciation and thanks to all Fugro employees (including the employees who meanwhile joined CGG) for their support, hard work and contribution to the company's performance in 2012. We express our confidence in the Board of Management to lead the company forward. We are aware of the challenges 2013 will bring us, but we trust that Fugro can cope with these challenges.

Leidschendam, 7 March 2013

F.H. Schreve, Chairman
J.A. Colligan
M. Helmes
G-J. Kramer
H.L.J. Noy
Th. Smith

BOARD OF MANAGEMENT

Fugro is the holding company of a large number of operating companies located throughout the world and with a range of activities. To promote client-orientation and efficiency, the Group's organisational structure is decentralised, but cohesive, and built around three divisions (Geotechnical, Survey and Geoscience). Fugro is managed by a Board of Management currently consisting of four members. The approval of the Supervisory Board is required for important management board resolutions. Managing directors are appointed by the General Meeting. The General Meeting may at any time suspend and dismiss managing directors. A managing director is appointed for a maximum period of four years. The Chairman of the Board of Management (Chief Executive Officer or CEO) has the ultimate responsibility for the management of the company and its performance. The members of the Board of Management are also member of the Executive Committee (EC) of Fugro N.V. As of 16 November 2012, Mr. Van Riel took over the chairmanship of the Board of Management.

Board of Management

name	**P. van Riel** (1956)
function	Chairman Board of Management
	Chief Executive Officer (CEO)
nationality	Dutch
employed by Fugro	since 2001
	appointed to Board of Management 2006
	(appointed CEO 16 November 2012)
current term	until AGM 2014

name	**A. Jonkman** (1954)
function	Chief Financial Officer
nationality	Dutch
employed by Fugro	since 1988
	appointed to Board of Management 2004
current term	until AGM 2016
other functions	member Supervisory Board Dietsmann N.V.

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

name	**J. Rüegg** (1944)
function	Director Survey division
nationality	Swiss
employed by Fugro	since 1994
	appointed to Board of Management 2009
current term	until AGM 2013 (retirement)

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

EXECUTIVE COMMITTEE

Fugro has an Executive Committee (EC) that currently comprises the members of the Board of Management, the Director Survey and the Director Subsea Services. The Executive Committee is chaired by the Chief Executive Officer.

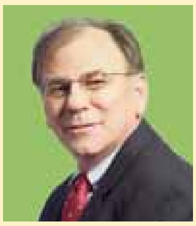
Executive Committee

name	**S.J. Thomson** (1958)
function	Director Subsea Services/Geoscience division
nationality	Australian
employed by Fugro	since 2000
appointed to current position	16 November 2012

name	**M.R.F. Heine** (1973)
function	Director Survey
nationality	Dutch
employed by Fugro	since 2000
appointed to current position	16 November 2012


P. van Riel


A. Jonkman


W.S. Rainey


J. Rüegg


S. Thomson


M.R.F. Heine

Report of the Board of Management

GENERAL

Major events in 2012 included the US elections continued unrest in the Arab world, economic uncertainties in Europe and the USA and the continued pressure on the European Union and the Euro. At the same time the oil price remained at a high level in line with the long term outlook for continued need for oil and gas.
In 2012, as in 2011, the effects on Fugro were limited thanks to our position in the oil and gas market, our strategy to focus on providing a broad range of services across the value chain of our customers, and our client-, regional-, and market diversity, all healthy differentiators for Fugro.
Fugro had a number of special events in 2012. We celebrated the 50th anniversary of the company and entered into the negotiations around the divestment of the majority of the activities of the Geoscience division. These negotiations resulted in a sales and purchase agreement with CGG in France. The transaction closed with effective date 31 January 2013 (for more details we refer to a separate paragraph in this report on page 27). In addition, Fugro entered into the Seabed Geosolutions joint venture with CGG which closed 16 February 2013. Fugro has a 60% stake in this joint venture and has control. Further, it was decided that Fugro will review its strategy in order to optimise stakeholders' interests. This review is in progress and we will share the outcome with stakeholders in the course of the second half year 2013.

The demand for energy remained stable, as reflected in oil prices of around USD 112 per barrel (Brent). As a result, and in order to compensate for depletion and meet the expected increase in future demand, the oil and gas industry has further increased its spending on global exploration and production. Oil and gas will remain important for decades. Although use of energy from renewable sources such as offshore wind farms is growing rapidly, it still only makes a small contribution globally. Also the impact of shale gas will be increasingly important for the world energy supply.

Many of Fugro's activities are related to energy. Global developments have resulted in an increasing demand for our services in various activities, but fell short of earlier expectations. This applies specifically to marine seismic surveys and subsea support services for offshore installations, where weak volumes in specific geographical regions are lower. Demand for offshore construction-related services picked up slightly during the year, but recent publications of companies operating in this part of the business indicate that recovery could be slower than originally anticipated.

The picture in non oil and gas sectors in which Fugro operates showed regional variations. Demand for services for large infrastructure projects in Europe and the United States, for example, remained weak. Although activities that largely depend on government funding, such as infrastructure, aerial mapping and construction, were generally under economic pressure in the 'old economies', we saw great opportunities in emerging areas like Kazakhstan and East Africa. Mining-related work recovered early 2012 after a few difficult years, but became quiet again after a short period of time.

The growth in revenue continued. Fugro achieved record revenue (continued and discontinued business) for the year of EUR 2,952.7 million (2011: EUR 2,577.8 million). The increase was attributed to all divisions.

Continuing price pressure in a number of sectors resulted in a lower net profit margin (continued and discontinued business) of 9.9% (2011: 11.2%). In absolute terms, however, net profit for the year was EUR 291.6 million which exceeded that of any previous year, including the IFRS related effects of the divestment in 2013, which are in balance insignificant on the net result of 2012. The net result after tax for the continued business is EUR 232.8 million (2011: EUR 293.9 million) and a net profit margin 10.8% (2011: 15.8%). The lower margin is primarily due to the short fall in Subsea services and ocean bottom nodes (first half year 2012).

Fugro's financial position is solid and was further secured early 2013 by the sale of the majority of the Geoscience division to CGG. At closing Fugro received some EUR 700 million in cash, which improved our financial situation, after repayment of a portion of the debt, and has a positive effect on the gearing.

Fugro's broad range of services enables the company to offer one-stop-shopping solutions to clients for complex

Pile installation, Cape Lambert Port B project, Western Australia

projects. This applies both for new oil and gas developments, as well as large infrastructure projects such as harbour extensions and offshore wind farms. Fugro also has extensive capacity in equipment and expertise for the exploration of valuable mineral resources. We continue to work on expanding and improving our capabilities to provide single point, integrated solutions. This was a key driver for the company to implement a regional/global service line based organisation. The new organisation was launched at the start of 2012, and has quickly and successfully been adopted.

FINANCIAL ACCOUNTING REVIEW AND RESULTS SUMMARY

This year we paid special attention to our accounts. The Geoscience transaction was complex, involving a mix of a large number of operating companies around the world and asset transfers. It also led to the requirement to split our accounts into continued and discontinued operations. Next to additional audit work performed by our statutory auditors KPMG, PwC was engaged to support the company in this process.
In addition, mid-December we were confronted with an event that required specific attention. We received a whistleblower letter with allegations concerning elements of the company's financial reporting.
The Supervisory Board and Board of Management took immediate action. We informed KPMG, our statutory auditors, and the company also immediately engaged law firm De Brauw Blackstone Westbroek to lead and carry out an in-depth, independent investigation into the allegations of the whistleblower. In turn they engaged Deloitte Forensic & Dispute Services to support the investigation. The investigation was carried out under the supervision of our Supervisory Board. Given the fact the allegations concerned elements of the company's financial reporting, KPMG expanded its team and the company engaged an additional support team from PwC to assist with enhanced financial closing procedures.

The independent investigation led by De Brauw Blackstone Westbroek was completed shortly prior to the publication of this Annual Report 2012 and the Financial Statements 2012. There were no material adverse findings from the investigation and the enhanced financial closing procedures did not result in any material adverse consequences for our Financial Statements 2012. The Supervisory Board has consented with the Financial Statements 2012 and KPMG has issued an unqualified auditor's report on these financial statements.
We are pleased we have been able to complete the Financial Statements 2012 and Annual Report 2012 without delay. The company is grateful to our internal teams and the external teams from KPMG, PwC, De Brauw Blackstone Westbroek and Deloitte for the truly extraordinary effort they put in.
The high degree of scrutiny has brought to light areas where our financial processes can be improved. We will quickly start implementation and expect to have most work done by the end of 2013. Further steps will also be taken for the longer term, for example the implementation of an expanded IT solution to facilitate business and financial management and control. Requirements and an implementation plan will follow the outcome of an analysis of the roles of the central-regional-local elements of our organization. This analysis is part of the strategy review we are undertaking.

In financial terms, the year 2012 can be summarised as follows:

- Fugro's revenue (continued and discontinued) increased by 14.5% to EUR 2,952.7 million (2011: EUR 2,577.8 million). Revenue increased organically by 3.9% and 3.9% as a result of acquisitions. The foreign currency effect was positive 6.7%; the effect of disposals was nil (2011: 0.2% negative);
- Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 3.1% to EUR 467.0 million (2011: EUR 481.9 million) on a continued basis.
- Results from operating activities (EBIT) on a continued basis were 12.4% lower at EUR 308.3 million (2011: EUR 352.0 million).

- Net result attributable to owners of the Company went up with 1.4% to EUR 291.6 million (2011: EUR 287.6 million).
- Earnings per share (continued and discontinued) was stable at EUR 3.63 (2011: EUR 3.63).
- The net book value of the marine streamer multi-client seismic libraries at the end of 2012 amounted to EUR 458 million (31 December 2011: EUR 333.8 million). Some 90% of the net book value of the libraries is related to recently acquired 3-D data.

It is proposed to increase the dividend for 2012 to EUR 2.00 per share, consisting of a regular dividend of EUR 1.50 increased by an one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business.

Fugro won contracts for several attractive projects during the year. Some examples of these are discussed on pages 43, 44 and 45.

DIVESTMENT MAJORITY GEOSCIENCE DIVISION AND CLOSING SEABED GEOSOLUTIONS JOINT VENTURE WITH CGG

Fugro and CGG announced on 24 September 2012 that they signed an agreement under which CGG acquired Fugro's Geoscience division, excluding the marine streamer seismic multi-client library and ocean bottom nodes business, for a total cash consideration of EUR 1.2 billion.

The transaction, which was closed with effective date 31 January 2013, is a result of Fugro's review of all options regarding its marine streamer seismic data acquisition business and associated activities that it announced in May 2012. This divestment allows Fugro to exit the capital intensive and volatile marine streamer seismic segment of the oil and gas exploration market where it does not have a leading market position.

Further to the transaction, Fugro and CGG formed three strategic partnerships:

- The formation of the Seabed Geosolutions joint venture – the global leader in seabed geophysics, which was closed on 16 February 2013. This joint venture includes Fugro's and CGG's ocean bottom nodes businesses and CGG's transition zone, ocean bottom cable and permanent reservoir monitoring activities. Fugro agreed to make a cash payment of EUR 225 million to CGG in order to achieve a 60% controlling interest in the joint venture. By combining the strengths of both companies, the Seabed Geosolutions joint venture will have an immediate market leading position in seabed geophysical activities, and will benefit from a good synergy with Fugro's subsea activities.
  The formation of the Seabed Geosolutions joint venture increases exposure to the development and extended production phase in the life cycle of oil and gas fields, which is typically characterised by stable, long term service contracts.

- Fugro and CGG have agreed to enter into a non-exclusive sales and marketing agreement, operated by CGG for sale of part of the Fugro marine streamer seismic multi-client library. Revenues will benefit from the larger combined global sales force and broad range of client contacts of the partners. All multi-client personnel have transferred to CGG. Fugro retains the right to sell all or parts of the library to other parties. This provides Fugro with maximum flexibility to unlock the value of its library. Except for reprocessing to keep the library fresh and finishing a small number of projects. Fugro does not anticipate further significant investing in its marine streamer multi-client library.

- A global strategic technological and commercial partnership under which CGG and Fugro grant each other preferred supplier status for selected products and services required for the operation of their respective businesses. Parties will also pursue opportunities related to the launch of new technologies.
  The partnership will provide revenue enhancing opportunities to both Fugro and CGG, and will benefit from the leading positions both parties have in their respective markets.

The purchase price of EUR 1.2 billion was settled on closing on 31 January 2013. As part of the transaction, Fugro agreed to grant CGG a vendor loan of EUR 225 million, which is drawn in two tranches (EUR 125 million on closing of the main transaction on 31 January 2013 and EUR 100 million after closing of the airborne part, which will take a few months longer as some administrative steps need to be concluded as well as government approval to transfer some parts of the equipment). An amount of some EUR 700 million has

Personnel data	**2012***	**2011***	**2010***	**2009**	**2008**
Average number of employees during the year	**11,961**	11,385	13,444	13,587	12,977
Revenue per employee (x EUR 1,000)	**181.0**	163.2	169.6	151.1	166.0
Net revenue own services per employee (x EUR 1,000)	**114.7**	109.0	112.7	105.1	110.4
Geographical distribution at year-end					
The Netherlands	**901**	884	943	947	978
Europe other/Africa	**3,873**	3,371	4,461	4,369	4,311
Middle East/Asia/Australia	**4,229**	3,966	4,270	4,411	4,319
North and South America	**3,162**	3,274	3,789	3,755	4,019
Total at year-end	**12,165**	11,495	13,463	13,482	13,627

* *Excludes the geoscience staff transferred to CGG in January 2013 (2012: 2,430 employees and 2011: 2,381 employees).*

been received in cash. The transaction involves the transfer of 2,430 well qualified Fugro employees.

In 2013 Fugro will report the net result following the divestment of the majority of the Geoscience activities. The net profit after tax on the transaction is provisionally calculated at approximately EUR 200 million.

This amount was calculated using certain assumptions with respect to the deferred closing of Airborne, taxes, accumulated translation reserve and the expected outcome of the post completion process, including the outcome of Capital expenditure review and working capital balance review per 31 January 2013.
The amount mentioned may therefore deviate from the actual outcome to be reported later this year.

The divestment is consistent with Fugro's strategy to build strong market positions across the exploration, development and production phases of the oil and gas industry. With a much stronger balance sheet, Fugro will continue to focus on growth opportunities in its core, market-leading and less volatile geotechnical and survey businesses, expects to grow the Seabed Geosolutions joint venture and will put a lot of emphasis on turning around the subsea business.

Fleet renewal/expansion		
Name of the vessel	**Type of vessel**	**Expected start operations**
Fugro Brasilis	Survey	Q2-2013
Fugro Voyager	Geotechnical	Q2-2013
Fugro Scout	Geotechnical	Q4-2013
Fugro Aquarius	Subsea	Q2-2014
Fugro Australis	Survey	Q3-2014

ACQUISITIONS

In 2012 Fugro completed four acquisitions:

Acquisitions within the Geotechnical division

- Geoter SAS, France, has a strong and well recognised expertise in geology, seismic hazard and risk assessment with an excellent reputation especially amongst French government departments, engineering firms and the nuclear industry.
- Mercatus Interport Kft, Hungary, is an independent drilling company with service offerings in the geotechnical mining and infrastructure projects.
- EM Drilling Ltd., United Kingdom is an independent drilling company with services offering in the geotechnical infrastructure projects.

Acquisitions within the Survey division

- EMU Ltd., United Kingdom, is an independent marine survey and environmental consultancy specialist. The company conducts ecological, geophysical, sediment rampling and hydrographical surveys, laboratory analysis, and provides environmental consulting and reporting services.

Reasons for acquisitions include obtaining new or additional technology and increasing market share. The annual revenue of the companies acquired in 2012 amounts to EUR 25.1 million. The total cost of the acquisitions completed in 2012 was EUR 27.5 million.

For more detailed information on acquisitions that took place in 2012, reference is made to the Financial statements on pages 134, 135 and 136.

EMPLOYEES

Number of employees

At the end of 2012 the number of employees was 12,165 (2011: 11,495) excluding the geoscience staff transferring to CGG in January 2013 (2,430). In a number of business units reductions in staff were implemented during the year. The net effect of these reductions and new hires in business units where market conditions were favourable, was an addition of 453 employees. This was an increase of 217 staff through acquisitions. The average number of employees for the financial year on a continued basis was 11,961 (2011: 11,385), an increase of 5.1%. Fugro also works with a large group of experienced and long serving freelance workers who are regularly deployed on a project basis. The use of freelance workers provides Fugro with the flexibility to respond to variations in manpower requirements. As a result of increasing demand some more freelancers were hired in 2012.

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

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

Fugro continues to invest in training and education in order to guarantee a high standard of services. Once again, as in prior years, recruiting young talent was deemed critical in 2012. New employees also get access to knowledge and experience through on-the-job training and by working together with experienced employees in small teams on projects. Fugro also actively invests in ensuring a healthy and safe work environment.

CAPACITY PLANNING

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

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

Extensions of charters will be considered taking into account the backlog and prospects for future work. Fugro also uses vessels that are chartered on a project-by-project basis.

Fugro has placed as announced earlier, orders for five newly built vessels to become operational in the period 2013 through 2014 as shown in the table on page 28. All vessels will be owned and designed to Fugro's specifications.

In the course of 2012 the following changes took place in the vessel fleet:

Geotechnical division

The construction of two new deepwater vessels as replacement vessels will be completed in 2013. A number of vessels were chartered for short periods to meet peak workloads.

Survey division

A new built survey vessel, the Fugro Equator, commenced services in the third quarter of 2012. The fleet was further expanded through the acquisition of two 2nd hand vessels (Fugro Equinox and Fugro Supporter) during the last quarter of 2012. In Subsea Services, vessels continue to be mainly chartered for medium to long term durations and only one own ROV support vessel, intended for the Brazilian market, is under construction.

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

Revenue growth (in percentages)	Organic	Acquisitions	Disposals	Exchange rate differences	Total
2012*	5.3	4.9	–	6.3	16.5
2011	7.6	8.8	(0.2)	(3.2)	13.0
2010	6.0	0.4	–	4.7	11.1
2009	(5.6)	1.1	–	(0.2)	(4.7)
2008	23.4	4.0	–	(7.9)	19.5
2007	22.9	6.4	(0.1)	(3.5)	25.7
2006	18.9	6.8	(0.3)	(1.8)	23.6
2005	12.0	1.4	(1.1)	2.8	15.1
2004	9.7	16.2	(0.6)	(2.7)	22.6
2003	(8.6)	4.9	–	(9.4)	(13.1)
Average (2003 – 2012)	9.2	5.5	(0.2)	(1.5)	11.7

* *This is on a continued basis.*

FINANCIAL

General

As a result of the divestment of the majority of the Geoscience business to CGG, which was closed with the effective date of 31 January 2013, Fugro reports the financial information related to this divestment as assets held for sale. Where needed Fugro supplies information in this report for both the company as a whole (continued and discontinued business) and for the continued business only. Without explicit remarks all information in this section relates to continued business.

Net result

The profit for the period (continued and discontinued) is impacted by a number of special items, such as:

- The sale of the financial investment in EMGS shares for an amount of approximately EUR 60 million has resulted in a post tax gain of EUR 10 million. This has been recorded in the line finance income (continued).
- A loan to Expro AX-S Technology had to be impaired as the company went into receivership; the amount of EUR 22 million has been recorded in other expenses (continued).
- The net realisable value testing and cost analysis of the multi-client data libraries has resulted in a write off of EUR 20 million. This has been recorded in third party costs (continued).
- In 2012 Fugro entered into a finance lease as lessor for the Geo Pacific, which resulted in a finance lease gain of EUR 17 million. This is presented in the line profit for the period from discontinued operations.
- The held for sale assets were no longer amortized and depreciated as of 4 September. This has a positive effect of EUR 31 million (post income tax) on the profit for the period from discontinued operations.
- A deferred tax asset in Norway had to be written down due to the classification of the Geoscience business as held for sale, this has negatively impacted the profit for the period from discontinued operations with EUR 30 million (post income tax).
- Positive net effect of other provisions, releases, extra ordinary advisory fees amount to some EUR 10 million (continued);
- Positive net effect of recognising deferred tax assets amounts to EUR 16 million (continued);
- The overall tax impact of these special items is EUR 4 million positively in continued and EUR 3 million negatively in discontinued net result.

Revenue and cost development

In 2012 revenue on a continued basis reached EUR 2,165.0 million, an increase of 16.5% compared to the EUR 1,858.0 million in 2011.

Revenue increased 5.3% due to organic growth and by 4.9% as a result of acquisitions. The foreign currency effect was 6.3% positive. Organic growth of 5.3% was achieved despite the fact that Fugro continued to face price pressure in a number of market segments where the market capacity and demand is out of balance.

Geographical distribution of revenue* (on 31 December, x EUR 1 mln.)	**2012****	**2011****	**2010**	**2009**	**2008**
The Netherlands	**116**	114	133	134	145
Europe other/Africa	**933**	723	1,111	985	1,082
Middle East/Asia/Australia	**640**	554	432	420	426
North and South America	**476**	467	604	514	502
Total	**2,165*****	**1,858*****	2,280	2,053	2,155

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

** *This is on a continued basis.*

*** *This is excluding the sales of the multi-client data libraries of EUR 235 million (2011: EUR 156 million).*

The subsea activities (division Survey) suffered the most from this. The continuing weakness of the world wide economy number of countries also played a role.

The analysis of the change in revenue is shown in the table on page 30. The average revenue growth over a ten year period is about two-thirds organic growth, and one-third from acquisitions. The average foreign currency effect over the same period is 1.5% negative.

Also in 2012, Fugro spent much attention to optimising business efficiency and reducing costs as much as possible.

Third party costs amounted to EUR 793.3 million in 2012 (2011: EUR 617.1 million). This represents an increase of EUR 176.2 million. Third party costs as a percentage of revenue were 36.6% (2011: 33.2%) and include EUR 143 million expenses associated with seismic and geologic data libraries (2011: EUR 69.1 million). As in past years, managing the workforce was a focus point in 2012. The size of the workforce was carefully evaluated and actively adapted to the demand in services. This meant that in some activities the number of employees was reduced and in growth areas more staff was hired. The average cost per employee was EUR 57,929, an increase of 9.4% compared to 2011 (EUR 52,962) mostly caused by currency effects. Total personnel expenses in the year amounted to EUR 692.9 million (2011: EUR 603.0 million), an increase of 14.9%. Staff costs were 32.0% as a percentage of revenue, which is somewhat lower than in 2011 (32.5%).

Depreciation of tangible fixed assets increased from EUR 127.2 million to EUR 155.6 million in 2012, an increase of 22.3%, which is a result of capacity expansion and concerns mainly the vessel fleet (including related operational equipment) and ROVs. The depreciation of tangible fixed assets was 7.2% of revenue (2011: 6.8%).

Other expenses amounted to EUR 226.6 million in 2012 (2011: EUR 177.6 million), an increase of 27.6%. As a percentage of revenue these costs are 10.5% (2011: 9.6%). Other expenses include a variety of different costs, which cannot be allocated directly to projects, such as repair and maintenance, occupancy, insurances, etc. The other expenses for 2012 included the write off on a minority

Revenue distribution per division (on 31 December, x EUR 1 mln.)	**2012***	**2011***	**2010**	**2009**	**2008**
Geotechnical	**723**	670	664	536	541
Survey	**1,389**	1,191	1,009	956	960
Geoscience	**53****	(3)	607	561	654
Total (as reported)	**2,165**	1,858	2,280	2,053	2,155
Total (including multi-client sales)	*2,400*	*2,014*			

* *This is on a continued basis.*

** *The multi-client data library inventory remains with Fugro whereas the sales force which markets the library has transferred to CGG in 2013. As the revenue generating capacity of the business was also transfered, management has presented the revenue of the multi-client data libraries of some EUR 235 million (2011: EUR 156 million) as part of the discontinued operations within the Geoscience segment.*

Launching an ROV (remotely operated vehicle), North Sea

participation in Expro AX-S Technology that went into receivership in 2012 for an amount of EUR 21.7 million.

Net result

The profit for the period (continued and discontinued) attributable to the owners of the company increased by 1.4% to EUR 291.6 million (2011: EUR 287.6 million). The basic earnings per share (continued and discontinued) amount to EUR 3.63 (2011: EUR 3.63).

The net result of the continued business is EUR 232.8 million (2011: EUR 293.9 million), a decrease of 20.8%. The basic earnings per share (continued) amount to EUR 2.90 (2011: EUR 3.71).

EBIT

The result from continuing operating activities (EBIT) amounted to EUR 308.3 million (2011: EUR 352.0 million), a decrease of 12.4%. The EBIT in 2012 was negatively influenced by the overcapacity in the subsea market where continuing price pressure and delays in the execution of projects was encountered. In addition the OBN (ocean bottom nodes) business acquired in 2011 had no work in the first half of the year. At the moment these operations have good utilisation. EBIT was also impacted by high sales amortisation and some write-downs of EUR 143 million related to the seismic libraries (2011: EUR 69.1 million). In 2012, EUR 235 million in sales was generated from the seismic libraries (2011: EUR 156 million). Also, the EBIT was effected by the incidental write off of EUR 21.7 million caused by the receivership of a technology company in which Fugro held a minority stake.

EBITDA

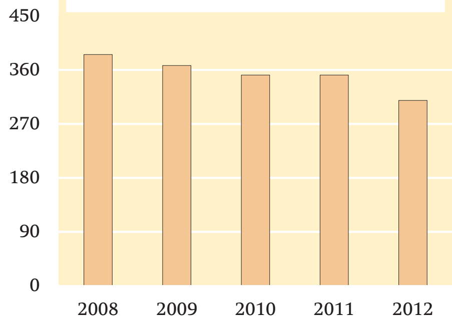
The earnings before interest, tax, depreciation and amortisation on a continuing basis amounted to EUR 467.0 million (2011: EUR 481.9 million), a decrease of 3.1%.

Foreign currency

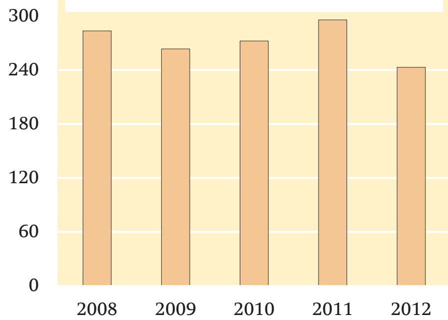
In 2012, the average US dollar exchange rate increased to EUR 0.78 (2011: EUR 0.71), the average exchange rate of the British pound increased to EUR 1.23 (2011: EUR 1.15) and the average exchange rate of the Norwegian kroner increased to EUR 0.134 (2011: EUR 0.129). As a result of fluctuations during the year, the net foreign exchange effect in the profit and loss account in 2012 was negative EUR 10.1 million (2011: positive EUR 12.9 million). Exchange differences were caused by the variance in exchange rates between the entry date of trade receivables and the moment of receipt, the revaluation of balance sheet positions and the realised exchange differences on foreign currency transactions.

The foreign exchange effect was EUR 10.8 million positive on the equity per 31 December 2012 (2011: EUR 2.0 million positive). Amongst others as a result of further optimising net investment hedges, the effect on equity was limited. See also page 86 of the report under risk management and page 176 of the financial statements under currency risk.

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



Net result (x EUR 1 mln.)



Exchange rates (in EUR)	2012 Year-end	2012 Average	2011 Year-end	2011 Average	2010 Year-end	2010 Average
US dollar	**0.76**	**0.78**	0.77	0.71	0.75	0.76
British pound	**1.23**	**1.23**	1.20	1.15	1.16	1.17
Norwegian kroner	**0.136**	**0.134**	0.129	0.129	0.128	0.125

Cash flow

In 2012, the cash flow amounted to EUR 401.4 million (2011: EUR 431.5 million), a decrease of 7.0 %. Cash flow is defined as the profit for the period plus depreciation and amortisation. The expected future cash flow will enable the company to remain within the current financing covenants and to finance the committed investments. The cash flow per share equates to EUR 5.00 (2011: EUR 5.45), a decrease of 8.3%.

Investments

As indicated before, Fugro will continue to invest in its vessel fleet and equipment in the coming years to support future growth. This will predominantly be done in the Geotechnical and Survey divisions and in the Subsea Geosolutions joint venture. In the Survey and Geotechnical divisions, older vessels will be replaced and capacity will be added if market conditions allow. In particular deep water market opportunities will be considered in this decision-making.

The 2012 investments can be specified as follows (x EUR million):

Maintenance capex	73.2
Capacity expansion	111.1
Total investments	184.3
Movement in assets under construction (mainly vessels and ROVs)	74.0
Subtotal	258.3
Assets from acquisitions	3.4
Total	261.7

Each year, Fugro invests in order to maintain the existing capacity. In 2012, the maintenance capex amounted to EUR 73.2 million (2011: EUR 95.0 million). Replacement investments in 2012 were limited to those which were unavoidable.

In the table on page 33, an overview of the annual investments for the period 2011-2015 is given, including an estimate for the years 2013-2015. The investments in 2012 include the vessels Fugro Australis, Fugro Equator and Fugro Brasilis. Investments in 2013 and 2014 are, as yet, not identified apart from the delivery of the Fugro Voyager, Fugro Scout and the ordered ROV vessel in Brazil.

(Expected) investments, excluding assets from acquisitions for the continued business (x EUR 1 mln)	2011**	2012	2013*	2014*	2015*
Maintenance capex	**95.0**	73.2	100.0	100.0	100.0
Capacity expansion	**189.2**	111.1	150.0	150.0	100.0
Total investments	**284.2**	184.3	250.0	250.0	200.0
Movement in assets under construction	**(42.6)**	74.0	(80.0)	(70.0)	(50.0)
Net cash	**241.6**	258.3	170.0	180.0	150.0

* *Estimate.*

** *Information restated for comparitive purposes.*

Drilling truck, Clauscentrale, Maasbracht, The Netherlands

Net finance costs

The net finance costs amounted to EUR 15.1 million in 2012 (2011: gain EUR 8.5 million). The analysis is as follows (x EUR million):

	2012	2011
Change in fair value financial assets	(12.3)	(6.0)
Net interest charge	17.9	7.2
Foreign currency effects	10.1	(12,9)
Other	(0.6)	3.2
Total costs (gain)	15.1	(8.5)

The effect on the sale of the Electro Magnetic Geoservices ASA (EMGS) investment is presented under change in fair value (EUR 10.1 million gain).

The net interest charge increased in 2012 mainly because of a higher use of bank facilities. The interest cover (EBIT/net interest charge) is 17 (2011: 49). This is a high coverage, substantially above the financial objective of more than 5.

The foreign currency effect in 2012 was EUR 10.1 negative (2011: EUR 12.9 positive). In 2012, in general foreign currencies strengthened against the Euro.

Taxes

In 2012, income tax expense amounted to EUR 49.5 million (2011: EUR 63.5 million). The effective tax rate in 2012 amounted to 16.9% (2011: 17.2%). The change in geographical spread of taxable profits in 2012 compared to 2011 resulted in a reduction of the average domestic tax rate applicable.
It is expected that the future tax charge will be around 20%.

Intangible assets (goodwill)

In 2012, the addition to goodwill resulting from acquisitions amounted to EUR 23.0 million (2011: EUR 171.6 million). The addition is mainly a result of four acquisitions in 2012. There was a positive foreign exchange effect in 2012 of EUR 8.2 million (2011: positive EUR 7.4 million) on the balance sheet for the goodwill. An amount of EUR 227.1 million was reclassified to assets held for sale. An adjustment of EUR 10.6 million was made due to finalisation of the purchase price allocation procedures prior year.

Goodwill is not amortised, but is tested at least once a year for impairment. In 2012, as in 2011, this did not result in adjustments.

Balance sheet ratios

Solvency at the end of 2012 was 46.9% (ultimo 2011: 42.9%). The solvency ratio objective is to be at least 33 1/3%. At the end of 2012 the current ratio was 2.0 (2011: 1.7). Gearing amounted to 66% (2011: 73%).

Working capital amounted to EUR 722.9 million at the end of 2012 (2011: EUR 521.0 million). The change can be analysed as follows:

(x EUR 1 mln)	31 December 2012*	31 December 2011*	Change
Inventories	479.8	345.7	134.1
Trade and other receivables	837.6	707.6	130.0
Trade and other payables	(389.6)	(394.7)	5.1
Net cash and cash equivalents	(129.9)	(6.7)	(123.2)
Other	(75.0)	(130.9)	55.9
	722.9	521.0	201.9

* *Excluding assets and liabilities classified as held for sale.*

The increase in inventories value is mainly caused by building up the 3-D multi-client seismic library. After the divestment there will be small additions to the seismic data library on committed projects and other than some reprocessing. The change in other is mainly caused by the higher loan repayment balance in 2011.

Multi Client Seismic Libraries

The seismic and geological data libraries were not part of the sale of the majority of the Geoscience activities to CGG. Fugro has retained ownership of the existing libraries.

The net book value of the marine streamer multi client seismic libraries at the end of 2012 amounted to EUR 458.5 million (31 December 2011: EUR 333.8 million). Some 90% of the net book value of the libraries is related to recently acquired 3-D data. The geographical split of the net book value is as follows:

- Norway 31%
- Australia 47%
- Rest of the world 22%

Virtually no data acquired during or before 2009 is valued on the balance sheet. The net realisable value has been analysed in detail and this review has confirmed that the book value as per 31 December 2012 is supported by the current state of the offshore oil and gas exploration market. Management estimates for net sales proceeds of the relevant libraries have been used, taking into account past experience and an assessment of future prospects for the areas involved.

Management reviews the net realisable value twice a year.

In order to determine the net book value Fugro uses the following model:

2-D: – Three years straight line reduction (to zero) in carrying value.
– In addition 75% of each sale is considered as additional amortisation.

3-D: – A fixed percentage of each sale as sales amortisation. This % is set based on the combination of cost and sales outlook.
– In case of low sales, there will be a forced amortisation of up to 20% per year of the data set cost. This means that the net book value of the data set will be reduced to zero five years at the latest after the start of amortisation.

The sales amortisation of the 3-D data sets is between 75 and 90% of each sale.

If there is an impairment trigger Fugro will impair data sets faster than per the above mentioned model. In 2012, management wrote off 3 small uncompleted projects in Norway with a net book value of EUR 7 million that will not be continued. In addition the company reassessed the key cost base elements of the data sets in the library, leading to an adjustment of EUR 13 million. No further adjustments followed from the net realisable value assessment.

During this assessment management has recognised that the 3-D marine streamers seismic date library in Australia needs to be watched carefully as in the next 1 – 2 years there may be a slow down in exploitation activity in the area where the Australian 3-D date library is positioned.

In 2012 Fugro generated EUR 235 million in sales from the seismic libraries (2011: EUR 156 million). The amortisation and certain write downs and adjustments in 2012 amounted to EUR 143 million (2011: EUR 69 million). The average amortisation rate was 54%, reflecting good sale of new data with remaining book value.

*Development of goodwill**	Goodwill (x EUR mln.)	Book value as of 31 December
1988-1996	83.9	0
1997	18.1	0
1998	16.9	0
1999	35.3	0
2000	37.4	0
2001	242.8	237.9
2002	3.2	190.9
2003	68.2	253.1
2004	22.9	274.4
2005	8.3	289.2
2006	59.4	347.3
2007	47.3	381.6
2008	76.0	418.5
2009	20.0	459.7
2010	44.1	526.6
2011	171.6	705.6
2012	**(185.4)**	**520.2**
Total	770.0	

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

The movement in 2012 (EUR 185.4 negative) includes the transfer of EUR 227.1 million to assets held for sale.

Norway performed very strongly this year on the back of new licensing rounds and high exploration interest. The revenue breakdown is as follows:

(x EUR 1 mln)	2012	2011
Norway	156.7	97.9
Australia	35.5	26.6
Rest of the world	43.0	31.7

Of importance is to mention that data confidentiality in Australia extends over 15 years and even longer in the USA. In Norway it is 10 years. The period of data confidentiality is the length of time over which the data retains its full commercial multi-client value.

The marine streamer seismic multi-client libraries were not part of the sale of the majority of the Geoscience activities to CGG. Fugro retains full ownership of the libraries. CGG has taken over all of the sales force for this activity and will market the Fugro 3-D library on behalf of Fugro and will receive a broker fee for this activity. Fugro anticipates making a similar arrangement for the 2-D library with another multi-client player. The Fugro and CGG libraries have very little overlap and the combined libraries will be attractive for clients. Fugro, as owner of the data sets, in addition has the right to sell the library in parts or as a whole to interested parties.

Except for completing certain data acquisition projects, Fugro's investment in the marine streamer seismic multi-client libraries as from 2013 onwards will be limited to activities like reprocessing and special processing to update and enhance the sales potential of the data sets in the library. In particular in the next couple of years Fugro expects to benefit from a strong cash inflow from sales of its data sets. Sales thereafter are expected to continue over the full life time of the various data sets, but in aggregate are expected to taper off towards the end of the life time of the library.

It is anticipated that the newly formed (majority owned and consolidated) 'Seabed Geosolutions' joint venture with CGG will acquire new multi-client data sets, which will result in building up a new seabed multi-client data library. The development of the size and value of this library cannot be indicated at this stage.

Financing

In the second half of 2011 Fugro was refinanced. Fugro reached agreement with 27 US and UK based investors with respect to so called US Private Placement loans (USPP) with a value expressed in US dollars of 909 million. The original currencies are US dollar 750 million, EUR 35 million and British pound 67.5 million. The loans have a maturity of 7, 10 and 12 years and have an average coupon of some 4.5%.
Fugro also reached agreement in 2011 with a number of individual banks for committed facilities up to a total value of EUR 775 million for 5 years. These facilities were made available by eight internationally operating banks. The interest is based on a grid and is Euribor plus 130 BPS. The loans and facilities include, amongst others, the following covenants:

- EBITDA / interest > 2.5
- Debt / EBITDA < 3.0
- Solvency > 33¹/₃%

On closing of the transaction with CGG Fugro received some EUR 700 million cash from CGG. This provides Fugro with ample funds to finance future expansion.

DIVIDEND PROPOSAL

It is proposed that the dividend for 2012 be increased to EUR 2.00 per share (2011: EUR 1.50), consisting of a regular dividend of EUR 1.50 increased by an one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder:

- in cash, or
- in shares

In case no choice is made, the dividend will be paid in shares. The proposed regular dividend of EUR 1.50 equates to a pay-out ratio of 42% of the net result.
The total dividend of EUR 2.00 equates to a pay-out ratio of 56% of the net result.

MARKET DEVELOPMENTS AND TRENDS

Trends

Fugro aligns its services to its key private and public sectors, providing support and resources tailored to the specific needs of each. The diversity of the sectors ranging from oil and gas renewables to infrastructure and building ensures that Fugro's dependency on a single market is limited, which supports a balanced growth and continued profitability.
At the beginning of 2013 the long term drivers for the American economy are more positive. The shale gas and oil revolution is driving new growth to the economy and large companies are seen to be moving back to the US, attracted by low energy cost. In Europe, the effects of

GeoSar and the Fugro LADS Dash 8 parked alongside each other, Australia

government austerity measures and reluctance of banks to provide capital for industry investments suggest that recovery in Europe is further out in the future. Large developing economies like those of China, India and Brazil are still set for growth albeit somewhat reduced relative to the levels seen in the last decade.

The oil and gas market

The global energy landscape is undergoing fundamental long term changes, driven by increased unconventional oil and gas production, the retreat from nuclear power in some countries, and the continued rapid growth of renewables such as wind and solar. Global oil supply will further be influenced significantly by the revitalisation of Iraq's oil production. Saudi Arabia has already turned down some spare production capacity in order to bolster the oil price. Long term oil and gas demand growth and the need to compensate for depletion imply that a healthy market is expected over the long term.

The consensus in the market suggests that 2013 is set for another year where sluggish economic performance in the west on the one hand, and geopolitical pressures supporting high prices on the other hand, will keep each other in balance. The Brent price average for 2013 is predicted at USD 110 per barrel, marginally down from an average of USD 112 in 2012. Upstream investments of the industry in 2013 are planned to be 6% up outside the USA and broadly equal to the previous year in the USA. Global rig count is down from earlier years. However, the total length of wells drilled in 2013 is again poised to grow, thanks to higher efficiency in modern drilling. Areas for growth are oil shale plays in the USA, large gas and LNG developments in East Africa and the Eastern Mediterranean, deep water developments in Brazil and arctic developments in Alaska and Greenland.

Fugro has long term customer relationships and regional presence where investments are planned. Examples are awards to Fugro of large contracts in Mozambique and strong local presence in Alaska.

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

Each phase in the life cycle of an oil field has its own dynamics in terms of activity volatility, supply demand, price dynamics and competition. With the divestment of the majority of the geoscience division and establishment of the Seabed Geosolutions joint venture, Fugro's dependence on the early exploration phase shifts towards more activities in the development and field production phases. They are less volatile and longer lasting. Fugro is well positioned to benefit from increases in investments by oil and gas companies in these parts of the field life cycle.

The Macondo oil spill which significantly delayed development in the Gulf of Mexico in 2011 and the early part of 2012 is now largely behind us. With a new regulatory framework in hand, oil companies have resumed exploration activities in 2012 which are expected to continue and eventually lead to new field developments and production.

The US shale gas market is stabilising, with drilling activity contracting, as a result of the continued depressed gas prices (USD 3.35 per TCF). Exploration and production of unconventional gas fields in Europe, Far East and Australia is slowly coming on the radar screen. The regulatory frame work, environmental concerns and the general dense population in Western Europe are not supporting large scale developments. Though not large, Fugro's exposure to shale oil and gas is increasing through survey and consulting services.

Backlog at start of the year
(for the next twelve months)

(x EUR 1 mln.)	2013*	2012*	2011	2010	2009
Geotechnical					
Onshore Geotechnical	245.6	257.3	230.4	191.9	168.7
Offshore Geotechnical	203.6	218.5	205.7	199.3	174.6
	449.2	475.8	436.1	391.2	343.3
Survey					
Offshore Survey	527.4	439.6	431.2	388.3	436.0
Subsea Services	394.1	294.1	255.9	244.5	273.0
Geospatial Services	76.5	74.7	96.2	83.6	95.8
	998.0	808.4	783.3	716.4	804.8
Geoscience					
Seismic Services	–	–	222.8	164.1	356.8
Geoscience continued	67.0	78.5	111.0	92.3	95.5
	67.0	78.5	333.8	256.4	452.3
Total	1,514.2	1,362.7	1,553.2	1,364.0	1,600.4

* *Continued business.*

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

The backlog for the continued business amounts to EUR 1,514.2 million (beginning 2012: EUR 1,362.7 million), an increase of 11.1%. The backlog represents an average of seven months of work (2011: eight months).

The increasing demand for gas, large scale expansion of LNG facilities in the Middle East, East Africa, Australia and Nigeria requires investments in large infrastructure projects, like pipelines, terminals, jetties, liquefaction facilities and liquid gas storage. These projects require bathymetric and terrestrial survey, near shore, on- and offshore geotechnical soil investigation, geohazard analysis and foundation design as well as techniques for planning the optimum pipeline route, across land or on the sea bed; all core services that Fugro supplies.

External publications indicate that oil companies base their economic viability calculations for most of their larger projects on a price of oil well below the current price level of around USD 110 per barrel (Brent). Considering the long duration from start to finish of these kinds of projects and the current trend in the oil price, Fugro anticipates that its services will continue to be in demand in 2013 and the years beyond. About 73% of Fugro's activities is related to the oil and gas industry.

The market for infrastructure projects
Infrastructure and construction related activities accounted for approximately 22% of Fugro's revenues in 2012. Fugro undertakes large contracts associated with land reclamation, (LNG and mining) harbour expansions, levees, tunnels, bridges, highways, pipelines and major building and construction works in for instance Hong Kong, Panama, Turkey, California and Western Australia. Fugro is increasingly involved in planning and data collection in relation to flood defence systems and disaster recovery such as after major storms in the USA. Large infrastructural developments undertaken by national governments in preparation of international

events such as the Olympic Games and World Championship Football are a growing part of Fugro land activities.
The company has strengthened its market position by supplying solutions that integrate data collection and earth science consulting, to our clients. This fulfils the customer's preference for contracting these services to a single, independent global service provider.
With a focus on the larger infrastructure projects and by early positioning with the key players in the development of these projects, Fugro has been able to mitigate the impact of the global slowdown in infrastructure activity. Where stimulus programs such as that initiated in the USA after the onset of the financial crisis in 2008 were an important source of revenue in the past few years, these have significantly reduced in 2012. More reduction is foreseen in 2013, due the continued weakness of government finances in most OECD countries.

Mining and other market segments

The price of commodities such as copper, iron ore, coal and nickel were performing well in the early months of 2012, but continued global economic uncertainty led to a steep decline in commodity prices in the second part of 2012. Mining companies continued to be squeezed by falling commodity prices amid rising capital and operating expenses. In some parts of the world development and production of certain mining projects are also being threatened by an increase in resource nationalism and civil unrest. The afore mentioned trends caused hesitation in driving exploration and development of mineral resources. Hence demand for Fugro services in this sector reduced during 2012.
Despite a lull in the last months of 2012, it is believed that demand for commodities will remain steady for the long term, propelled by strong growth in China and other emerging nations such as India and eventually Africa. Our exposure to mining will in the near future decrease as a result of the divestment of the airborne geophysical activities. Services in mining and these other niche markets accounted for 5% of Fugro's activities in 2012.

Fugro not only supplies services to the aforementioned markets but also to a number of other niche markets. These services include the sale of accurate positioning signals, route surveys for offshore telecommunication cables, and airborne mapping using laser and radar technology for governmental authorities and other public bodies.

BACKLOG

At the beginning of 2013 the backlog (from continued business) of work to be carried out during the year amounted to EUR 1,514.2 million.

The proportion of definite orders is 58% (beginning 2012: 55%). The backlog calculation is based on year-end exchange rates in EUR and is 4.9% higher than at the beginning of 2012. Of the increase in backlog, 0.3% (negative) is related to foreign currency effects. The backlog has increased as a result of somewhat improving market circumstances and for a small part through acquisitions.

Over the long term the order backlog typically equaled about eight months revenue. The current backlog equals some seven months of revenue for the year.

POST BALANCE SHEET DATE EVENTS

On 28 January 2013, the Company and CGG completed a transaction under which CGG acquired Fugro's Geoscience division, excluding the multi-client library and the Fugro ocean bottom nodes business.

The effective date of the transaction is 31 January 2013, with the exception of the Airborne activities and certain minor other assets which will be closed upon once all equipment license transfer and administrative authorizations have been received (expected to occur in 2013). The total transaction value amounts to EUR 1.2 billion on a cash and debt free basis. An amount of some EUR 700 million has been received in cash.

The expected net profit after tax on the transaction including the deferred closings is expected to amount to approximately EUR 200 million. This amount was calculated based on certain assumptions with respect to the deferred closing of Airborne, taxes, accumulated translation reserve and the expected outcome of the post completion process, including the outcome of Capital expenditure review and working capital balance review per 31 January 2013. The amount mentioned may therefore deviate from the actual outcome to be reported later this year.

Parties have agreed that part of the consideration will be satisfied in the form of a vendor loan from Fugro to CGG. On 31 January 2013 the vendor loan amounts to EUR 125 million and will increase to EUR 225 million upon the closing of the Airborne activities. The loan agreement carries interest of 5.5% and provides Fugro with collateral. The loan agreement also includes a repayment schedule that requires repayment of, at a minimum, half of the loan amount before the end of 2013 and the remainder, in annual repayments, before the end of 2018.

The multi-client library, with a book value of EUR 458 million at 31 December 2012, remains with Fugro while all multi-client personnel have transferred to CGG as part of the transaction. After closing of the transaction Fugro will further limit the development of the multi-client library reprocessing and the completion of limited ongoing projects. Any new investments will be made by CGG.

As part of the transaction both parties entered into a non-exclusive sales and marketing agreement under which CGG will sell licenses to the multi-client library that is still owned by Fugro for a revenue based fee with respect to 3-D, another party will sell 2-D. Fugro will retain the right to enter into non-exclusive agreements with other parties as well as an outright sale of (all or parts of) the library.

Share options held by Fugro employees that will be transferred to CGG and were exercisable at completion can be exercised until 15 December 2013, provided the exercising option holder is employed by a member of the CGG Group, after which date these options will expire. If the employees joining CGG exercise these options after the transaction, Fugro is responsible for delivering the shares. The stock options that had not vested at completion of the transaction, will be replaced by a CGG phantom share option plan with the similar terms and conditions as Fugro's share option plan. If these options are exercised after vesting, CGG will pay the option holder the difference between Fugro's opening share price on the day of exercise and the exercise price of the option.

Furthermore Fugro entered into a strategic partnership with CGG, which includes a global technical and commercial agreement, under which CGG and Fugro grant each other preferred supplier status for services and equipment, which will be supplied on an arm's length basis.

Finally, Fugro and CGG also established a new entity, Seabed Geosolutions, which includes Fugro's and CGG' ocean bottom nodes business and CGG' transition zone, ocean bottom cable and permanent reservoir monitoring activities. This transaction was closed on 16 February 2013. In addition to the contribution of the ocean bottom nodes business to Seabed Geosolutions, Fugro has paid EUR 225 million to CGG with respect to Seabed Geosolutions. Subsequent to the closing, Fugro holds a 60% interest in Seabed Geosolutions and CGG holds a 40% interest. Fugro controls and will consolidate Seabed Geosolutions showing a minority interest for 40%.

The contribution by CGG of its ocean bottom nodes, transition zone, ocean bottom cable and permanent reservoir monitoring activities against a 40% interest in Seabed Geosolutions and EUR 225 million constitutes a business combination under IFRS. Fugro has not yet completed a purchase price allocation on this acquisition and the impact of this transaction on the fair value of the assets acquired and liabilities assumed is unknown at the date of these financial statements.

As per 7 February 2013, mr. F.J.G.M. Cremers has stepped down as vice-chairman of the Supervisory Board and as chairman of the Audit Committee. Mr. J.A. Colligan took over the chairmanship of the Audit Committee.
Mr. H.L.J. Noy became member of the Audit Committee.

OUTLOOK

The continued business and operations in the year 2013 started off without significant issues, despite the continued uncertainties in global markets. On 31 January 2013, the divestment of the majority of the geoscience division and on 16 February 2013 the establishment of the Seabed Geosolutions JV were successfully completed. A strategic initiative commenced early in the year to review the strategy of Fugro and to review the existing business portfolio, new niches and growth opportunities going forward. This is being done with support of an outside consulting firm.
Despite the divestment of exploration related activities, a significant part of the revenue is still generated from the oil and gas industry. With an estimated level of investment in 2013 of over USD 600 billion, an increase of some 6% from the 2012 figures, the oil and gas industry is planning for a continued high level of investment. Recent reports point to declining production outputs and decreasing reserves of some of the major international oil companies will drive continued investment in oil and gas projects. A stable oil price of around USD 110 per barrel (Brent) is above the threshold that drives new projects in the exploration and development in more frontier areas, including deeper

water. With a well balanced portfolio of services including services to support deep water development and arctic activities, Fugro should continue to benefit from the investment the industry is projecting in the coming years.
Fugro's activities in the infrastructure and construction, water management and renewable energy markets are, amongst others, dependent on the world wide economy and how government deficits will impact public and private investment. Europe's efforts to continue to invest in offshore wind farms, an important market for Fugro, will continue with many European Union member states adopting policies to seriously change the energy mix over the next 20-30 years to reduce dependence on fossil fuels. Asia and the United States seem to be following this trend. Fugro's international footprint, the efforts to focus on the larger, more complex projects, bundling of services and maintaining leadership in data acquisition and consulting have created a robust competitive position in these markets for Fugro.

The International Energy Agency indicates that in the next decennia the world crude oil demand will continue to increase to approximately 90 million barrels per day (mb/d) in 2020 from approximately 85 million mb/d today. The supply of crude oil is impacted by the increasing depletion rates of existing oil fields. By 2020, expectation is that current production capacity will have declined by an estimated 25% due to depletion. In total 30% of new capacity will need to be added by 2020, a gigantic task. Meeting the growing demand for energy in the world will mostly come from an increased supply of natural gas. Together, those developments will require the industry to focus on maximising production from existing oil and gas fields and the exploration and development of new fields. The establishment of the Seabed Geosolutions JV, with services specifically aimed at development and production enhancement of existing oil and gas fields, provides unique solutions to support clients with these challenges.

The investments the oil and gas industry is making in subsea infrastructure, offshore production facilities and pipelines, will lead to a growing demand for subsea services, such as inspection, repair and maintenance (IRM). Fugro's survey and subsea business lines provide a global foot print that offers vessels, equipment like ROVs and AUVs and highly experienced staff to all regions in which our clients operate. Although expected investments in subsea in 2012 are lagging on the expectations earlier in the year, for most projects this merely indicates delays. Supply side and regulatory requirements such as in Australia and Brazil have caused significant upward pressure on costs.There is a natural slowing down of developments to cope with increasing cost.

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

With the divestment of the majority of the geoscience division, Fugro's dependence on the mineral exploration market is much reduced. Mineral prices in general are expected to hold thanks to Far East demand and it is expected that this will continue to drive mine development. Fugro's techniques are used in the support of mining activities and will benefit Fugro land survey and geotechnical businesses which are key suppliers of these services to the world's mining companies.

Fugro is expecting a strengthening of activity in most market sectors in which it operates. This is supported by current tender activity and an improving backlog. Fugro has been able to significantly enhance its financial position as a result of the divestment of the majority of the geoscience division on 31 January 2013. The proceeds of the divestment and the continued long term financing provides financially required resources for future investment opportunities to expand and broaden activities both organically and through acquisitions.

As in previous years, we will first publish a quantitative outlook for 2013 in August, at the time of the publication of the 2013 half-yearly report.

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

To the best of the Board of Management's knowledge the financial statements (pages 102 to 197) 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, 7 March 2013

P. van Riel, Chairman Board of Management /
Chief Executive Officer
A. Jonkman, Chief Financial Officer
W.S. Rainey, Director Geotechnical division
J. Rüegg, Director Survey division

IMPORTANT AND INTERESTING CONTRACTS

- Antarctica – Fugro Brasil played a central role in the salvage of a sunken barge containing 10,000 liters of fuel from the pristine waters of Antarctica. The DSV Gulmar Atlantis, under contract with Petrobras, carried out the operation with a team of expert saturation divers and ROV operators from Fugro.

- Australia – Fugro continued works as part of Woodside's proposed Browse LNG development near James Price Point, north of Broome in Western Australia. Fugro's work scope included the onshore geotechnical and geohydrological investigation for the proposed LNG facility and performing the nearshore investigation for the port and loading facilities for the proposed development. The total value of the contracts was in excess of AUD 25 million.

- Australia, Norway, United Kingdom and United States – Fugro acquired a total of 38,000km² of multi-client seismic data. The largest surveys were acquired in the Norwegian Barents Sea and industry showed a very strong interest for the new data in this prolific region. Fugro also acquired almost 8,000km² in the Joint Development Zone between Australia and Timor Leste with good funding from the industry. Fugro continued to invest in 2-D projects in the Barents Sea and Northern Brazil and almost 40,000 line km was added to the library.

- Azerbaijan – McDermott Caspian Contractors Inc. awarded Fugro a two-year contract for provision of all survey, positioning and ROV services on their Chirag Oil Platform (COP) development project in Azerbaijan which will include three FCV ROV's.

- Cambodia – Fugro conducted digital elevation models and digital ortho photography over an area of 884km² for the Chinese Railway Engineering Corporation. The information will be used for the planning and construction of a railway from inland Cambodia at the proposed Preah Vinear mine to Samit Port on the coast. Total length of the rail route is approximately 420 line-km.

- Canada – Fugro was contracted to survey icebergs in order to be able to build accurate 3-D models. The client was looking to build upon a database of iceberg properties including size, shape, depth, height, and surface variability – properties that are used in ice engineering to calculate mass, impact loads, and seabed scouring characteristics.

- Canada – Fugro completed a 5,000km² seismic 3-D survey during a single ice free season offshore Newfoundland.

- Ghana – ENI Ghana awarded Fugro three large contracts as part of the Sankofa and Gye Nyame Offshore Cape Three Points (OCTP) block development offshore Ghana comprising offshore geophysical and geotechnical, onshore geophysical and geotechnical, and metocean services. Total combined value of the contracts is estimated at USD 27 million. The work commenced onshore in January 2013 and Fugro will be on site until approximately March 2014.

- Guinea – Fugro was awarded a contract for the definition of the geodetic framework over the Simandou mine development (mine site, railway, port) for Rio Tinto. Simandou will be the largest integrated iron ore mine and infrastructure project ever developed in Africa.

- Hong Kong, Singapore, Malaysia and Vietnam – Fugro worked on major nearshore site investigations, on projects related to the Hong Kong – Zhuhai- Macao Bridge and the Chek Lap Kok airport third runway projects in Hong Kong, as well as various infrastructure and oil and gas-related projects in Singapore, Malaysia and Vietnam. Also in Hong Kong, Fugro worked on major long-term materials testing contracts for both the government and private-sector clients, and provided instrumentation and monitoring services on several construction contracts related to the Express Rail Link high-speed rail project.

- India – Fugro Singapore was awarded a large offshore geotechnical investigation contract by Reliance Industries Ltd on the East Coast of India. Fugro performed geotechnical investigations, laboratory testing and foundation design studies to allow detailed design of subsea infrastructure for the Dhirubhai Satellite Fields located in water depths of up to 1,850m.

- Indonesia – Fugro was awarded a year-long metocean measurement contract for ENI Muara Bakau. The services are required to support detailed engineering design for the development of the Jangkrik field, and the 70km export pipeline. The works comprise deployment of six moorings in water depths from 10m to 400m, measuring current profiles, waves, meteorology and water levels.

- Iraq – Shell Iraq awarded Fugro a large geophysical survey and geotechnical investigation for their South Gas Utilisation Project in Iraq.

- Italy – Fugro Seacore was awarded a large contract by Titan-Micoperi to contribute to the recovery of the Costa Concordia. Raising the cruise vessel , which is twice as heavy as the Titanic, from two giant rock outcrops in the sea has been described as one of the toughest marine recovery operations in modern history. Fugro Seacore will drill the offshore foundations for six platforms, the three largest platforms equaling the size of a rugby pitch.

- Malaysia – Fugro was awarded a long term five-year with two year extension options by Murphy Oil in Malaysia to support the drilling and construction activities on their deepwater fields in Malaysia. The contract base case scope of supply is to provide the Fugro TSM operated multi-purpose vessel Havila Harmony as a platform, complete with a deepwater ROV with tooling spread and full time six man ROV crew.

- Mexico – Fugro (Mexico) in conjunction with long-time associates, Constructora Subacuatica Diavaz, S.A. de C.V., has been awarded a large offshore multi-site high resolution geophysical and geotechnical survey by Mexico's national oil company PEMEX. Activity started in September 2012 and will continue through to August 2013.

- Mozambique – Fugro concluded a three-year frame agreement with Anadarko for positioning, subsea and geotechnical services on board a client provided vessel. In addition, Fugro is to conduct year-long metocean measurements services for ENI to support detailed engineering and design for the development of the Mamba field in the Ravuma Basin Area 4, the 60km export pipeline and coastal unloading facility.

- Netherlands – Fugro-Geoteam carried out a 3,100km^2 3-D seismic acquisition project in an area of the North Sea crossing two major shipping lines, and with 26 permanent installations that had to be under-shot. Two seismic 3-D vessels, one large 12-streamer C-class vessel and one 8-streamer vessel, were allocated to this special project.

- Norway – Fugro has been awarded a hydrographic charting contract with the Norwegian Hydrographic Service (NHS). This survey is part of the Mareano project covering appr. 11,000km^2 in the Barents Sea. Mareano is Norway's program to fill knowledge gaps related to seabed conditions and biodiversity along the northern coast.

- Norway – Fugro Seastar has been awarded a contract with the European Committee to define and specify the commercial services component of the Galileo navigation satellite system. The contract will be executed in cooperation with SDC and Thales of France and Trimble Navigation of the USA.

- Panama – Fugro is providing site investigation services to support the expansion of the Panama Canal. It is expected that canal capacity will double by 2014 thereby making it able to take standard-sized LNG tankers possibly originating from ports along the Gulf of Mexico.

- Russia / Germany – Fugro was awarded a contract for the inspection of the dual Nord Stream Project pipelines through the Baltic Sea from Russia to Germany. This is the largest pipeline survey and inspection project ever undertaken by Fugro.

- Saudi Arabia – Snamprogetti Saudi Arabia (SAIPEM) awarded Fugro a four-year contract for all survey, ROV and positioning services across the Middle East Region.

- Tanzania – Fugro was awarded a contract by Beach Petroleum for a 2-D seismic survey at Tanganyika Lake. The work included 2,270 line-km of 2-D seismic. A local ferry was completely refurbished and upgraded with the necessary equipment on board to acquire and quality control process the 2-D seismic data after it has been acquired.

- United Kingdom – Fugro is to conduct a review of benthic and fish ecology, marine mammals, birds, underwater noise, coastal and shelf processes, with respect to wind farm post-construction monitoring. The objectives of the contract are to review the post-construction monitoring strategies, methodologies and conclusions with respect to all English wind farms that have currently been constructed.

- United States – Fugro Atlantic has been appointed to conduct a geological and geophysical survey for the Virginia Wind Energy Area (WEA) within the Atlantic outer continental shelf. The WEA encompasses 112,799 acres at a distance of 23.5 nautical miles offshore Virginia Beach and the Port of Hampton Roads.

- United States – The US Department of Energy has selected Fugro GeoConsulting Inc. for two research projects to advance understanding of resource-grade gas hydrates. The first award is for developing plans for a pressure-coring program and the second award is for developing methods and tools to better understand the gas hydrate reservoirs through seismic imaging and rock physics. The research and planning will be done within a twelve month period in 2012 and 2013.

- United States – Fugro performed geotechnical studies related to the design of a storm protection complex throughout the New Orleans drainage district in connection with the Gulf Intracoastal Waterway West. The complex is designed to reduce the flood risks for residences and businesses in the project area from a storm surge associated with a tropical event. This complex was operated for the first time in August 2012 in response to Hurricane Isaac.

- Global – Fugro is actively involved in projects that are contributing to the rising global supply of LNG (liquefied natural gas) to meet increased demand driven by economic growth in Asia and the shutdown of the nuclear power industry in Japan. Supply growth opportunities where Fugro is providing services for developing gas liquefaction infrastructure are coming from North America (including Alaska), SE Asia (Malaysia and Indonesia), the Middle East, especially Qatar, Australia and PNG, and East Africa, particularly Mozambique.

GEOTECHNICAL DIVISION

Revenues for the division increased by some 8% to EUR 723 million (2011: EUR 670 million). The onshore activities generated revenues of EUR 423 million (2011: 357 million) and the offshore business line contributed EUR 300 million (2011: EUR 313 million). Results from operating activities (EBIT) were EUR 99 million (2011: EUR 96 million) corresponding to an EBIT margin of 14% (2011: 14%).

The onshore geotechnical business performed strongly in a number of distinct traditional markets notably the Asia Pacific region, Africa and in the Middle East, and in emerging markets such as Turkey, Kazakhstan, Azerbaijan, Mozambique, Ghana and Qatar.
In Mozambique, we are supporting frontier field development, pipeline route optimisation and terminal site selection including ports, rails and roads for a large LNG project using services from both the Survey and Geotechnical divisions. We acquired two internationally operating geotechnical drilling companies, EM Drilling (United Kingdom) and Mercatus Interport (Hungary), to support our growth in emerging markets. In Southeast Asia, we are complementing our core Hong Kong and Singapore based geotechnical activities by progressing expansion into Indonesia and Vietnam to develop infrastructure work. The areas for which the onshore geotechnical workload has fallen are in the United States and Western Europe where projects are generally government budget dependent. This specific type of activity is not expected to rebound in the short term and we have re-distributed technical staff and heavy equipment resources (CPTs and drill rigs) to accommodate the local market needs.

Nearshore site investigation and installation activity continues to be driven primarily by the energy and resources sectors, and by the requirements of civil engineering infrastructure such as bridges, ports and harbour development. In order to operate more effectively in a wider selection of harsh coastal environments, Fugro and Van Oord jointly developed and operate a large walking jack-up barge called WaveWalker. This is an innovative jack-up that can be operated as a walking jack-up platform in rough seas, surf zones, beaches and other intertidal locations.

For the mining sector, we are providing geotechnical engineering during the installation of foundation systems at new oil sands mining operations in Western Canada and continue to expand our position in the metal mining market in Latin America. Our mining activity represents a growth market as we have significantly increased our geoscience capability and exposure which has translated into projects.

The offshore geotechnical activities benefited from stable oil prices that are driving investments in the energy sector globally. The oil and gas market remains our main source of revenue and provides relatively constant conditions for our offshore site investigation business. The United States and Mexico are moving forward with several offshore deepwater projects in the Gulf of Mexico as the Macondo era seems to be behind us. This year produced a significant amount of work offshore West Africa, Brazil and Australia above our normal activity. In early 2013, we will complete a large 2-year geotechnical program for Petrobras in Brazil. Globally, the deepwater and ultra-deepwater markets continue to grow as international companies move into new geographic regions such as offshore Africa, Brazil,

Key figures Geotechnical (amounts x EUR 1 mln.)	**2012**	**2011**	**2010**	**2009**	**2008**
Revenue	723	670	664	536	541
Results from operating activities (EBIT)	99	96	104	94	95
Average invested capital (incl. acquisitions)	579	519	447	358	254
Depreciation of tangible fixed assets*	43	41	35	29	24
Results from operating activities (EBIT) as a % of revenue	14	14	16	18	18

* *Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. The comparitive figures have been adjusted for comparitive purposes.*

Fugro's specialist jack-up platform, Skate 3C, on site in Bahia, Brazil

China and Japan to develop complex projects suitable for Fugro's specialty geotechnical and geoscientific services.

The renewable (wind farm) market continues to grow in Europe where each country must target power generation from renewables and many include offshore wind. By virtue of early engagement through Fugro's environmental consultancy services, site investigations for wind turbines and corridors for power cable installations continued in northwest Europe particularly the UK and Germany with lesser interest in France and Denmark. However profit margins have suffered because this market is highly sensitive to political decisions on subsidy support and there is reluctance by the clients to bundle services for efficiency and cost savings. In the United States, Fugro undertook a major geotechnical and geophysical program for an offshore wind power project at the design stage off the northeast coast.

To enter the seabed-based robotic drilling marketplace, Fugro formed a new joint venture company, Seafloor Geotec, LLC (SGL) with Gregg Marine of the United States. Robotic seabed soil investigations to 3,000 meters water depth complements Fugro's extensive fleet of geotechnical drilling vessels to provide a unique drilling option for oil and gas companies, mining companies and the scientific community.

The need for Fugro's specialised geotechnical expertise continues to grow as the complexity of the projects increases along with the remoteness and general lack of information in new areas. In support of our expanding international geoconsultancy services, we acquired Geoter in France. We are maintaining our involvement in geoscience research. In one example, to advance the understanding of gas hydrate potential around the world, the US Department of Energy (DoE) selected Fugro to develop plans to sample the gas hydrates that were identified during a DoE funded drilling expedition in the deepwater Gulf of Mexico in 2009 and to use seismic imaging and rock physics to better understand the gas hydrate reservoirs. Another unique project is our contract with the Titan-Micoperi consortium to drill offshore foundations for platforms that will contribute to the recovery of the Costa Concordia, the stricken cruise liner that sank just off the Italian coast in January 2012.

As part of our fleet renewal program, construction of two deepwater geotechnical drilling vessels remained on schedule in India with delivery of the first vessel expected by mid-2013. Both vessels are specially designed and built for operating in the deepwater geotechnical market specifically in Southeast Asia and the Americas, in water depths up to 3,000 meters. The vessels will be equipped with Fugro's proprietary deepwater drilling and seabed investigation equipment.

In summary, the financial results ended the year close to expectations, slightly down in the onshore due to the current economic conditions and government related work while the offshore results were up slightly due to higher than expected work volumes. This clearly illustrates the benefits of the diversity of the group by working onshore and offshore as well as the geographical distribution of our capabilities. Our organisational structure enables us to work anywhere in the world on short notice and we excel at providing a full suite of geotechnical and geoscientific capabilities positioned globally to meet our client's needs.

SURVEY DIVISION

In the year under review the Survey division achieved revenues of EUR 1,389 million (2011: EUR 1,191 million). The offshore survey business line generated EUR 731 million of revenue (2011: EUR 632 million). The subsea services business line added EUR 554 million (2011: EUR 440 million) and the geospatial activities contributed EUR 104 million (2011: EUR 119 million). The result from operating activities (EBIT) decreased by 6% to EUR 191 million (2011: EUR 202 million) equating to an EBIT margin of 14% (2011: 17%).

The Survey division activities continued to be dominated by the resource exploration and production industry, primarily related to oil and gas. Therefore the oil price and the prevailing investment climate remain key factors for this business on a global scale. However, our services also extend to renewables as well as a broad range of commercial, civil and telecommunication industries. Approximately 90% of activities relate to work offshore and shallow coastal areas around the globe. Our services extend from geophysical and geological surveys and basic sea bottom mapping to positioning services for a wide variety of applications and users as well as subsea services and intervention in support of the development of natural resources.
As part of providing an encompassing service we include meteorological as well as oceanographic data acquisition and studies in our survey portfolio. Subsea Services include a range of underwater activities covering inspection, repair and maintenance (IRM) of subsea structures, supporting offshore construction contractors as well as drilling activities through a large fleet of remotely operated vehicles (ROV's) and a specialist fleet of support vessels. Onshore operations in the division include land and airborne surveys and mapping principally for infrastructure development but also increasingly the oil and gas industry. The division is established globally with offices at all major centres from which the oil and gas industry operates.

Offshore Survey enjoyed a particularly strong performance through the year right from the beginning with the usual peak operation quarters in mid year. After a two year hiatus as a result of the Macondo disaster in the Gulf of Mexico (GoM) the requirement for survey services in the deep water part began to return to normal by the first quarter of 2012. Survey performed particularly strong in Mexico and Canada including a prestigious airborne offshore laser mapping project in the Canadian arctic. Operations in Africa turned out particularly solid and we were able to strengthen our position in West Africa and build up a good position in the emerging East Africa region with a number of major awards that will continue into 2013. The successful completion of a 2-D survey in 2012 on Lake Tanganyika deserves special mention and signals a new oil province in the making, spanning all the Central African Lakes. With a large number of local offices in Africa, Fugro is well positioned to benefit from all African developments. The North Sea was likewise performing very well in all survey related activities and our new survey vessel fleet was in high demand. Middle East, India and the Caspian had solid performances throughout. An exception was the Asia Pacific region where we struggled for much of the year. We continued our path of vessel renewals by launching one more early in the year and at year-end still have seven under construction (including some smaller ones) with deliveries planned between 2013 and 2014. The new fleet has become a major differentiator in the market and clients are responding very well to

Key figures Survey (amounts x EUR 1 mln.)	2012	2011	2010	2009	2008
Revenue	1,389	1,191	1,009	956	960
Results from operating activities (EBIT)	191	202	228	246	235
Average invested capital (incl. acquisitions)	1,170	952	710	578	497
Depreciation of tangible fixed assets*	100	81	51	49	43
Results from operating activities (EBIT) as a % of revenue	14	17	23	26	24

* *Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments.*
The comparitive figures have been adjusted for comparitive purposes.

ROV support vessel, Fugro Saltire, wind farm North Sea

availability of these purposely build vessels. We added another deep water AUV and have one more on order, making Fugro the largest commercial AUV operator worldwide.

The number of acquisitions for the division through the year was limited to EMU Ltd. in the UK. The company is specialised in environmental surveys, both in the offshore resource industry as in the renewables market and fit well into the Fugro organisation. By the end of the year, we have consolidated all marine environmental activities in Fugro in a single entity which together have a significant footprint in the North West European markets and are set to grow the marine environmental business globally.

Subsea Services had a difficult year in 2012 with a rather variable performance regionally. In Northwest Europe we had a good performance overall but it was impacted by the collapse of a significant client for our vessel operations in the fourth quarter of 2012. The new trenching activities performed very well operationally. In West Africa, our activities focused on Nigeria and went well albeit under very competitive terms. Brazil did not live up to our expectations primarily due to late delivery of vessels by vessel companies that were outside our control. They are now operational and will contribute well in 2013. One remaining dive support vessel is on target to become operational during third quarter of 2013. The Middle East was a disappointment due to a combination of low activity and below standard operating performance on one large project. Reorganisation has taken place and by the year-end we have seen significant pick up in activity throughout the region and into the Caspian.
A strategic drive to develop our Indian capability has started to pay off and we move into 2013 with a record level of activity.

In Asia-Pacific we had a year of consolidation in both Perth and Singapore. While our vessel-based operations were close to expectations with a significant growth in Malaysia, our stand-alone ROV activities were at a low ebb for most of the year. Significant management effort coupled with the ROV fleet renewal strategy has turned that situation around and we enter 2013 with a more positive outlook. In 2012 we accelerated our ROV fleet replacement to ensure we operate a modern and reliable fleet of systems. This resulted in our year-end ROV count being essentially the same as at the end of 2011.

Geospatial Services activities include both terrestrial (ground based) survey services and a range of non-geophysical airborne mapping services and solutions. The business also includes satellite based remote sensing activities, using satellite data from third party sources. In 2012, market conditions for aerial imagery and LiDAR (laser based) data services particularly the deteriorated in most regions of the world. Due to budget constraints, the demand from governmental agencies in the USA, Europe and the Middle East for aerial imagery and laser generated digital terrain models remained particularly subdued.
The second most important market sector (Infrastructure and Construction) was also generally weak. Even in Australia, the demand for airborne mapping services from the resource sector declined.

Given the challenging market conditions, Fugro has implemented further rationalisation measures to deal with weak geospatial activities in certain regions and drove rigorous efficiency measures.

In contrast, the performance of terrestrial survey services developed positively in 2012 and in most areas generated excellent profit margins, particularly the onshore oil and gas sector in Australia, Middle East and North America. In Australia, terrestrial activities deployed on Barrow Island for the massive Gorgon project and continued large shale gas developments in the USA all contributed to the positive result. One exception was the Netherlands market for general land survey services which weakened due to a decline in the number of infrastructure and construction projects.

The global positioning signal services showed steady growth in all positioning product lines and generated outstanding revenue and profits. The positioning business serves well over two thousand high end construction vessels from all segments of the offshore sector, but also cruise vessels, merchant marine and research vessels. Fugro positioning specialists are also involved in the development of commercial services for the European Satellite Navigation Systems Galileo.

The group of Fugro services which operates under the umbrella of oceanography and meteorology performed beyond expectation in 2012 and was very busy throughout the year. Increasingly, this business is deriving its results from long term maintenance and support contracts of permanent monitoring systems deployed on large FPSO's, drill ships and mobile platforms.

GEOSCIENCE DIVISION

In 2012, the Geoscience division (continued and discontinued) shows a revenue increase by 17% to EUR 841 million (2011: EUR 717 million).
The seismic services business line generated EUR 619 million (2011: EUR 507 million). The geophysical and geological services business line contributed EUR 222 million to the revenue (2011: EUR 210 million). Results from operating activities (EBIT) amounted to EUR 174 million (2011: EUR 57 million). This equates to an EBIT margin of 21% (2011: 8%).

Under the banner of the Geoscience division in 2012, Fugro clustered the provision of proprietary and multi-client data, technical and consulting services, and software and technical products associated with oil, gas and minerals exploration, development and production. The services include geophysical and geological data acquisition, processing, analysis and interpretation. During 2012 Fugro operated with one of the newest and most modern high capacity 3-D seismic fleets in the world. Fugro's fleet was active around the globe during 2012. However the marine seismic data acquisition segment continued to be under pressure during 2012 but performed better than in 2011.
The activity experienced a strong summer season in the northern hemisphere leading to a better second half than expected at the start of the year and also did not experience the usual dip in activity in November/ December.

Seismic data processing activities continued to expand in 2012. As was the case in 2011, the reduced contribution from the marine seismic contract market has been largely offset by positive record results from multi-client seismic data sales which were strong across the portfolio, and in particular with respect to the Barents Sea data. Fugro continued to invest in the seismic libraries in 2012 and a total of 38,000 km² were acquired in Norway, the Netherlands, United Kingdom, United States and Australia. The largest surveys were acquired in the Norwegian Barents Sea and industry showed a very strong interest for the new data in this prolific region. Fugro also acquired almost 8,000 km² in the Joint Development Zone between Australia and Timor Leste with good funding from the industry. Fugro continued to invest in 2-D projects in the Barents Sea and Northern Brazil and almost 40,000 line km was added to the library. The growth in multi-client activity follows from

Key figures Geoscience (amounts x EUR 1 mln.) (continued and discontinued)	**2012**	**2011**	**2010**	**2009**	**2008**
Revenue	**841**	717	607	561	654
Results from operating activities (EBIT)	**174**	57	101	106	154
Average invested capital (incl. acquisitions)	**1,381**	1,207	902	703	583
Depreciation of tangible fixed assets*	**71**	94	38	32	28
Results from operating activities (EBIT) as a % of revenue	**21**	8	17	19	24

* *Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. The comparative figures have been adjusted for comparative purposes.*

Geo Celtic start-up preparations, offshore Dutch Harbor, Alaska

the division's strategy to achieve a better balance between multi-client and contract business. After the divestment of the majority of the Geoscience division, the seismic libraries are being retained and represent a significant value to Fugro. The marketing agreement signed with CGG will secure income from this asset in the years to come.

No acquisitions of corporate entities were executed in 2012 in the division. Considerable efforts and management time were spent on integrating the previous acquisitions of De Regt Marine Cables as well as the Ocean Bottom Node (OBN) business which was acquired from SeaBird Exploration in the fourth quarter of 2011. De Regt has continued to grow their general business as well as increasing their offering of specialized high tech cables. The OBN business had a difficult start as delays in awards resulted in a slow build-up of the order book. Since award of a long term contract for Chevron, the company has performed well and the seabed geophysics market continues to strengthen in parallel. The Chevron multi-year agreement will keep a crew busy well until into 2014.

The demand for high end geologic and geophysical interpretation and reservoir modeling services continued to be stable throughout the year. The subscription-based geological information business introduced Merlin+, designed to help oil and gas explorers determine if a given region has some of the key pre-requisites to harbour hydrocarbon reserves by modelling changes in the earth's structure over 100's of millions of years. General performance of the multi-client geophysical data and geologic product sales was again strong, with good demand across the range of products. Software product sales through corporate access agreements continued to develop well. New, long term corporate access agreements were entered into, amongst others, with the Kuwait Oil Company and Gazprom, the latter being a repeat customer.

The market for non-seismic geophysical services experienced a challenging year in 2012. Demand continued to be good from the oil and gas and governmental sectors, however the mining sector responded to global economic uncertainty with aggressive cost minimization efforts. Junior mining explorers had increasing difficulty accessing investment capital through the year. The major mining houses recalculated demand for their products and in many cases cut exploration departments and expenditures significantly. This resulted in overall demand for exploration services dropping through the year to levels approaching long term cyclical lows during the second half.

Highlights of activity included large airborne gravity surveys in South America and Africa as well as the conclusion of a large marine gravity survey in the Gulf of Mexico. In spite of the weak mining market, businesses continued to invest in specific R&D projects in areas of core technologies such as electromagnetic systems and gravity systems to maintain or improve their competitive position.

The cooperation with Electromagnetic GeoServices ASA (EMGS) for marine electromagnetic activities came to a conclusion and Fugro exited its equity position in the company. Fugro will continue to pursue developments in this market.

Geoscience going forward

With the recent divestment of the majority of the Geoscience division to CGG, Fugro will continue to have Geoscience-related activities in two areas – multi-client seismic data and the seabed geoscience JV with CGG. The former will be focused on realizing the value of our retained multi-client library valued at EUR 458 million at year-end 2012. This includes a non-exclusive marketing and sales agreement with CGG. Although Fugro has no plans to invest in new data acquisition, targeted investments in re-processing existing data will be made from time to time to generate additional sales volume.

The seabed geoscience joint venture is called Seabed Geosolutions. Fugro and CGG retain full ownership of the business on a 60%/40% basis respectively.
The company will focus on acquiring, processing and interpreting geoscience data on or near to the seabed, from the transition zone to the deep water environment. It is already the largest company in the world in this market segment and will benefit from access to parent company technical and commercial resources to support its growth.

All our activities in the Geoscience division, except for the multi-client library and the ocean bottom nodes business, have been sold to CGG. In the future, these businesses will continued to be referred to as Geoscience Division.

Building the future

Fugro, building the future

Right from its early beginnings in 1962, Fugro has been involved and has provided key planet information to help build the future. The future of townships, cities, countries and even entire continents. The future of the need for energy and natural resources, but also the future of international shipping, the future of broadband telecom connections between continents. Fugro engineers collect the data and interpret its meaning to provide for a place to live, for heating in winter, light in the darkness, the means to transport and connect an ever increasing number of people on earth.

Fugro is well aware that earth resources and space are finite and that the easy answers are running out. Easy sources of energy have been found and put to good use, mankind need to look for the “not so easy” sources of energy in the deep waters of the oceans, the pristine environment of the arctic, the extreme deep geological layers under the salt in Brazil. Fugro engineers provide the data, monitor the environment, provide advice and help to make, what was unimaginable 50 years ago, the reality of 2013.

Fugro offers its services within the framework of six key private and public sectors, providing support and resources tailored to the specific needs of each. This focus enables us to deliver multi-disciplined, solutions anywhere in the world. Fugro deliver critical knowledge and essential operational support to the upstream and downstream oil and gas industry, providing a true life-of field solution from exploration and development to production and decommissioning. Our knowledge, expertise and resources play a vital role in the development of sustainable energy solutions, both onshore and offshore, furthering new ways of meeting future energy demands. Fugro helps mining companies to recover raw materials safely and efficiently, using a range of survey, mapping, investigation and sampling technologies, together with geoconsulting and support services.We contribute to the design, realisation, safety and integrity of construction and development projects through the collection, interpretation, application and management of data relating to natural and man-made environments. Our mapping and data management services help local, regional and national government agencies manage security, urban planning, natural resources and environmental emergencies. Responsible strategies mean a safer future for all.
In sectors as diverse as agriculture, water supply, water management, forestry and fishing, Fugro’s technical expertise helps secure productivity, safety and efficiency for communities, as well as conserving our planet.

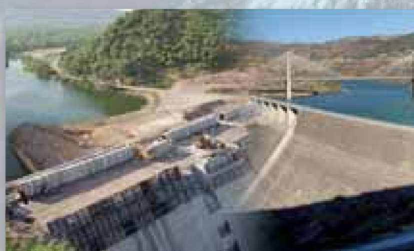

Oil & Gas


Mining


Building & Infrastructure


Public Sector


Sustainable Energy


Other Sectors

Geotechnical onshore & nearshore services

Geotechnical services investigate the engineering properties and geologic characteristics of near-surface soils and rocks, and construction materials to manage subsurface and materials uncertainty. Site investigations are undertaken in the onshore (land), nearshore (coastal) and offshore environments to support the design and installation of oil and gas and renewable energy facilities, and infrastructure development and maintenance for resource companies, governments, utilities, engineering firms and water agencies.

Geotechnical and other scientific data are acquired from the land and sea. Fugro operates land-based and offshore drill rigs (280) and in-situ testing equipment, portable and office supported laboratories, construction materials testing facilities and survey systems, and installation monitoring equipment. Data is collected using a variety of in-house methods, sampling technologies and in-situ measuring sensors such as cone penetration testing (CPT) apparatus, geophysical equipment, and conventional drilling techniques, sampling and borehole tests. For the nearshore environment (coast to 40m water depth), Fugro designs, builds and operates a range of barges and motion compensated jack up drilling platforms and sampling systems which can be transported around the world.

Laboratory testing is an essential element of the geotechnical, materials testing and environmental analysis. Fugro's global network of accredited testing laboratories undertakes soil and rock classification, static strength and deformation testing, dynamic properties and cyclic strength high quality testing to local and international standards.

Fugro has assembled a large resource base of experienced engineering geoscientists and geotechnical engineers to support the company and its clients in a wide range of comprehensive analytical and consultancy services related to the foundations for buildings, infrastructure projects, industrial complexes and land reclamation as well as hydrological and geohazard studies. Fugro has the ability to manage all the multi-disciplinary requirements throughout the complete lifespan of any complex project from initial design through to decommissioning and abandonment.

CPT

Drilling site

Pile installation

Mobilisation jack-up WaveWalker 1

EUR 423 million Revenue

Up to 40m water depth

75 CPT Trucks

29 Jack-ups

Anadarko LNG project

Fugro was selected by Anadarko Petroleum to provide integrated geotechnical and survey study to support a large LNG development in Mozambique.

This large project will consist of an offshore gas development and multiple purification and liquefaction 'trains' and associated infrastructure on land in remote northeast Mozambique. As Anadarko's engineering geoscience and geotechnical engineering consultant, Fugro is assisting Anadarko with frontier field subsea development, pipeline route optimisation and terminal site selection including a port, rail and roads. In addition to site investigations, various other studies such as site response analysis, probabilistic seismic hazard analysis, tsunami evaluation, detailed onshore, nearshore, and offshore engineering, and a geohazards assessment that considers geologic faulting, site seismicity and liquefaction potential are being performed simultaneously by various teams within Fugro to support the proposed development. Fugro has set-up a geotechnical and construction materials testing laboratory near the proposed LNG facility site in Mozambique to perform testing on core samples. A total of over 150 Fugro personnel from around the world are working together to complete the field investigations and subsequent reporting and consulting.

Geotechnical offshore services

Fugro's offshore geotechnical capabilities make us the largest global supplier of marine geotechnical services particularly for oil and gas and renewable energy site investigations. A fleet of dedicated drill ships (12) enables us to provide custom investigations in the varied offshore regions of the world, from the shallow continental environment to the remote deepwater plays. Our field data acquisition capabilities are complemented by other geotechnical services such as desk top studies, advanced laboratory testing, numerical and physical modeling of foundations, consultancy and engineering analyses. Seabed-based robotic drilling is provided for seabed soil investigations up to 3,000m water depth which complements our extensive fleet of geotechnical drilling vessels. Fugro can deliver the total package from conceptual design, through to installation, operation and field abandonment. Our in-depth experience, technological capability and global spread mean that we can provide optimum solutions for the design, installation and operation of offshore facilities, anywhere in the world.

Fugro offers a full range of drilling and subsurface well intervention or 'well work' to oil and gas well operators during, or at the end of, the useful life of the well. These services are aimed at de-risking of the well-site prior to deploying mobile offshore drilling units for the heavier intervention.

As part of our offshore foundation installation services, Fugro uses the latest design methods and our unique and comprehensive databases on soil and structure performance to provide safe and cost efficient solutions for our clients. We undertake foundation and geotechnical analysis for the design, installation, life performance, upgrades and abandonment of all offshore structures. For the renewable energy sector, Fugro provides a full range of foundation and geotechnical analysis for the design, installation, and life performance of wind turbine structures.

Bavenit

Smart pipe

Preparing equipment

Wind farm

EUR **300 million** Revenue

Up to **3,000m** water depth

27 Laboratories

12 Vessels

North Rankin B project

Fugro Seacore completed drilling on jacket installation works for the North Rankin B gas platform off the northwest coast of Western Australia. The North Rankin B platform is Australia's largest offshore platform measuring 100m long by 50m wide and weighing 25,000 tonnes.

Heerema Marine Contractors was contracted by Woodside Energy, as operator on behalf of Australia's North West Shelf Venture, for the transport and installation of the North Rankin B Platform substructure and topside. Fugro was sub-contracted for the design and build of two large pile top drills and three complete drill strings for the jacket installation works. The drills were fabricated by Fugro at their operational base in Falmouth, Cornwall, UK. Once a testing regime was successfully concluded, the drills were arranged into two complete masts and two base sections, and shipped to Indonesia where they were rebuilt and function-tested. All the equipment was subsequently loaded on to Heerema's semi-submersible crane vessel for shipment to the work site in Australia. After jacket launching, set down and driving of the primary piles, drilling works commenced. The drill team achieved above normal drilling speeds during operations in water depths up to 125m.

This offshore project is an example of Fugro's ability to design and fabricate customised elements of a technical plant and to complete the field operations to the highest standards.

Offshore survey services

Offshore survey provides an array of services to the offshore oil and gas and power industries, marine scientific and engineering communities, government agencies and other marine contractors and vessel operators.

Fugro operates and maintains a worldwide network of reference stations to monitor, calibrate and supplement the data broadcast by the global GPS and Glonass satellite navigation systems. The Fugro network is the most extensive that is commercially available, offering high precision, quality controlled positioning information to Fugro users and other offshore operators.

Our marine environment services support infrastructure planning, consenting and development, environmental protection and resource management to map the surface of the seabed in detail, and to assess the extent and nature of shallow subsurface geological features that may affect the development of offshore resources. Our marine services extend to the accurate locating and relative positioning of platforms, pipelines, cables and other seabed structures. During the planning phase, our oceanographic and meteorological scientists study regional weather patterns, ocean currents, tidal streams and wave heights (metocean data) to aid engineering design and determine how environmental conditions may affect planned developments and installation methods.

Advanced acoustic imaging techniques are used to map seabed topography in subtle detail and to determine the nature and character of natural or man-made features. Laser cameras mounted in aircraft provide equivalent data in shallow water areas and over nearshore reefs.

We acquire geophysical data offshore to provide vital information about the geology of the sub-bottom strata. Using a variety of acoustic energy sources, electromagnetic (EM) and magnetic sensors, our specialists measure the depth, thickness and characteristics of the soil and rock layers, together with any shallow features, or hazards, that may create foundation design risks, or concerns to drilling, production or mining activity. Data acquired by these remote sensing techniques is verified by soil sampling and in-situ testing.

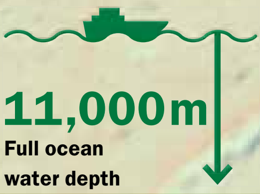

AUV launch

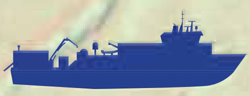

Wavescan deployment

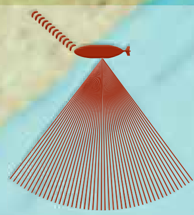

Lab equipment

Small survey vessel

EUR
731 million
Revenue €


11,000m
Full ocean water depth


20
Vessels


9
AUVs

Offshore survey for the Rosebank Development project

Fugro Survey undertook an offshore survey for the Rosebank Development in the Atlantic Margin Basin of the UK Continental Shelf in northwest Europe.

This project is operated by Chevron North Sea and its co-venture partners. Fugro Survey operated two of its dedicated survey vessels, the Geo Prospector and Fugro Galaxy, to conduct geophysical, geotechnical and environmental surveys in development blocks west of the Shetland Islands and for a gas export pipeline route to shore. The specialist AUV, Echo Surveyor 4, was used to collect engineering grade geophysical data in water depths of over 1,200m. This is the first time that an AUV has been used in a major UK deepwater project. The AUV tile camera proved an effective method for collecting images suitable for environmental habitat assessments.

Subsea services

Subsea services provide under water support to the oil and gas and renewable energy sectors globally. A modern fleet of remotely operated vehicles (ROVs), and dive support vessels work on a diverse range of offshore subsea projects. These services are provided throughout the life-of-field from ROV backup during exploration drilling, seabed investigations during field development, installation and construction support, long term inspection, repair and maintenance (IRM) of subsea assets to assistance in final decommissioning.

Fugro maintains purpose built vessels for ROV and dive support, modern trenching systems, remote intervention equipment and a global team of close to 1,800 experienced technical staff to ensure safe and timely delivery of results. A fleet of over 18 support vessels and in excess of 150 ROV systems with depth capabilities down to 3,000m can simultaneously support a multitude of diving projects worldwide.

Fugro's subsea engineering capabilities range from developing field installation programmes, planning and executing interventions on subsea structures and infrastructure, to detailed design and build of complex remote systems and tools. Fugro's proprietary and market leading subsea engineering simulator allows full operational planning, mission rehearsal and online integration of simulated and real world data.

Fugro is an industry leader in inspection and survey technology, and can provide a wide range of pipeline and subsea structure divers and diverless inspection services from shallow water to 3,000m depth. A world-class fleet of over 60 modern electric powered inspection and observation class ROVs is operated from owned or from client supplied platforms and are often used in conjunction with high powered hydraulic, working class ROVs. Fugro maintains ROV and tooling packages to satisfy most observation, sensor deployment or full intervention tasks, or can design and build custom systems.

ROV and trencher

ROV control console

Complex intervention

Diver

EUR **554 million** €
Revenue

3,000m
water depth

18
Vessels

150
ROVs

Subsea services for a Chevron project in the North Sea

Fugro provided subsea services for a Chevron project in the North Sea in 2012. The vessel Fugro Saltire operated as both a walk-to-work topside maintenance support vessel and as a subsea IRM ROV and dive support vessel at the Captain Field floating production, storage and offloading (FPSO) unit located approximately 135km northeast of Aberdeen, Scotland in water depths of over 100m. The vessel was connected to the FPSO twice per day using a heave compensated walkway. Topside maintenance staff was accommodated on the Fugro Saltire vessel. Once the crew changes were completed, the vessel undertook a wide variety of subsea tasks on the FPSO in particular, on the riser and mooring systems. This included a complex diver-assisted operation to change out one of the FPSO thrusters. Other more routine tasks included hull and mooring chain inspection, sea-chest cleaning and cofferdam installation, and riser and mid-water arch inspection and cleaning. Fugro's skilled personnel, subsea engineering simulation, working class and inspection ROVs, and innovative ROV crawler system for hull cleaning were all critical to the success of the project.

Geospatial services

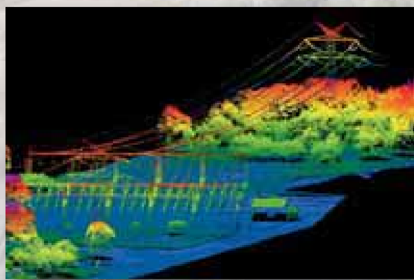
Geospatial services encompass a complete range of survey and mapping capabilities using satellite, aerial and terrestrial based sensors to acquire geospatial data for government agencies, utilities, energy and resource sectors. The data is processed to create GIS-based solutions in support of land management, infrastructure planning, resource exploration and development, urban planning, economic development, emergency response, engineering activities and environmental monitoring.

Spurred on by the availability of maps and earth imagery on the Internet, there is a growing trend to represent and visualize the fast changing world through more accurate and detailed maps, aerial images, and 3-D models. To meet the growing demand for precise and up-to-date geospatial data, Fugro provides specialized aerial mapping services. They consist of FLI-MAP narrow corridor mapping of electric utilities, railroad and other infrastructure; specialized imagery of towns and cities; and GeoSAR (Geographic Synthetic Aperture Radar) ultra wide-area mapping activities. Terrestrial based survey services not only provide conventional land survey services particularly for the energy industry but also support a range of specialised niche services such as dimensional control, metrology in industrial plants, geo-monitoring, subsurface infrastructure mapping, mobile mapping and static laser scanning. The data acquired using the wide-ranging survey sensors is processed (using proprietary software) to produce information for creating geospatial images, maps and 3-D models. This enables our clients to visualize the results of the surveys in a convenient digital environment to aid their decision making processes.

Our other customary mapping services comprise the acquisition of digital aerial imagery from which a wide range of products such as photogrammetric mapping, digital elevation models, digital terrain models, topographic datasets and thematic maps can be generated. Additional services include wide-area LiDAR (Light Detection And Ranging) laser mapping services for fast and accurate elevation modeling for engineering-grade corridor mapping and large area topographic and bathymetric mapping.


Surveyor


DRIVE-MAP


Thermal rating


3-D modelling

EUR 104 million €
Revenue

5–10m
On land


16
LiDAR systems


27
Aircrafts

CSX rail project

Fugro was contracted for the last 3-years by a major freight rail company, CSX, to collect and process high-resolution LiDAR data and imagery over their entire rail network in the eastern half of the United States.
This information is being used to support the creation of an accurate positional database of rail features required for Positive Train Control (PTC) operations. By the end of 2012, Fugro had collected over 40,000km of data using Fugro's FLI-MAP LiDAR system that was installed in a helicopter; rail areas obscured from aerial data collection were captured using Fugro's DRIVE-MAP mobile LiDAR system operating on the railway lines. Feature identification, precise positioning, and automatic feature extraction were accomplished using a combination of Fugro's data processing experts and CSX in-house data processors using Fugro's FLIP7 LiDAR processing software. Imagery captured with the FLI-MAP system was made available throughout CSX by custom integration of Fugro's FLI-Track-Web application and CSX's in-house GIS system.

Seabed Geosolutions

Seabed Geosolutions is the largest seabed seismic contractor in the rapidly growing seabed geophysical arena offering an unsurpassed array of seabed imaging technologies that include ocean bottom node (OBN), ocean bottom cable (OBC), permanent reservoir monitoring (PRM) and electromagnetic (EM) data acquisition, processing and analysis.
The technology permits access to areas where obstructions at the surface such as infrastructure do not allow for streamer based data acquisition. These innovative seabed geophysical solutions are provided primarily to the energy industry with a focus on the development and production phases of oil and gas fields. The technology increases Fugro's exposure to the extended production phase period in the life cycle of energy fields, which is typically characterised by stable, long term service contracts.

Seabed Geosolutions was formed early 2013 as a seabed geophysics joint venture with CGG. By combining the strengths of both companies, the joint venture has a market leading position in seabed geophysical activities, and benefits from synergies with Fugro's subsea activities. It unites the OBN expertise of each business and integrates the transition zone, OBC and PRM activities of CGG. The joint venture also has access to the processing and interpretation capabilities of CGG for all types of acquired data which allows for a seamless full spectrum of services that can be offered to our clients.
The collection of full azimuth broadband seismic data that is relatively noise free assists in resolving reservoir complexity, constrains inversions and further defines and refines reservoir development decisions. The integration of this broad range of seabed imaging technologies allows for operating at water depths down to 3,000m and geographic market penetration on a global scale for the joint venture.

Communication between OBN and vessel

Hugin Explorer

Nodes launch

Emmet nodes

2,230
Nodes

3,000m
water depth

5
OBN/OBC crew

Seabed
GEOSOLUTIONS

Multicomponent 3-D survey data

Fugro Seabed Seismic Systems conducted its first survey in early 2012 by acquiring proprietary multicomponent 3-D survey data offshore India. The client was provided with full azimuth, high quality data with continuous coverage even in highly obstructed areas and independent of field infrastructure and seabed conditions. Nodes were deployed at their pre-plot positions by a remotely operated vehicle under the operational control of Fugro.

The offshore field which is located in western India constitutes one of the world's most geologically complex and heterogeneous oil reservoirs. Such complexity, particularly in view of its gas lift exploitation (a major artificial lift method used for oil production), represented a considerable challenge to both geoscientists and geotechnical engineers. The survey results provided by Fugro Seabed Seismic Systems' allows for a better understanding of this reservoir, and with future integration of this new seismic data into a refined reservoir model, it is expected that this reservoir will contribute to achieving the required production rates of this field. Ultimately, the results of this survey are allowing our client to interpret a higher bandwidth, higher resolution dataset which in turn allows for better constraint of reservoir inversions and refinement of previously ambiguous reservoir complexity. With high repeatability and positioning accuracy, the nodes of Fugro Seabed Seismic Systems are proving to be flexible and technically robust in challenging environments such as those experienced in India.

Corporate Social Responsibility

Corporate Social Responsibility

VISION

Fugro seeks to achieve strong but controlled growth in revenue and net result. These objectives can be attained by creating added value for clients through a carefully structured combination of technology and high-quality services. The Group's strategy also focuses on optimising synergy between its operating companies and diversifying its portfolio of activities, both geographically and in the range of services provided.
Fugro understands that the local nature of its activities on the one hand and the international character of its services on the other hand place great demands on its

Focus areas

People	**Vision**
Healthy and safe working environment	Focusing on employees' health and safety is an integral part of our operational management. Fugro firmly believes that accidents can be prevented. Senior and line management are responsible for creating safe working conditions and have an obvious and important role in developing a positive HSE culture by the example they set and the action they take. Employees influence health and safety through their own actions and are often in the best position to understand and control common workplace hazards and associated risks.
Local involvement	Maximum local involvement has a positive effect on operational activities and also on local employment and staff education levels.
Employees' personal development	Effective internal career policy for employees ensures Fugro can meet demands for high standards of service, both now and in the future. Through this we create opportunities for all employees, both those demonstrating management potential and those who can develop into in-house experts.

Environment	**Vision**
Entering the renewables and sustainable infrastructure and construction projects market	The growing demand for energy is increasingly being met by renewables. In addition, new major infrastructure and building projects more often also take environmental issues into account. Fugro's technology, and its employees' expertise and knowledge enable it to play an important role in this respect. These developments are creating new opportunities in new markets.
Awareness of energy consumption and use of sustainable materials	Efforts to reduce polluting activities primarily relate to energy consumption in offices and by our vessel and aircraft fleets. Lower energy consumption produces major cost savings.

Society	**Vision**
Profiling the CSR policy	Supporting various social initiatives to boost the profile of Fugro's CSR policy and encourage employees to become consciously and actively involved in CSR.

staff. We are aware of our role in society, especially in an international and multicultural environment, and understand the importance of paying continual and increased attention to Corporate Social Responsibility (CSR). Fugro seeks to meet the expectations of all its stakeholders by balancing awareness of the environment, health and safety, the local community and its financial results.

Key drivers	Achieved in 2012 (initiatives)
– Launching the iPower™ campaign, primarily to promote a sense of individual responsibility – Developing an HSE portal to improve the dissemination of information and increase employee involvement – Developing internal, IOSH-certified 'Managing safely' training course for management and HSE professionals	– 30% reduction in number of accidents and lost man days – LITF of oil and gas-related activities below 0.5 – Recognition by external organisations, resulting in various awards for long-term HSE performance
– Taking account of local conditions – Recruiting as many local staff as possible for technical, support and management positions – Organising training courses at a local level	– Airborne Surveys training programme in South Africa – Launch of a talent-development programme in Brazil
– Deploying staff on a flexible and project basis – HR Programme: Partnership for Growth, developing modules to support HR policy – Setting up short and long-term exchange programmes; – Fugro Academy: developing and offering classroom and e-learning training courses – Maintaining contacts with universities to promote our own employees' development and recruit new, young talent	– Partnership for Growth: development and implementation of new 'Recruitment and Selection' module – Increase in Fugro Academy's training programmes – Fugro Academy: development and implementation of 'Preventing Bribery and Corruption' e-learning module – Close cooperation with universities, including Plymouth University's distance learning courses in hydrography

Key drivers	Achieved in 2012 (initiatives)
– Availability of technology – Employees' expertise and knowledge	– Application of the FLI-MAP® system for mapping and land-reform projects – Acquisition of EMU Limited has increased marine environmental expertise

– All our major operating companies with operational activities to have a certified environmental management system in place;
– Implementing environmental planning systems onboard vessels;
  – Fuel-saving scheme for Fugro vessels
  – Ballast-water treatment onboard vessels
  – Reducing the amount of waste and sorting waste onboard vessels
  – Reducing the use of chemicals
– Anticipating environmental management systems in the design of new vessels
	– 90% of all Fugro's operating companies are certified or close to certification (ISO 14001 or equivalent)
	– ISO 14001 certification for internal fleet manager
	– Ship Energy Efficiency Management Plan (SEEMP)
	– Launch of fuel-saving scheme for vessel fleet

Key drivers	Achieved in 2012 (initiatives)
– Initiating activities by local organisations – Representation and participation at sector level	– Provision of financial support for cultural heritage – Sponsorship of sports activities – Support for local environmental initiatives – Sponsorship of projects for underprivileged people – Sponsorship of search for submarine HMS O13

▪ CSR POLICY AND AMBITIONS

Fugro's CSR policy is embedded in all its business processes and should therefore be regarded as an integral part of the Group's business operations. This section reports on Fugro's CSR policy, while CSR aspects of the Group's financial management are discussed in Financial Statements, elsewhere in this Annual Report.

Fugro pursues growth, both organically and through acquisitions. Geographic expansion is a component of the Group's ability to continue capitalising on increasing global prosperity. Fugro's policy is to maximise the number of employees at a local level; in this way, organisational growth boosts local employment and raises employees' overall levels of education.

Fugro adds value to the data it collects by optimally combining equipment, technology and expertise. Clients appreciate the value we add to the interpretation and supply of data as clients frequently take important decisions on the basis of the information provided by Fugro. People, being the real enablers of this added value, are at the heart of this process. Constant availability of competent, well-trained and dedicated staff is therefore essential if we are to achieve the organisation's strategic objectives. A solid HR policy, aimed at optimising these factors and creating the right conditions, contributes to Fugro's sustainable growth.

Another important aspect of Fugro's CSR policy is its respect for the environment, including the awareness of the environment reflected in its operations and in the way it devises solutions and recommendations for third parties. Various social developments in this field are creating new opportunities. The demand for energy is increasingly being met by renewables such as solar, wind, biomass and tidal energy. As mentioned before, respect for the environment is also an essential part of Fugro's operations. Our activities require vehicles, ships and aircraft, and the fuel consumption and carbon emissions of these means of transport are the areas we have to focus on in this respect.

Focus areas

Summing up, the areas that Fugro specifically focuses on, in addition to it CSR policy, are its HR policy and respect for the environment.

Our well-trained and highly motivated staff combined with our technological expertise, comprise the primary value that Fugro adds for its clients, both now and in the future. Fugro has therefore chosen to focus on:

- providing a safe, secure and healthy working environment;
- maximising local involvement;
- ensuring ongoing personal development of our employees.

Respect for the environment is the second important aspect of Fugro's CSR policy. Here, too, Fugro has chosen to focus on three areas:

- entering the renewables and sustainable infrastructure and construction markets;
- being aware of environmental aspects of housing and use of equipment;
- implementing an environmental management system.

Fugro has already initiated several action plans in these focus areas and, wherever possible, will formulate clearly quantifiable Key Performance Indicators (KPIs) to reinforce its CSR policy in the near future. We will report periodically on the progress and results of this policy.

CSR organisation

As intrinsic part of day-to-day operations, the Corporate Social Responsibility policy is set by the Board of Management as intrinsic part of day-to-day operations. In 2012 a CSR coordinator was appointed, reporting directly to the Chairman of the Board of Management, to promote and coordinate this policy. The individual operating companies are responsible for local

implementation of the CSR policy within the policy framework set by the Board of Management.

CSR policy assurance

CSR policy is an integral part of Fugro's operations. However, this CSR policy has to comply with certain guidelines. The main guidelines are:

- Fugro's General Business Principles (GBP). These Business Principles provide fundamental ethical guidelines as the base for business decisions. Through these Business Principles, every employee, and thus every operating company, supports the organisation's social values of integrity, transparency, teamwork and respect for a healthy and safe workplace and the environment.
- Business Partner Code (BPC). In 2009, Fugro adopted the Business Partner Code, which requires suppliers and sub-contractors to comply with the GBP. Fugro recognises that the way it deals with its clients, partners and the environment affects its operational productivity and success. The General Business Principles and the Business Partner Code are both available on Fugro's website.
- ISO 26000: the international guideline for Corporate Social Responsibility, which Fugro used to introduce its CSR policy.
- The Global Reporting Initiative (GRI), which constitutes guidelines for transparent CSR reporting.
- OHSAS 18001. All our operating companies have to be certified in accordance with these guidelines for implementing occupational health and safety management systems, or obtain equivalent certification.
- ISO 14001. All our major operating companies have to be certified in accordance with these guidelines for implementing environmental management systems, or obtain equivalent certification.
- Corporate and Work Environment HSE standards. These comprise guidelines for a Group-wide approach to and implementation of HSE (Health, Safety and Environment) regulations, with which all our operating companies have to comply.
- Stakeholder involvement. Fugro actively seeks the opinions and ideas of its stakeholders through regular consultations at various moments and in many different ways. Fugro uses customer satisfaction surveys, peer reviews, internal and external audits, shareholders' meetings, meetings with works councils and so on to maintain an open dialogue on the path that the Group has chosen to pursue.
- Corporate Governance Policy: see section on Corporate Governance (page 91).
- Whistleblowers' policy: see section on Risk Management (page 89).
- Agreements with government authorities. As stated in the Business Principles (GBP), Fugro complies with all legal regulations in the countries in which it operates. We sometimes also enter into more far-reaching agreements with local and national authorities.
- Agreements within the sector: many Fugro operating companies belong to professional trade organisations and adhere to the CSR guidelines 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 place of work. Fugro firmly believes that accidents can be prevented and has therefore implemented a security and HSE management system at all levels of the organisation. We are implementing project-specific safety plans for activities involving particularly high degrees of risk.

Setting a good example is important, and that means it is essential to involve senior management in creating an optimal safety culture. Fugro consequently sets out to promote visible leadership and a sense of responsibility throughout its organisation, also with respect to safety.

Management at all levels is therefore expected to focus on actual safety issues, and visibly and actively motivate, influence and guide employees' individual and collective behaviour.

In late 2011, Fugro drew up a mid-term (2012-2015) strategy, aimed at achieving a consistent, Group-wide approach to HSE. Activities undertaken in this respect in 2012 included:

- launching the iPower™ campaign; the main aim of this was to promote peoples' individual responsibility for their own health and safety, as well as that of their colleagues (see box);
- building an HSE portal to improve the dissemination of information and increase employee involvement in HSE-related issues;
- developing an internal, IOSH-certified 'managing safely' training course to provide customised training for management and HSE professionals.

The 2012 statistics show that the policy pursued in the past few years has been effective, with a further significant improvement in performance being recorded during the year under review. The numbers of recordable incidents and lost man days (per one million man hours worked) were 30% lower in 2012 than in 2011, with a decrease of over 60% in the past five years.

Fugro seeks to achieve safety indicators in line with the standards appropriate for the sectors in which it operates, with the aim to achieve an LTIF (Lost Time Injury Frequency) of less than 0.5 per million man hours worked (benchmark set by the International Association of Oil and Gas Producers). In 2012, the LTIF for Fugro services relating to this market segment was once again below 0.5.

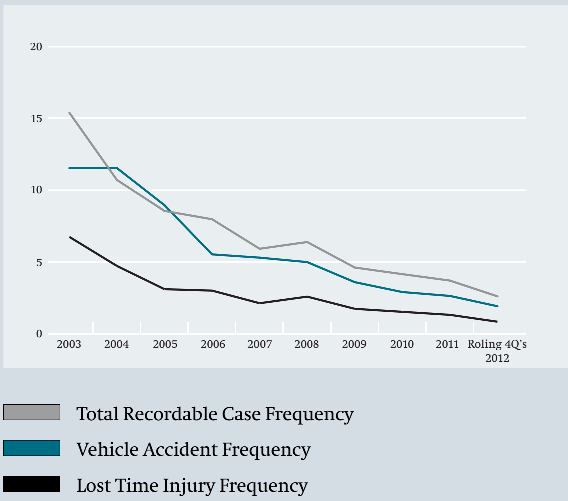
Three fatal accidents occurred in 2012. Fugro regards the death of an employee as not only tragic, but also unacceptable and will consequently do everything in its power to prevent these types of accidents in future. Senior management reviewed these serious incidents in 2012 to determine their direct and underlying causes and took the appropriate actions. In accordance with existing procedures, their findings and recommendations have been communicated, both internally and externally, in order to learn lessons for the future.

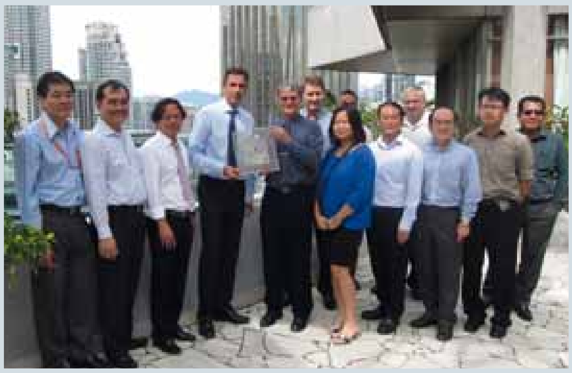
Examples of projects promoting a healthy working environment

The success of Fugro's safety policy is also recognised by external organisations, as evidenced by the various awards we won in 2012. Fugro Survey Ltd in Aberdeen, for instance, was awarded the 2012 Order of Distinction by the Royal Society for the Prevention of Accidents (RoSPA). This award is presented to organisations that have won fifteen consecutive RoSPA Gold Awards, and so can be considered the most prestigious award for continuous improvement in HSE.

Earlier this year, Fugro also received recognition for continuous safe operations. For the past twenty years Fugro has been providing geophysical, positioning and offshore services to Shell Malaysia (SMEP), both in shallow and deep water, deploying vessels, equipment and staff. These activities, totalling over 1.5 million man hours over the 20-year period, have been carried out without a single incident (LTI).

Safety Performance Indicators 2003 – 2012





Fugro itself also awards prizes to operating companies that have distinguished themselves in this field. Fugro Seacore Ltd. in Falmouth (UK) and Fugro MAPS in Sharjah (UAE) were awarded the 2012 Golden SAM (Safety Always Matters) for their general and consistent HSE performance.

A number of activities in this field were launched during the year in recognition of our belief that awareness improves individual employee health, welfare and safety.

Local involvement

Fugro's decentralised organisational structure facilitates a strong regional market presence and, therefore, use of local staff and suppliers. This diversity has a positive effect on our operational activities as we benefit from local knowledge of local business procedures, legislation and traditions.

The advantage of working with people from diverse cultural backgrounds is that it creates an environment in which people learn to open up to each other and to respect and appreciate each other's qualities. The resulting professional cooperation leads to innovative solutions for Fugro clients throughout the world.

Local operating companies are responsible for local staff policies, and that means local situations and customs can easily be taken into account within the framework of general guidelines set by Fugro. This applies specifically in respect, for example, of remuneration, pensions, health and safety, and general business principles. Wherever possible, we recruit local staff and give them opportunities to attend training courses at a local level.

Fugro's iPower™ campaign

Fugro realises that having a high-quality technology and HSE management system in place is not in itself sufficient to achieve our objective of 'zero incidents'. A corporate culture in which attitude and behaviour are fully geared to safety is the only way to foster the right attitude to workplace safety. That is why, in 2012, Fugro launched its dedicated iPower™ campaign. The objective of this campaign is to encourage employees to take responsibility for their own safety and that of their colleagues. In addition, iPower™ gives management a tool for entering into an open discussion with employees about behaviour and attitudes in the workplace.

The iPower™ campaign is designed to make employees in the various areas aware of how to recognise and deal with the various safety risks in the workplace.

The main areas focused on are:
- *Planning and Awareness*
- *Transportation and Driving*
- *Installations, Equipment, Tools and Materials*
- *Workplace Behaviour*
- *High Risk Activities, such as working at height, lifting operations, diving operations and so on.*

Each campaign message is presented personally by senior management and is supported by campaign material such as t-shirts, posters, stickers and so on.

Examples of projects on local involvement

- For the past six years, Fugro Airborne Surveys Johannesburg in South Africa has provided support to enable employees who had been unable to complete their school education to attend Adult Education and Training (AET) courses in communication. In 2012, an assistant in the Aircraft Engineering Section, successfully completed his AET training at Communication Level 4 (CL4), while three more employees are currently taking part in this programme.

- In Brazil, Fugro is also actively recruiting and training local talent through its involvement in an early development programme. This involves recruiting groups of 14 to 24-year-olds who are currently in education and have no degree or relevant skills, but who are eager to join the workforce and prepare for the future. This programme gives them the opportunity to gain exposure to, and training and senior-level coaching on, cross-functionality areas, as well as giving them an economic incentive to finish school and thus continue their development. Fugro is also actively involved in training ROV operators.

  The training programme we provide lasts for over a year and covers theory, robotics, electronics, in-house practice at our new ROV simulator and one-to-one hands-on field training with our senior operators. Fugro Brazil's divers are also training with the Brazilian Navy at its training centre in Rio de Janeiro. In this way Fugro is contributing to local society, promoting corporate social responsibility and demonstrating its commitment to individual development at a local level, as well as preserving the environment in which we operate.

Employees' continual personal development

Having an effective internal career policy, which also focuses on personal development opportunities for employees, helps ensure a high standard of service. In this way, Fugro is building a workforce that will also be able to meet clients' long-term requirements. The objective of its policies in this area is to create opportunities for all employees, both those demonstrating management potential and those who can develop into in-house experts. We devote special attention to deploying employees on a flexible and project basis.

Fugro has also put in place a policy aimed at standardisation of technical systems so that we can develop long and short-term staff exchange programmes to enable employees to gain valuable experience outside their home country. Fugro also maintains good contacts with universities all over the world so as to promote development of our own employees and ensure we can also recruit new, young talent.

Examples of projects focusing on employees' personal development

- Partnership for Growth
  Virtually all our operating companies are involved in the global 'Partnership for Growth'. This HR initiative seeks to encourage employees' personal development, with the objective to match individual career ambitions to the organisation's ambitions and targets. After a successful launch of the 'Induction module' and 'Performance and Personal Development' process in 2011, the 'Recruitment and Selection' module was developed and rolled out during the year.

- Fugro Academy
  By October 2012, Fugro Academy has been operating for 6 years since its inception. In that time, the range and depth of courses available to staff in the organisation has continued to grow, with a continued mix of

classroom training and e-learning courses being offered to suit the subjects being taught.

The graphs below show how Fugro Academy's user numbers and course completions have increased over the six years since it opened.
The up-turn in business activities in 2012 across the group was evident in the increased number of courses provided to support the induction and development of new recruits. Prior to initial field deployment, Fugro has to provide specific technical and HSE training to the graduates and technicians employed, and much of this comes through Fugro Academy. Ensuring that new staff are familiar with the working environment and Fugro systems and processes is key to their successful integration into field teams and operations.

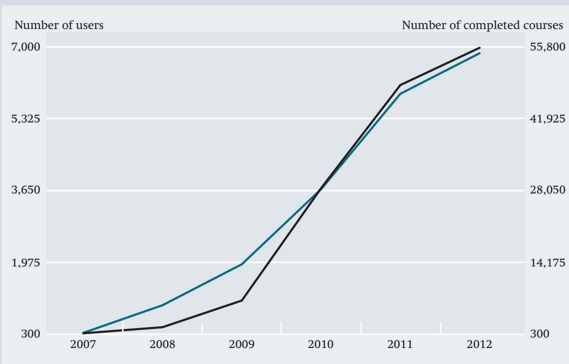
Fugro Academy was conceived as a virtual training organisation and continues to operate successfully with this model. Experienced training staff deliver training at operating company facilities allowing the company to keep travel costs to a minimum but at the same time allowing consistent and standardised delivery of training across the group. In 2012, just over 150 survey courses were delivered, reaching the milestone of 1000 technical classroom courses for the Survey Division since 2006. In the same period, over 100 management development courses have also been delivered across the group. Initial efforts were on senior management development, but over the 6 years of operation, training has addressed the development needs of project managers, sales staff, field supervisors and general office management, as well as aiding knowledge transfer across the organisation by connecting staff conducting similar functions.

Fugro Academy continues to develop and provide e-learning courses to staff across the organisation, making access to training something that all staff can benefit from, irrespective of time and geography. Many of the classroom courses are supplemented, either before or after, by e-learning to reduce the time needed in the classroom. Most e-learning is created internally using a mix of dedicated e-learning professional authors and experienced technical staff. Specialised 2-D and 3-D modeling software allow interactive courses to be made for complex equipment and processes, allowing staff to be familiarised and trained in systems prior to encountering them in real life. A series of courses for offshore geotechnical equipment operation was developed in this manner over the past year

In 2012, we introduced a 'Preventing Bribery and Corruption' e-learning module. This course will be compulsory for most staff, depending on their position or the legal and national regulations under which they operate. This course has been developed to comply with Fugro's own code of conduct and also to meet the expectations of our stakeholders: clients, investors, staff members, suppliers, shareholders and government authorities.

- Cooperation with universities
  Our aim in cooperating with universities is to promote the inflow of talented staff. Cooperation usually involves our providing scholarships, funding research or making staff members available for committee or board positions.
  Fugro has collaborative agreements with many universities around the world, including Newcastle University, Royal Holloway University in London, the Technical University of Catalonia, Memorial University in Canada, Delft University of Technology and the Wuhan University in China.

Number of users and completed courses 2007-2012



Number of users
Number of completed courses

In March 2012, the Fugro Academy supported the launch of Plymouth University's distance learning courses in hydrography at Oceanology International in London. Fugro has been working with Plymouth for over three years on designing and developing this modular hydrographic surveying qualification. Over 40 Fugro staff, along with other people in the hydrographic and maritime industry, are now following the programme. As well as increasing the knowledge and qualifications of Fugro staff, this initiative is designed to increase the pool of qualified hydrographic surveyors available to the industry at a time when full-time academic courses are under pressure to supply the numbers required.

ENVIRONMENT

Entering the renewables and sustainable infrastructure markets

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

Projects relating to renewables and sustainable infrastructure

- Landscape mapping in Scotland. In 2012, Fugro performed an airborne LiDAR survey for the construction of five wind farms in county Caithness in Scotland. The Fugro survey is part of a major archaeological landscape survey in Caithness, where many ancient archaeological sites are located, and one of the most detailed landscape scans ever undertaken in Scotland. Airborne LiDAR surveys allow reliable 3-D images of sites to be produced very quickly and are therefore increasingly used for wind farm projects. An additional advantage of Fugro's FLI-MAP® system is that it can also measure the topographic relief underneath dense vegetation cover. The FLI-MAP® system effectively 'sees through' vegetation, however dense. It can scan ground surfaces, rocks, raised sites and traces that cannot be seen or mapped in any other way.

  The Cnoc Freiceadain site is located close to one of the most important clusters of Neolithic cairns in Caithness, and the LiDAR survey clearly indicates the setting of these clusters of funerary monuments. Processing of the data also shows a large number of previously unknown findings, resulting in the addition of many new settlement traces to the known settlement sites in the area and a new perception of the extent of colonisation and agriculture in the Middle Ages and later. These data are invaluable for the scientific world and will also be made available to the general public on a special website.

- National Geodetics network in Cameroon
  In 2010 the Ministry of State Property and Land Tenure (MINDAF) in Cameroon requested Fugro set up a national geodetic network for a major land reform programme. The network is intended to serve as a basis for the country's cadastral surveys and maps. The programme was to include modernisation of its national cadastre.

  A national geodetic network consists of a series of fixed geographic points covering an entire country. These are identified by a permanent marker, the XYZ coordinates of which are measured by GPS positioning with an accuracy of a few centimetres. Such a network serves as an objective reference base that can be used for various purposes, including measuring and delineating property parcels and building cadastral maps. This land property information is critical to a nation's legal and fiscal system, since property taxes are an important source of revenue.

  Fugro worked with MINDAF representatives in the reconnaissance phase to identify suitable locations for the network's fixed points in each administrative region. Where possible, fixed points were selected in villages at accessible locations, such as school yards and police stations, with no overlying vegetation or other obstacles. During the next phase, the fixed points were defined by exact GPS observation and adjustment. Special processing software was subsequently used in combination with field data to calculate the exact coordinates and heights of the entire network. The final phase involved quality control and approval of the project results. This included additional training, as well as transferring

Marine survey and environmental consultancy

With the acquisition of EMU Limited (UK) in March 2012 Fugro added marine survey and environmental consultancy expertise to the range of services that Fugro offers to the offshore sector. The new entity created in 2012 by clustering this new knowledge and expertise with what we already had in-house means we now have over 220 experts with extensive knowledge of the marine environment. This expertise is available to clients considering building wind farms and other sustainable forms of offshore energy, for the oil and gas industry, the mining industry, the fishing industry and government authorities wanting to commission climate and environment studies.

At the request of a major developer, Fugro EMU carried out an Environmental Impact Assessment (EIA) in summer 2012 for the construction of the Neart na Gaoithe wind farm in Scotland. The wind farm will be comprised of between 64 and 125 turbines and has the potential to produce enough green energy to power a city the size of Edinburgh. The entire impact assessment, including offshore environmental studies, in-depth desk studies, and studies into adaptations of the design and evaluating the potential effects, took three years to complete. Fugro EMU's marine consultants were responsible for supervising the entire process, including all the stakeholder consultations, completion of the impact assessment and the eventual Environmental Statement (ES).

the expertise and techniques that MINDAF staff will need in order to maintain the network themselves. Final delivery of the network took place in 2012. Over the next few years, MINDAF will add several thousand new fixed points to increase the density of the base network.

Awareness of energy consumption and use of sustainable materials

Fugro has set itself an objective of promoting energy savings in its activities and increasing the use of sustainable materials. As well as reducing the impact we have on the environment, this will also generate major cost-savings. The Fugro organisation does not own or operate any large-scale or polluting production facilities. The emphasis in this focus area, therefore, is on our energy consumption and use of materials at office locations, as well as by our fleet of vessels and aircraft.

In 2011, Fugro set the objective for all its major operating companies with operational activities to have a certified environmental management system (ISO 14001 or equivalent) in place. By the end of 2012, 90% of all these operating companies had received or were close to receiving certification.

Examples of projects reducing consumption of energy and materials

- Research has shown that the main impact that Fugro's vessel fleet has on the environment is attributable to its fuel consumption. The fleet comprises dozens of vessels. From an environmental perspective, therefore, our main target in the coming years will be to reduce fuel consumption.

  Fugro's internal fleet manager (FMS) has been ISO 14001-certified since September 2012. This means that on the vessels a high-quality environmental management system has been implemented. Each vessel also has an energy savings system (the Ship Energy Efficiency Management Plan, or SEEMP) complying with international IMO regulations.

The first phase in the fuel-saving scheme for Fugro vessels, which started in October 2012, involved identifying and describing the required measures. This phase was completed in January 2013. All the measures needed to achieve energy savings will be implemented during 2013, while we will also be setting up a system for monitoring and evaluating these measures. The initial results will be available at the end of 2013.

Reducing the energy consumption of Fugro's fleet of vessels has several major benefits:

- Environmental impact: Each ton of fuel saved results in a reduction of approximately three tons in CO_2 emissions; to put these figures into perspective, our smallest ship uses approximately 50 tons of fuel a month, while the largest uses around 375 tons;
- Cost savings: Bunker fuel prices rose from USD 175 to USD 1050 per ton between 2002 and 2012, and are expected to continue rising in the coming years. Introducing a fuel savings programme will reduce the costs of bunker fuel by several percentage points;
- Meeting clients' sustainable procurement policy: the need to reduce CO_2 emissions is increasingly being stipulated as a purchasing condition by Fugro's clients. Our fuel-saving scheme plays a significant role in helping us to comply with this policy;
- Balance: Achieving a better balance between demand and consumption of bunker fuel;

In addition to fuel savings, we will be taking a number of other actions relating to ISO 14001 in the future. These actions, which will have a positive impact on the environment, relate primarily to ballast-water management and treatment in the vessels, but also include waste sorting and reducing the volumes of waste and chemicals used. These

aspects will also be included in the design of any new ships commissioned.

Fugro's Business Principles include striving to make a continuing contribution to sustainable development. This means we have to balance short and long-term interests, and integrate economic, environmental and social concerns into our business decision-making processes. In the present context, this means increasing the efficiency of our vessels and being aware of the environmental impact of our marine activities.

SOCIETY

Supporting social initiatives

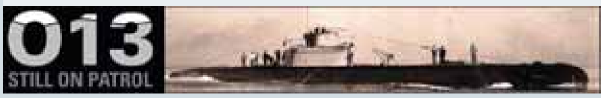
Providing support for various social initiatives is a way for us to increase the profile of Fugro's CSR policy and also to encourage e mployees to become consciously and actively involved in CSR. Most of the projects supported by Fugro were therefore initiated by our local organisations.
Fugro seeks to preserve and promote accessibility to valuable local heritage, and we therefore support many different initiatives around the world, particularly in the area of arts and culture. By sponsoring the Concertgebouw Amsterdam, Fugro contributes to the latter's mission to enable as many people as possible to experience world-class classical music. Fugro also provides financial support to the Hermitage art foundation, the Hoge Veluwe national park, the 'Holland' sea tugboat and MS150 (a cycle tour from Houston to Austin organised by the American Multiple Sclerosis Society). Fugro has also been supporting the Norwegian Barratt Due Institute of Music for several years. This institute was established in 1927 and has played a pivotal role in Norwegian music tuition for the past 80 years. In South Africa, Fugro has continued supporting The Homestead project, which helps street children.

013, 'Still on Patrol'

During the Second World War, the Dutch Submarine Service was active in both the Far East and Europe. Seven Dutch submarines were lost during the war in various operations, with six of these disappearing without a trace. After the war, there was little interest in Dutch military history, and the Dutch government did not undertake any serious attempts to locate the submarine wrecks and discover the fate of their crews. Ten years ago, however, a group of surviving relatives got together to establish the Foundation for Surviving Relatives of Submariners 1940-1945, which seeks to locate the missing submarines and have these locations recognised as war graves. Since then, five of the missing submarines have been found, while the location of one is still unknown. That submarine (HMS O13), with its crew of 34, is still 'on patrol' and probably lying somewhere at the bottom of the North Sea. What exactly happened to HMS O13 remains a mystery.

As Fugro had previously been involved in 2010 in searching for one of the other missing submarines (HMS K16) in the South China Sea, the Foundation asked us once again to assist by providing staff and equipment for this special purpose. Fugro was pleased to be able to help. The search was carried out using meta-data from other studies in combination with Fugro's positioning and navigation software and hardware, a high-resolution side-scan sonar and a high-resolution magnetometer.

Although an initial expedition in the Norwegian sector of the North Sea in autumn 2012 yielded a lot of useful information, it failed to find HMS O13. The data gathered, together with other interesting information, have since been processed, and plans for a new expedition in 2013 are being drawn up. Fugro will continue wholeheartedly to support this initiative.



In addition to focusing on art and preserving cultural heritage, Fugro also supports various local and larger-scale sports events. We have been the main sponsor of the Western Australian rugby team Emirates Western Force since 2012, for instance. The team plays in the highest Super Rugby competition. Super Rugby tournaments involve a series of friendly matches between the leading teams in the domestic leagues of Australia, New Zealand and South Africa. As well as promoting healthy activity, Fugro's support also boosts local tourism and, therefore, the local economy.

These are just a few examples of how Fugro is helping local communities through activities ranging from major projects to smaller-scale support.

Sector representation/participation

1.0 Industry Committees/ Advisory bodies	**Fugro's contribution**
International Standards Organization (ISO)	Member of working groups for developing new standards: – Offshore structures for the petroleum and natural gas industries – Marine soils investigation – Marine geophysical investigations
International Society for Soil Mechanics and Geotechnical Engineering (ISSMGE)	Secretary and membership of the Offshore Geotechnics Committee Membership of the In situ-testing Committee
Society for Underwater Technology (SUT)	Membership of: – Offshore Site Investigation and Geotechnics Committee (OSIF) – Working Group on Developing Guidance Notes on Site Investigations for Offshore Renewable Energy Projects – Working Group on Guidance Notes for Reducing Risks of 'Top Hole Drilling' – Honorary Secretary of the Houston branch
International Association of Oil and Gas Producers (OGP)	Membership of the Committee for Guidelines and Technical Memoranda assessing the risks of offshore drilling
International Marine Contractors Association (IMCA)	Membership of the Offshore Survey Management Committee Membership of the Sustainable Energy Working Group

2.0 Joint Industry Projects (JIP) and research	**Fugro's contribution**
'Lateral Pile behaviour in Chalk (JIP)' – Determining pile load/behaviour in marl and limestone soils for purposes of gathering information for the wind energy sector	Active participation and financial contribution
SAFEBUCK (JIP) – Designing underwater pipelines to prevent potential lateral buckling	Active participation
Jack-up spud can foundations (JIP) – Research into the effects of existing seafloor depressions on the stability of offshore platform foundations	Active participation
MUMOLADE (JIP) – Multiscale modelling of landslides and debris flows	Associated partner

Sector representation

Fugro has representatives in a number of organisations that are actively seeking to improve guidelines, standards, agreements, cooperative ventures and so on, at a sector level. The main bodies on which we are represented are listed below.

3.0 Training/courses	**Fugro's contribution**
Society for Underwater Technology (SUT) Course on Introduction to Offshore Geophysics and Geotechnical Engineering	Organisation (support)
Fugro training course on understanding the challenges involved in Offshore Wind Energy with respect to gathering and interpreting geological, geotechnical and spatial data	Organisation

4.0 Cooperation with universities	**Fugro's contribution**
Georgia Institute of Technology, USA	Sponsoring
Delft University of Technology, Netherlands	Sponsoring
Heriot-Watt University, United Kingdom	Contribution to MSc programme
IHE UNESCO Delft, Netherlands	Guest lectures on Offshore Geotechnical Surveys for MSc students
Deltares, Delft, Netherlands	Guest lectures for the international course on 'Setting up a geotechnical investigation programme'
Imperial College London, United Kingdom	Funding of MSc scholarship in Soil Mechanics and Engineering Geology
Portsmouth University, United Kingdom	Funding of BEng scholarship in Engineering Geology and Geotechnics
École Nationale Supérieure de Techniques Avancées (ENSTA) in Brest, France	MSc-level guest lectures on subsea positioning

Risk Management

General
Fugro's risk management policy is aimed at the long-term sustainable management of its business activities and the limiting or, where meaningful, hedging of the associated risks. Due to the wide diversity of markets, clients and regions and its broad portfolio of activities, quantifying all the existing risks relevant to the Group as a whole is virtually impossible. Risks are, however, quantified wherever possible and useful. This applies amongst others to the influence of the exchange rate of the US dollar, the Norwegian kroner and the British pound. See page 32.

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

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

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

Threats
- Economic and financial instability as a result of the euro crisis
- Political instability in countries and/or regions important to Fugro
- Payment risk of clients with low financial strength
- Pressure on prices by clients as a result of lower demand and/or overcapacity in certain market segments
- Strong decrease of the oil price compared to the present level of USD 110 per barrel (Brent), leading to lower investments by the oil and gas industry
- Offshore operations in a number of regions around the globe are vulnerable to acts of piracy
- Cuts in government spending

Fugro's long-term risks are limited due to:
- The diversity of activities in more than one international market segment
- No clients with contracts accounting for more than around 4% of Fugro's total annual revenue
- Use of own modern technologies and professional employees
- The ability to adjust quickly to exchange rate and price changes as most contracts are of short duration
- Geographical spread of the activities
- A balanced and flexible vessel fleet composition (owned and chartered)
- Current liabilities (EUR 714 million excluding liabilities classified as held for sale) amount to 17% of the balance sheet total
- Limited risk related to pension obligations
- Good internal risk management and control systems
- Part of the (manpower) capacity being hired-in on a flexible basis, among which free lance staff
- Strong financial position to support future growth

Helicopter with LiDAR system, Algeria

Operational

Activity portfolio

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

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

Contract flow and price changes

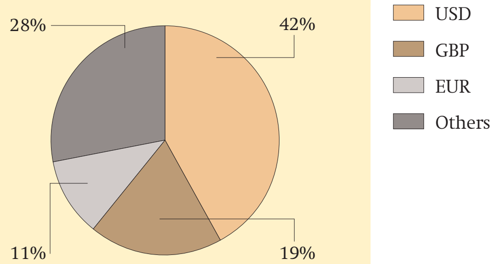
Some of Fugro's contracts are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out several projects for the same client. The projects carried out for any single client do not, however, account for more than around 4% of the total annual revenue.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

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

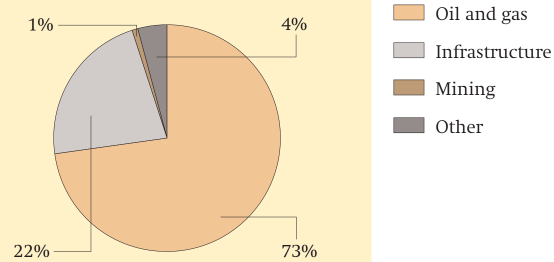
Capacity management

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

Breakdown revenue per currency (for the year 2012)



Breakdown revenue per sector (for the year 2012)



The weather and the availability of vessels are key factors for offshore activities in particular. Weather influences are calculated into the budgets and tend to average out over the year and the regions in which Fugro is active. As far as vessels are concerned, Fugro's objective is to operate a balanced fleet in which around 50% of the vessels are owned and around 30% are on mid-term or long-term charter basis. Approximately 20% of the fleet is chartered on short term or a project basis.
The fact that Fugro is deploying heavy and specialist equipment does mean that the risk of capacity under-utilisation will increase. At the same time, the exchange of manpower and equipment between the various business units can improve capacity utilisation.
The deployment of expensive (marine) equipment also leads to risks with regard to loss of revenue due to equipment break downs. Part of the staff is appointed on a temporary basis or works on a freelance basis, providing Fugro a certain flexibility to respond to variations in manpower needs.

Financial

Balance sheet

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

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

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

Currency exchange rate conversion

Fugro limits its susceptibility to changes in foreign currency variances, but is not immune to exchange rate variances caused by rapid changes to the rates versus the Euro (which is the reporting currency). Besides that, changes in exchange rates will result in translation differences. As most of Fugro's revenue in local currencies is used for local payments, the effect of negative or positive currency movements on operational activities at a local level is minimal. Fugro's international monetary streams are limited and mainly in US dollars, US dollar related currencies the Euro, the Norwegian kroner and the British pound. Where possible and desirable, forward exchange contracts are executed. Fugro strives to match assets and liabilities in foreign currencies. Rapid and radical changes in exchange rates can also influence the balance sheet and profit and loss account, partly due to the length of time between tenders being submitted and orders being awarded or delayed, during which period forward exchange hedging contracts would not be appropriate. This creates an additional foreign currency risk that cannot be quantified in advance. At the Group's current structure and size, a rate difference of 10% on the USD would affect profit by EUR 2 million and revenue by approximately EUR 112 million. A rate difference of 10% on the GBP would affect profit by EUR 2 million and revenue by approximately EUR 49 million. For a 10% rate difference of the NOK the effect on profit is

Exchange rates (in EUR)	USD end of period	USD average	GBP end of period	GBP average	NOK end of period	NOK average
31 December 2012	0.76	0.78	1.23	1.23	0.136	0.134
30 June 2012	0.80	0.77	1.24	1.22	0.133	0.132
31 December 2011	0.77	0.71	1.20	1.15	0.129	0.129
30 June 2011	0.69	0.70	1.11	1.14	0.129	0.128
31 December 2010	0.75	0.76	1.16	1.17	0.128	0.125
30 June 2010	0.81	0.76	1.22	1.16	0.126	0.125
31 December 2009	0.69	0.72	1.13	1.13	0.121	0.115
30 June 2009	0.71	0.75	1.17	1.12	0.111	0.112

EUR 5 million and on revenue by approximately EUR 21 million.

Pension provisions

Fugro maintains pension schemes for its employees in accordance with regulations and customs which prevail in each of the countries in which Fugro operates.
Since 1 January 2005 Fugro operates an average salary based pension scheme in the Netherlands. This is classified as a 'defined benefit' scheme. The pension commitments in the Netherlands are fully re-insured on the basis of a guarantee contract. The accrued benefits are fully financed.
The employees of De Regt participate in the Metalektro sector collective arrangement. There are no risks for Fugro following this arrangement. This arrangement will be transferred as part of the discontinued business to CGG in 2013.

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

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

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

Information and communication technology (ICT)

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

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

In 2012, Fugro's in-house ICT security team consisting of a global ICT security officer and seven regional ICT security personnel. This team is responsible for maintaining and monitoring the security aspects of Fugro's ICT infrastructure, such as access to the internet, e-mail and intranet applications. The ICT security team is independent from the ICT support staff in the operating companies.

As a group, Fugro works to mitigate ICT related risks through a variety of measures, which are constantly under review:

- The adoption of new third party software and software upgrades (such as that used in the office environment) is generally delayed until sufficient time has passed to prove that the software is stable and does not pose a security risk. Once adopted for use, critical 'patches' to fix software bugs are applied as they become available.
- Proprietary software is subject to comprehensive testing procedures before operational use.
- Access to client data and other confidential information is restricted to specific people in the operating company concerned, who have a legitimate reason for such access.
- Fugro's central web hosting facilities are protected by high-end web application firewalls specifically designed to protect the applications from known attack vectors.
- Data communications within Fugro's global wide area network (WAN) are channelled over an encrypted

ARAN (automatic road analyzer) overlooking Donner lake Vista Point, California, USA

virtual private network (VPN), the security of which is monitored around the clock.
- Fugro's ICT systems are constantly monitored for evidence of contamination by viruses or 'malware'using a variety of independent means.
- Access from Fugro's WAN to 'social network' sites is restricted for security reasons.

Insurance and legal risks

Fugro is insured against a number of risks. Risks related to professional indemnity and general liability are covered at a Group level, except for the companies in the US and Canada, where they buy local cover for these risks. Equipment and other assets are insured locally and local cover is arranged for risks associated with normal business operations, such as insurance for the vehicle fleet, the buildings and for employees.

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

Internal systems

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

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

General Business Principles (code of conduct)

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

Corporate handbook

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

Financial handbook

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

Insurance manual

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

Information and communication technology (ICT)

Fugro endeavours to mitigate the risks associated with ICT systems through a variety of measures. These are described on page 87.

Project Management handbook

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

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

Authorisation level
Managers are bound by clear authorisation restrictions regarding representation. Projects and contracts with a value or risk that exceeds a specified amount must be approved in accordance with the applicable authorisation matrix which is updated from time to time by the Board of Management. The most recent update is from August 2012.

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

Internal Audit
Somewhat less internal audits of the various operating companies were carried out in 2012, due to the CGG transaction. The findings are reported directly to the responsible division director. The findings are also shared with the Audit Committee.

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

Audit Committee
The Audit Committee comprises three members of the Supervisory Board and it ensures an independent monitoring of the risk management process from the perspective of its supervisory role. The Audit Committee focuses on the quality of the internal and external reporting, the effectiveness of the internal audits and the functioning of the external auditor. Further information on the Audit Committee is available on page 20 and in the terms of reference of the Audit Committee. These terms of reference (included in the terms of reference of the Supervisory Board) are posted on Fugro's website.

External audit
The financial statements of Fugro and most of its subsidiaries are audited annually by external auditors. These audits take place on the basis of generally accepted auditing standards. The performance of the external auditor is evaluated annually. The current external auditor, KPMG Accountants N.V., was appointed as Group auditor by the Annual General Meeting of Shareholders in 2010. In principle, the (re)appointment of the external auditor will be on the agenda of the Annual General Meeting of Shareholders in 2014. Fugro will review the new Dutch legislation with respect to change of audit firms in 2015 and will act as required.

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

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

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

Environment
Fugro has set a goal that all key operational subsidiaries will have a certified environmental management system according to ISO 14001 or equivalent. By the end of 2012, almost 90% of these subsidiaries were certified or close to certification. As with quality certification, compliance audits are carried out, both internally and by external agencies.

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

Declaration regarding risk management

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

Corporate Governance

General

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

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

Dutch Corporate Governance Code

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

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

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

Broad outline Corporate Governance structure and compliance with the Code

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

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

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

Compliance with the Code in 2012

A full overview ('Comply or Explain'-report) of Fugro's compliance with the Code in 2012 is posted on the website. Fugro's corporate governance structure is fully in line with the recommendations in the Code except for the points below. All deviations were approved earlier by the General Meeting of Shareholders.

Best practice provision III.3.5
The term of the appointment of the Chairman of the Supervisory Board, Mr. F.H. Schreve, deviates from this provision because he has already served as a member of Fugro's Supervisory Board for longer than twelve years. Mr. Schreve will step down at the end of the AGM that will be held on 6 May 2013. He will be succeeded by Mr. H.L.J. Noy. See for further details page 22.

Principle III.5 and best practice provision III.5.11
The Supervisory Board does not have a separate remuneration committee and nomination committee. In May 2005 the at that time separate remuneration committee and nomination committee were, with the approval of the AGM, amalgamated into one committee that carries out the tasks in both areas. The reason for the amalgamation was that a separate remuneration committee and nomination committee (with separate meetings) had proven impractical due to the fact that the Supervisory Board is small and three of its members are not resident in the Netherlands. The chairman of the Remuneration and Nomination Committee is Mr. G-J. Kramer, who was a member of Fugro's Board of Management until the end of 2005. This is not fully in compliance with the provision that the chairmanship of the remuneration committee (but there is no separate remuneration committee) is not filled by a former member of the Board of Management.

Principle IV.2
Maintaining its operational independence is crucial for Fugro (see page 95 for a further explanation).
One of the ways to safeguard this independence is share certification. Although the Code provides that the certification structure is not meant as a protective measure, Fugro has chosen, in the interest of its clients, to also view the certification structure as part of its protective measures. During the performance of its assignments Fugro often receives extremely confidential information. Fugro can only perform its assignments if it can secure the confidential nature of such information towards its clients.

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

Best practice provision IV.2.1
In accordance with this provision the Board of the Fugro Trust Office (or 'Trust Office') enjoys the confidence of the holders of certificates and operates independently of Fugro. One deviation from this provision is that the terms of administration of the Trust Office do not stipulate the instances in which and the conditions under which holders of certificates may ask the Trust Office to convene a meeting, except with respect of the right to nominate a candidate for appointment to the Board of the Trust Office (see further the explanation on best practice provision IV.2.2).

Best practice provision IV.2.2
According to this provision the meeting of holders of certificates may make recommendations to the Board of the Trust Office for the appointment of a member to the Board. The Board has decided that holders of certificates representing at least 15% of the issued share capital in the form of certificates of shares may request that a meeting of holders of certificates is convened in order to make recommendations for the appointment of a member to the Board.

Best practice provision IV.2.5
According to this provision the Trust Office, in exercising its voting rights, should be guided 'primarily by the interests of the holders of certificates, taking the interests of the company and its affiliated enterprise into account'. The articles of association and the terms of administration of the Trust Office provide that if the Trust Office exercises the voting rights, it will do this in such manner that the interest of Fugro and its enterprise, as well as the interests of all stakeholders, will be safeguarded as best as possible (article 2 of the articles of association and article 4 of the terms of administration). The interests of some stakeholders need not necessarily at all times run parallel with that of other stakeholders. For example, some will have a short term focus whilst others have a long term focus. It is up to the Board of the Trust Office to, after balancing the interests, come to a well considered decision on the exercise of the voting rights. In addition, when considering the exercise of voting rights the Board in any case takes into consideration the (Dutch) law as well as the articles of association and the terms of administration of the Trust Office. The Board can (also) opt, for reasons of its own, to not exercise the voting rights on the shares held by the Trust Office.

Launch of an AUV (autonomous underwater vehicle), Australia

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

CORPORATE INFORMATION

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

On 31 December 2012 the issued capital amounted to EUR 4,142,218.55, divided into 82,844,371 ordinary shares. No preference shares have been issued.

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

Ordinary shares may be transferred only to natural persons. Notwithstanding the provisions of the preceding sentence, the transfer of ordinary shares shall not be possible if and insofar as the acquirer, either alone or under a mutual collaboration scheme jointly with one or more others, natural persons and/or legal entities, either directly or – otherwise than as a holder of certificates of shares issued with the cooperation of Fugro – indirectly:
(i) is the holder of ordinary shares to a nominal amount of one percent or more of the total capital of Fugro issued in the form of ordinary shares (as of 31 December 2012 one percent equalled 828,443 shares); or
(ii) through such transfer would acquire more than one percent of the total capital of Fugro issued in the form of ordinary shares.

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

(a) the transfer of ordinary shares to Fugro itself or to a subsidiary of Fugro;
(b) the transfer or issue of ordinary shares to, or the exercise of a right to subscribe for ordinary shares by, a trust office or to another legal person, if in respect of such a trust office or other legal person the Board of Management with the approval of the Supervisory Board has by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer or issue of ordinary shares, to which lifting of restrictions conditions may be attached; in respect of another legal person as referred to above, such restrictions may be lifted only to the extent that such may be required to permit that legal person to avail itself of the facility of the participation exemption, as at present provided for in section 13 of the Corporation Tax Act 1969;
(c) the transfer of ordinary shares acquired by Fugro itself or the issue by Fugro of ordinary shares, if such a transfer or issue takes place within the framework of either a collaborative arrangement with or the acquisition of another enterprise, or a legal merger, or the acquisition of a participating interest or the expansion thereof, in respect of which the Board of Management with the approval of the Supervisory Board by an irrevocable resolution has wholly or partially lifted the restrictions limiting the transfer or issue of ordinary shares, to which lifting of restrictions conditions may be attached;
(d) the transfer or transmission of ordinary shares to shareholders who on 31 March 1992 were recorded as shareholders in the shareholders' register of Fugro, if in respect of such a transfer or transmission the Board of Management, with the approval of the Supervisory Board, by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer of ordinary shares, to which lifting of restrictions conditions may be attached;
(e) the transfer or transmission of ordinary shares to group companies of legal person-shareholders who on 31 March 1992 were recorded as shareholders in the shareholders' register of Fugro, if in respect of such a transfer or transmission the Board of Management, with the approval of the Supervisory Board, by an irrevocable resolution wholly or partially lifted the restrictions limiting the transfer of ordinary shares, to which lifting of restrictions conditions may be attached.

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

(i) not encumber the acquired shares with a right of lien or a right of usufruct, whereby the voting right on these shares shall be granted to the holder of the right of lien or the usufructuary; and
(ii) not grant a proxy to vote on the acquired shares nor accept any voting instructions from third parties regarding the manner in which he exercises the voting rights on these shares.

Substantial interests in Fugro

As far as Fugro is aware of, the shareholders with an interest in Fugro's share capital of more than 5% are reported on page 13.

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

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

The main point of Fugro's protection against a hostile takeover depends on the one hand on certification of the ordinary shares and, on the other hand, on the possibility of Fugro to issue cumulative protective preference shares. In addition to this, protective preference shares may also be issued by the Fugro subsidiaries Fugro Consultants International N.V. and Fugro Financial International N.V. to Stichting Continuïteit Fugro (see page 95). The primary aim of the protective measures is to safeguard Fugro's independence in relation to its clients.

Fugro Trust Office ('Trust Office')

Only (non-voting) certificates of shares are listed and traded on NYSE Euronext Amsterdam. These exchangeable certificates are issued by the Trust Office and the Board of the Trust Office exercises the voting rights on the underlying shares in such manner that the interests of Fugro and its enterprise, as well as the interests of all stakeholders, are safeguarded as best possible. The (Board of the) Trust Office operates completely independent of Fugro. For the composition of the Board of the Trust Office see page 200.

Holders of certificates (and their authorised proxies):

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

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

The objects of Foundation Protective Preference Shares are to attend to Fugro's interests and of Fugro's businesses as well as the businesses of the entities that form part of the Group, in such way that Fugro's interests and the interests of the relevant businesses as well as the interests of all parties involved, are safeguarded to the extent possible, and that Fugro and the relevant businesses are defended to the extent possible against factors that could negatively affect the independence and/or continuity and/or identity of Fugro and the relevant businesses, as well as all activities which are incidental to or which may be conducive to any of the foregoing. The Foundation aims to achieve its objects independent from Fugro, by acquiring protective preference shares and by exercising the rights attached to such shares. Fugro has entered into an option agreement with the Foundation pursuant to which the Foundation was granted the right to acquire cumulative preference protective shares in Fugro's share capital, each share with a nominal value of EUR 0.05, up to an amount to be determined by the Foundation up to a maximum equal to 100% minus 1 share of the aggregate nominal value of ordinary shares and preference financing shares in Fugro that are held by third parties at the time the right to acquire preference protective shares is exercised by the Foundation. By entering into the option agreement, the Foundation is in a position to achieve its objects – i.e. safeguarding the company and its businesses – autonomously, independently and effectively should the occasion occur. The (Board of) Foundation Protective Preference Shares operates completely independent of Fugro. For the composition of the Board of the Foundation see page 200.

Stichting Continuïteit Fugro ('Foundation Continuity')

The (call) option on protective preference shares granted by Fugro Consultants International N.V. and Fugro Financial International N.V. (both registered in Curaçao) to Foundation Continuity has been approved by the AGM in 1999. The objective of Foundation Continuity corresponds to that of Foundation Protective Preference Shares. The protective measures described above shall be put up, especially in a takeover situation, when this is in the interest of Fugro to protect its independence and also in defining Fugro's position in relation to that of the raider and the raider's plans and it creates the possibility, when necessary, to look for alternatives. The protective measures will not be put up to protect the Board of Management's own position. Due to the uncertainty regarding the situations with which Fugro could be confronted, the use of protective measures in circumstances other than those described above cannot be discounted. For the composition of the Board of Foundation Continuity see page 200.

Option scheme

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

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

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

Functioning of the General Meeting

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

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

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

The members of both the Board of Management and the Supervisory Board are appointed by the General Meeting for a maximum period of four years on a binding nomination of the Supervisory Board. The binding nature of such a nomination may, however, be overruled by a resolution adopted by an absolute majority of the votes cast by the General Meeting, provided such majority represents more than one-third of the issued share capital. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, regardless of the proportion of the capital represented at the meeting. If a binding nomination has not been made or has not been made in due time, the General Meeting may appoint a Managing Director or a Supervisory Director at its discretion. Unless the resolution is proposed by the Supervisory Board, the General Meeting may only pass a resolution to suspend or dismiss a member of the Board of Management or Supervisory Board with a majority of two-thirds of the votes cast, which majority represents more than one-half of the issued capital. With regard to the overruling of the binding nature of a nomination by the Supervisory Board and the decision to suspend or dismiss a member of the Board of Management or Supervisory Board, convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code shall not be permitted.

Amendment of the articles of association

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

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

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

Fugro regularly proposes to its shareholders to authorise the Board of Management to acquire and to issue shares. On 22 May 2012 the AGM authorised the Board of Management for a period of 18 months as from 22 May 2012 until 22 November 2013, to, subject to the approval of the Supervisory Board, cause Fugro to purchase its own (certificates of) shares, up to a maximum of 10% of the issued capital at the date of acquisition, 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 NYSE Euronext Amsterdam for the five business days before the day on which the purchase is made.
Also on 22 May 2012 the AGM designated the Board of Management as the corporate body which is authorised for a period of 18 months as of 22 May 2012 until 22 November 2013, to, subject to the approval of the Supervisory Board,

(a) resolve on the issue of – and/or on the granting of rights to subscribe for – all ordinary shares and all sorts of financing preference shares (not the protective preference shares) in which the authorised capital is divided at the date of the relevant resolution;
(b) restrict and/or to exclude pre-emption rights that accrue to shareholders upon issue of (grant of rights to subscribe for) ordinary shares and/or financing preference shares.

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

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

Consequences of public bid for major agreements

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

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

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

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

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

Credit facility with BNP Paribas S.A. of EUR 100 million for five years. This agreement was implemented in 2011 and EUR 55 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.
Credit facility with Barclays Bank Plc. of EUR 75 million for five years. This agreement was implemented in 2011 and EUR 41 million of the facility has been utilised. The facility may be cancelled in the event of a 'change of ownership' of Fugro whereupon all or part of the loans may become immediately due and payable.

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

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

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

b) Private Placement USD loans. As described in paragraph 5.46.2 of the Financial statements, Fugro has concluded long term loans with American and British institutional investors in 2002. The terms and conditions of these loans provide that Fugro may consolidate or merge with any other person or legal entity if either a) Fugro shall be the surviving or continuing person, or b) the surviving, continuing or resulting person or legal entity that purchases, acquires or otherwise acquires all or substantially all of the assets of the company i) is a solvent entity organised under the laws of any approved jurisdiction (any of the following jurisdictions: the Netherlands, The United States, Canada and any country which is a member of the EU (other than Greece) at the time of the date of the agreement, ii) is engaged in any similar line of business as Fugro and iii) expressly assumes the obligations of Fugro under this agreement in a writing which is in form and substance reasonably satisfactory to the holders of at least 51% of the outstanding principal amount of the notes.
Fugro has also concluded long term loans with American and British institutional investors in 2011. In case of a 'Change of Control' Fugro shall give written notice of such fact to all holders of the loan notes. The notice shall contain an offer by Fugro to prepay the entire unpaid principal amount of loan notes held by each holder at 100% of the principal amount of such loan notes at par (and without any make-whole, premium, penalty or make-whole amount whatsoever or howsoever described), together with interest accrued thereon to the prepayment date selected by Fugro.

c) Joint Venture agreement between Fugro Consultants International N.V. and CGGVeritas S.A. (CGG) dated 27 January 2013. This agreement contains a change of control clause with respect to the situation that a third party, other than an affiliate of Fugro or CGG acquires direct or indirect control over i) the affairs of Fugro or CGG; ii) more than 30% of the voting rights in the capital of Fugro or CGG; or iii) on the appointment or dismissal of the majority of the managing directors or a board of directors of Fugro or CGG.

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

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

Fugro has not entered into any agreements with members of the Board of Management or employees that provide for a specific severance pay on termination of employment as a result of a public bid within the meaning of section 5:70 or 5:74 of the Dutch Act on Financial Supervision. The employment agreements with the members of the Board of Management do – in accordance with the Code – provide for a general severance pay amounting to a maximum of one year's base salary which in principle is applicable in the event of termination or annulment of the employment agreement. These severance payments are also applicable in the event that said persons in reasonableness cannot continue to perform their function any longer as result of a change in circumstances such that continuing to fulfil their function can no longer be asked of them. This could be the case if Fugro is wound-up, merged or taken over, or undergoes a far-reaching restructuring or a fundamental change of policy.

Corporate Governance statement

This is a statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the 'Decree'). The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of this Annual Report 2012 and are deemed to be included and repeated in this statement:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by section 3 of the Decree, can be found in the chapter on 'Corporate Governance';
- the information concerning Fugro's main features of the internal risk management and control systems relating to the financial reporting process, as required by section 3a sub a of the Decree, can be found in the chapter on 'Risk Management';
- 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 on 'Corporate Governance';
- the information regarding the composition and functioning of Fugro's Board of Management, the Supervisory Board and its Committees, as required by section 3a sub c of the Decree, can be found in the relevant sections of the chapter on 'Corporate Governance', the Report of the Supervisory Board and on pages 16 and 24; and
- the information concerning the disclosure of the information required by the Decree on Section 10 EU Takeover Directive, as required by section 3b of the Decree, may be found in the chapter on 'Corporate Governance'.

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

Financial statements 2012

1 Consolidated statement of comprehensive income

For the year ended 31 December

	(EUR x 1,000)	2012	2011
	Continuing operations		
(5.26)	Revenue	2,164,996	1,858,043
(5.29)	Third party costs	(793,250)	(617,107)
	Net revenue own services (revenue less third party costs)	1,371,746	1,240,936
(5.30)	Other income	14,806	21,591
(5.31)	Personnel expenses	(692,892)	(602,972)
(5.36)	Depreciation	(155,619)	(127,196)
(5.37)	Amortisation of intangible assets	(3,125)	(2,713)
(5.32)	Other expenses	(226,647)	(177,630)
	Results from operating activities (EBIT)	308,269	352,016
	Finance income	13,425	23,438
	Finance expenses	(28,492)	(14,975)
(5.33)	Net finance income/(costs)	(15,067)	8,463
(5.39)	Share of profit/(loss) of equity-accounted investees (net of income tax)	(1,068)	4,642
	Profit before income tax	292,134	365,121
(5.34)	Income tax expense	(49,502)	(63,535)
	Profit for the period from continuing operations	242,632	301,586
(5.45)	Profit/(loss) for the period from discontinued operations	58,810	(6,316)
	Profit for the period	301,442	295,270
	Attributable to:		
	Owners of the Company	291,573	287,595
	Non-controlling interests	9,869	7,675
	Profit for the period	301,442	295,270
	Basic earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.47)	From continuing operations (EUR)	2.90	3.71
(5.47)	From discontinued operations (EUR)	0.73	(0.08)
(5.47)	**From profit for the period**	3.63	3.63
	Diluted earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)		
(5.47)	From continuing operations (EUR)	2.87	3.66
(5.47)	From discontinued operations (EUR)	0.73	(0.08)
(5.47)	**From profit for the period**	3.60	3.58

The notes on pages 110 to 197 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)	2012	2011
	Profit for the period	301,442	295,270
	Other comprehensive income		
(5.49)	Defined benefit plan actuarial gains (losses)	1,972	(14,919)
(5.33)	Foreign currency translation differences of foreign operations	3,861	55,850
(5.33)	Foreign currency translation differences of equity-accounted investees	36	24
(5.33)	Net change in fair value of hedge of net investment in foreign operations	6,235	(53,218)
(5.33)	Net change in fair value of cash flow hedges transferred to profit or loss	773	1,034
(5.33)	Net change in fair value of available-for-sale financial assets	353	(1,899)
	Total other comprehensive income for the period (net of tax)	13,230	(13,128)
	Total comprehensive income for the period	314,672	282,142
	Attributable to:		
	Owners of the Company	305,451	273,810
	Non-controlling interests	9,221	8,332
	Total comprehensive income for the period	314,672	282,142
	Total comprehensive income attributable to equity shareholders arises from:		
	Continuing operations	244,998	286,464
	Discontinued operations	60,453	(12,654)
		305,451	273,810

The other comprehensive income includes defined benefit plan actuarial gains (losses) for EUR 1,002 thousand (2011: EUR 1,072 thousand negative) and foreign currency translation differences of foreign operations of EUR 641 thousand (2011: EUR 5,266 thousand negative) relating to the discontinued operations.

The notes on pages 110 to 197 are an integral part of these consolidated financial statements.

2 Consolidated statement of financial position

As at 31 December

	(EUR x 1,000)	2012	2011
	Assets		
(5.36)	Property, plant and equipment	1,065,873	1,482,981
(5.37)	Intangible assets	555,722	782,386
(5.39)	Investments in equity-accounted investees	34,707	1,632
(5.40)	Other investments	19,337	59,247
(5.41)	Deferred tax assets	45,221	55,262
	Total non-current assets	1,720,860	2,381,508
(5.42)	Inventories	479,822	364,875
(5.43)	Trade and other receivables	837,645	884,550
(5.35)	Current tax assets	27,500	60,278
(5.44)	Cash and cash equivalents	92,019	170,384
(5.45)	Assets classified as held for sale	1,011,870	–
	Total current assets	2,448,856	1,480,087
	Total assets	4,169,716	3,861,595

The notes on pages 110 to 197 are an integral part of these consolidated financial statements.

2 Consolidated statement of financial position (continued)

As at 31 December

	(EUR x 1,000)	2012	2011
	Equity		
	Share capital	4,143	4,070
	Share premium	431,312	431,385
	Reserves	1,229,701	932,735
	Unappropriated result	291,573	287,595
	Total equity attributable to owners of the Company	1,956,729	1,655,785
	Non-controlling interests	21,640	18,349
(5.46)	**Total equity**	1,978,369	1,674,134
	Liabilities		
(5.48)	Loans and borrowings	1,166,734	1,215,173
(5.49)	Employee benefits	89,757	98,320
(5.50)	Provisions	1,165	4,215
(5.41)	Deferred tax liabilities	18,130	13,683
	Total non-current liabilities	1,275,786	1,331,391
(5.44)	Bank overdraft	221,923	167,810
(5.48)	Loans and borrowings	10,814	79,776
(5.51)	Trade and other payables	389,553	512,692
	Other taxes and social security charges	37,501	46,279
(5.35)	Current tax liabilities	54,239	49,513
(5.45)	Liabilities classified as held for sale	201,531	–
	Total current liabilities	915,561	856,070
	Total liabilities	2,191,347	2,187,461
	Total equity and liabilities	4,169,716	3,861,595

The notes on pages 110 to 197 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity

	(EUR x 1,000)										2012
		Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Reserve for own shares	Unappropriated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2012	4,070	431,385	(5,083)	(2,477)	1,143,544	(203,249)	287,595	1,655,785	18,349	1,674,134
	Total comprehensive income for the period:										
	Profit or (loss)							291,573	291,573	9,869	301,442
	Other comprehensive income										
(5.33)	Foreign currency translation differences of foreign operations			4,509					4,509	(648)	3,861
(5.33)	Foreign currency translation differences of equity-accounted investees			36					36		36
(5.33)	Net change in fair value of hedge of net investment in foreign operations			6,235					6,235		6,235
(5.34)	Defined benefit plan actuarial gains (losses)					1,972			1,972		1,972
(5.33)	Net change in fair value of cash flow hedges transferred to profit or loss				773				773		773
(5.33)	Net change in fair value of available-for-sale financial assets					353			353		353
	Total other comprehensive income (net of tax)	–	–	10,780	773	2,325	–	–	13,878	(648)	13,230
	Total comprehensive income for the period	–	–	10,780	773	2,325	–	291,573	305,451	9,221	314,672
	Transactions with owners recognised directly in equity										
	Contributions by and distributions to owners										
(5.31)	Share-based payments					16,686			16,686		16,686
	Share options exercised						34,691		34,691		34,691
	Addition to reserves					231,711		(231,711)	–		–
(5.46)	Own shares acquired and stock dividend	73	(73)						–		–
(5.46)	Dividends to shareholders							(55,884)	(55,884)	(5,930)	(61,814)
	Total contributions by and distribution to owners	73	(73)	–	–	248,397	34,691	(287,595)	(4,507)	(5,930)	(10,437)
	Balance at 31 December 2012	4,143	431,312	5,697	(1,704)	1,394,266	(168,558)	291,573	1,956,729	21,640	1,978,369

At 31 December 2012 the translation reserve includes EUR 18 million, which are related to the discontinued Geoscience activities.

The notes on pages 110 to 197 are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in equity (continued)

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

The notes on pages 110 to 197 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)	2012	2011
	Cash flows from continuing operations		
	Cash flows from operating activities		
	Profit for the period	242,632	301,586
	Adjustments for:		
(5.36)	Depreciation	155,619	127,196
(5.37)	Amortisation of intangible assets	3,125	2,713
	Amortisation of transaction costs related to loans and borrowings	1,048	1,258
(5.27)	Net gain from bargain purchases	–	(4,542)
(5.42)	Expensed inventories	168,208	92,237
	Reversal of impairment loss	990	–
(5.53)	Change in allowance for impairment on trade receivables	3,659	(17,163)
(5.33)	Net finance costs (excluding net foreign exchange variance and net change in fair value of financial assets at fair value through profit or loss)	17,733	6,998
(5.39)	Share of profit of equity-accounted investees	(1,068)	(4,735)
(5.33)	Net change in fair value of financial assets at fair value through profit or loss	(7,968)	(4,018)
(5.27)	Loss on disposal of assets and liabilities	–	1,300
	Gain on sale of property, plant and equipment	(3,324)	(1,263)
(5.31)	Equity-settled share-based payments	13,833	11,691
(5.34)	Income tax expense	49,502	63,535
	Operating cash flows before changes in working capital and provisions	643,989	576,793
	Change in inventories	(307,745)	(215,641)
	Change in trade and other receivables	32,256	(23,956)
	Change in trade and other payables	(20,146)	(116,266)
	Change in provisions and employee benefits	3,578	(336)
	Interest paid	(18,646)	(36,455)
	Income tax paid	(54,016)	(48,573)
	Net cash generated from operating activities	279,270	135,566
	Cash flows from investing activities		
	Proceeds from sale of property, plant and equipment	7,149	14,761
	Proceeds from sale of other investments	61,527	15,286
(5.33)	Interest received	992	4,320
(5.33)	Dividends received	173	203
(5.27)	Disposal of assets and liabilities	–	(1,131)
(5.27)	Acquisition of subsidiaries, net of cash acquired	(27,837)	(144,382)
(5.36)	Acquisition of property, plant and equipment	(89,317)	(279,343)
(5.36)	Investments in assets under construction	(168,999)	43,164
(5.37)	Acquisition of intangible assets	(6,293)	(7,970)
(5.37)	Internally developed intangible assets	(9,848)	(6,781)
	Investment in equity-accounted investees	(32,358)	(109)
(5.40)	Acquisition of other investments	–	(1,585)
	Net cash used in investing activities	(264,811)	(363,567)

The notes on pages 110 to 197 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)	2012	2011
	Cash flows from financing activities		
	Proceeds from issue of long-term loans	503	1,268,615
	Repurchase of own shares	–	(110,068)
	Paid consideration for the exercise of share options	(17,084)	(17,652)
	Proceeds from the sale of own shares	51,775	47,551
	Repayment of borrowings	(111,902)	(726,555)
	Payment of transaction costs related to loans and borrowings	–	(6,119)
	Dividends paid	(61,814)	(64,287)
	Net cash used in financing activities	(138,522)	391,485
	Change in cash flows from continuing operations	(124,063)	163,484
	Cash flows from discontinued operations		
	Cash flows from operating activities	38,423	173,192
	Cash flows from investing activities	(78,839)	(115,122)
	Cash flows from financing activities	21	2,096
	Change in cash flows from discontinued operations	(40,395)	60,166
	Net increase/(decrease) in cash and cash equivalents	(164,458)	223,650
	Cash and cash equivalents at 1 January	2,574	(218,938)
	Effect of exchange rate fluctuations on cash held	846	(2,138)
	Cash and cash equivalents at 31 December	(161,038)	2,574
	Presentation in the statement of financial position		
(5.44)	Cash and cash equivalents	92,019	170,384
(5.44)	Bank overdraft	(221,923)	(167,810)
(5.45)	Cash and cash equivalents (as held for sale)	13,857	–
(5.45)	Bank overdraft (as held for sale)	(44,991)	–
		(161,038)	2,574

The notes on pages 110 to 197 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 2012 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees. A summary of the main subsidiaries is included in chapter 6. Fugro is a global service provider with regard to the collection and interpretation of data relating to the earth's surface and sub-surface and for associated services and advice in support of infrastructure development on land, along the coast and on the seabed.

5.2 Statement of compliance

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

On 7 March 2013 the Board of Management authorised the financial statements for issue. Publication will take place on 8 March 2013 and the financial statements will be submitted for adoption to the Annual General Meeting on 8 May 2013.

The financial statements will be submitted for adoption to the Annual General Meeting on 8 May 2013.
The official language for the financial statements is the English language as approved by the Annual General Meeting on 10 May 2011. With reference to the Company income statement of Fugro N.V., use has been made of the exemption pursuant to section 2:402 of the Netherlands Civil Code.

5.3 Basis of preparation

5.3.1 Functional and presentation currency

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

5.3.2 Basis of measurement

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

5.3.3 Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and references to the notes which include information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 5.62.

5.3.4 Changes in accounting policies

No significant changes in accounting policies were applicable during the year ended 31 December 2012.

5.3.5 New standards and interpretations

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

As of 1 January 2013, IAS 19 Employee benefits (revised) will become effective. The main changes are:

- the elimination of the corridor approach and to recognise all actuarial gains and losses in OCI as they occur;
- the immediate recognition of all past service costs
- the replacement of the interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

As Fugro has no unrecognised past service costs and Fugro already recognises actuarial gains and losses directly in equity through other comprehensive income the impact on the equity position as per 1 January 2013 is nil. The impact of IAS 19 revised on the income statement, resulting from the replacement of the expected return on plan assets by the discount rate would have affected the 2012 income statement by an estimated increase in pension expenses of around EUR 2.5 million (based on the parameters at 1 January 2012).

The amendment to IAS 1 'Presentation of financial statements – Presentation of items of other comprehensive income' is effective for annual periods beginning on or after 1 July 2012. The amendments require an entity to present the items of other comprehensive income that may be reclassified to profit or loss in the future if certain conditions are met, separately from those that would never be reclassified to profit or loss.

The amendments to IFRS 7, 'Financial instruments: Disclosures – Offsetting financial assets and financial liabilities', focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The converged offsetting disclosures in IFRS 7 are for annual periods beginning on or after 1 January 2013 and are to be retrospectively applied.

IFRS 9 Financial Instruments, as issued in 2009 and revised in 2010, is required to be adopted by 2015 under the presumption that the standard is endorsed by the European Union. The Standard could change the classification or measurement of financial assets upon adoption; the full impact of the changes in accounting for financial instruments has not been determined.

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and revised standards IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' were issued during 2011 and are required to be adopted, with retrospective effect, by 2014. The standards reinforce the principles for determining when an investor controls another entity, amend in certain cases the accounting for arrangements where an investor has joint control and introduce changes to certain disclosures. The impact of the changes is currently under review, although adoption of these standards is not expected to significantly impact the financial statements.

IFRS 13 'Fair Value Measurement' was issued during 2011 and is required to be adopted, with prospective effect, by 2013. The standard affects nearly all instances where assets and liabilities are currently measured at fair value, primarily by refining the measurement concept to represent an asset or liability's exit value. The standard also introduces certain additional considerations to the measurement process. The impact of the changes is currently under review although adoption is not expected to significantly impact the financial statements.

5.3.6 Divestment of Geoscience activities

On 24 September 2012, Fugro announced the divestment of the majority of its Geoscience division excluding the multi-client library and the Ocean Bottom Nodes for a total consideration of EUR 1.2 billion to CGG on a cash and debt free basis. The transaction is closed on 28 January 2013 with an effective date as of 31 January 2013. The Airborne activities and certain minor assets will be transferred at a later moment, once all equipment licence transfer and administrative authorizations have been received. Both parties have agreed that as part of the EUR 1.2 billion cash transaction, EUR 125 million will be in the form of a vendor loan. The vendor loan will be increased to EUR 225 million with the closing of Airborne, which is expected in 2013.

The divestment allows Fugro to exit the capital intensive and volatile seismic segment of the oil and gas exploration market where it does not have a leading market position. This is consistent with Fugro's strategy to build strong market positions and a broad, cohesive service portfolio and to maintain a balance of its services across the exploration, development and production phases of the oil and gas industry. Fugro will continue to focus on growth opportunities in its core, market-leading and less volatile geotechnical and survey businesses. Furthermore, Fugro and CGG also established a new entity, Seabed Geosolutions, which includes Fugro's and CGG's ocean bottom nodes business and CGG's transition zone, ocean bottom cable and permanent reservoir monitoring activities.

As a consequence, the Geoscience activities are reported as 'discontinued operations' in the Consolidated Statement of comprehensive income and as 'assets classified as held for sale' in the Consolidated Statement of Financial position as of 31 December 2012. As prescribed by IFRS 5, the 31 December 2011 Consolidated Statement of Financial Position has not been adjusted. In the Consolidated Statement of Comprehensive Income for 2011 and 2012, the net profit/(loss) for the period of the discontinued Geoscience component has been presented on a separate line 'profit/(loss) for the period from discontinued operations'. The 2011 consolidated statement of comprehensive income statement has been adjusted for comparability purposes. The 2012 and 2011 consolidated statement of cash flows includes separate cash flows and cash balances of the discontinued business. Further details relating to the discontinued Geoscience division is presented in note 5.45.

5.4 *Significant accounting policies*

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

5.4.1 Basis of consolidation

5.4.1.1 *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.

Acquisitions on or after 1 January 2010

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

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

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

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

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

5.4.1.2 *Subsidiaries*

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

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

5.4.2 Equity-accounted investees

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

5.4.3 Other investments

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

5.4.4 Transactions eliminated on consolidation

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

5.5 *Foreign currency*

5.5.1 Foreign currency transactions and translation

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

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

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

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

	USD at year-end	USD average	GBP at year-end	GBP average	NOK at year-end	NOK average
2012	0.76	0.78	1.23	1.23	0.136	0.134
2011	0.77	0.71	1.20	1.15	0.129	0.129
2010	0.75	0.76	1.16	1.17	0.128	0.125
2009	0.69	0.72	1.13	1.13	0.121	0.115

5.5.2 Foreign operations

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

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

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

5.5.3 Hedge of a net investment in foreign operations

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

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

5.6 *Determination of fair values*

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

5.6.1 Property, plant and equipment

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

5.6.2 Intangible assets

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

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

5.6.3 Inventories

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

5.6.4 Equity and debt securities

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

5.6.5 Trade and other receivables

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

5.6.6 Forward exchange contracts and interest rate swaps

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

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

5.6.7 Other non-derivative financial liabilities

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

5.6.8 Share-based payment transactions

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

5.7 *Financial instruments*

5.7.1 Non-derivative financial assets

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

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

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. Reference is made to note 5.11 and 5.57.

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

5.7.2 Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Reference is made to note 5.14 Cash and cash equivalents and note 5.51 Trade and other payables.

5.7.3 Derivative financial instruments, including hedge accounting

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

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

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

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

5.7.3.1 *Cash flow hedges*

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

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

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

5.7.3.2 *Other non-trading derivatives*

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

5.8 *Property, plant and equipment*

5.8.1 Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (refer accounting policy 5.16). The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment that is being constructed or developed for future use is classified as property, plant and equipment under construction and stated at cost until construction or development is complete, at which time it is reclassified as land and buildings, plant and equipment, vessels or other property, plant and equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within ‘other income’ or ‘other expenses’ in profit or loss.

5.8.2 Leased assets

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognised in the Group's statement of financial position. Lease payments are accounted for as described in accounting policy 5.23.2.

5.8.3 Subsequent cost

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

5.8.4 Depreciation

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

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

5.9 *Intangible assets*

5.9.1 Goodwill

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

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment annually or when there is an indication for impairment (refer accounting policy 5.16). 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 Research and development

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalised expenditure includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer accounting policy 5.16).

5.9.3 Software and other intangible assets

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

5.9.4 Subsequent expenditure

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

5.9.5 Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangibles assets with an indefinite life are systematically tested for impairment annually or when there is an indication for impairment (refer accounting policy 5.16). Other intangible assets and software are amortised from the date they are available for use. The estimated useful life of software and other capitalised development costs is, in general, five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.10 *Investments in equity-accounted investees*

Investments in equity-accounted investees are accounted for using the equity method and are recognised initially at cost. The Group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses (refer accounting policy 5.16). The consolidated financial statements include the Group’s share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds the carrying amount of the equity-accounted investee, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

5.11 *Other investments*

5.11.1 Other investments in equity instruments

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

5.11.2 Financial assets at fair value through profit or loss

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

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

5.11.3 Long-term loans and other long-term receivables

Long-term loans and other long-term receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value net off any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method; less any impairment losses (refer to accounting policy 5.16).

5.11.4 Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 5.16) and foreign currency differences on available-for-sale debt instruments (refer to note 5.5.1), are recognised in other comprehensive income and presented in the other reserves in equity. When an investment is derecognised, the cumulative gain or loss accumulated in equity is reclassified to profit or loss.

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

5.12 *Inventories*

5.12.1 Seismic and geological data libraries

The seismic and geological data libraries consist of completed and in progress collection of seismic and geological data that can be sold non-exclusively to one or more clients. These seismic and geological data libraries are measured at the lower of cost and net realisable value. 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).

As it is expected that sales lead to a lower net realisable value of the seismic and geological data, these expected decreases in value are taken into account at the moment of sale throughout the financial year. The costs of each sale of data is based on a percentage of the total costs to the estimated total sales revenue (sales ratio). This sales ratio is based on historical patterns and depending on the category of data, we use a sales ratio between 20-90% corresponding with the total estimated costs over total estimated sales.

The Group evaluates the net realisable value on a regular basis and reassesses the net realisable value at each reporting date. Net realisable value is based on estimated sales during the period in which the data is expected to be marketed, net of selling costs, which includes amongst other fees to be paid to CGG under the marketing and sales agreement.
Net realisable value is based on estimated future cash flows, which involves significant judgment (refer to 5.62 for estimates and management judgements).

5.12.2 Other inventories

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

Services rendered on contract work completed but not yet billed to customers are included in trade and other receivables as unbilled revenues on completed contracts.

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

5.14 *Cash and cash equivalents*

Cash and cash equivalents, comprising cash balances and call deposits, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses (refer accounting policy 5.16). Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5.15 *Assets of disposal group classified as held for sale and discontinued operations*

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

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

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

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

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

Further disclosure on the assets and liabilities classified as held for sale and discontinued operations is included in note 5.45.

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 accounting policy 5.24), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or group of cash-generating units) on a pro rata basis.

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

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

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

5.17 *Share capital*

5.17.1 Share capital

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

5.17.2 Repurchase and sale of shares

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

5.17.3 Dividends

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

5.18 *Loans and borrowings*

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

5.19 *Employee benefits*

5.19.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 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 return for their service in the current and prior periods; that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

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

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

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

5.19.3 Other long-term employee benefits

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

5.19.4 Share-based payments

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

5.20 *Provisions*

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

5.20.1 Restructuring

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

5.20.2 Onerous contracts

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

5.21 *Trade and other payables*

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

5.22 *Revenue*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when persuasive evidence exists, usually in the form of an executed sales agreement, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sales of goods, seismic and geological data, and software licences and subscription income do not qualify as a significant category of revenue as referred to in IAS 18.35 (b); however for completeness sake the relating revenue recognition policies are set out in 5.22.2, 5.22.3 and 5.22.4.

5.22.1 Services rendered

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

5.22.2 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 and geological data

Revenue from the sale of non-exclusive seismic and geological data libraries results from (i) pre-commitments and (i) sales of data after completion of a data library which have been (substantially) delivered to the client. Pre-commitments on seismic and geological data library sales are recorded as advance instalments. Pre-commitments are recognized as revenue when data collection has commenced, based on the stage of completion, as services are rendered. Sales of data after completion are recognised as revenue when data have (substantially) been delivered to the client. Multiple (service) elements, such as annual maintenance fees or training fees, are accounted for over the period in which these services have been delivered to the customer, using a straight line basis over the term of the contract. The amount of revenue allocated to each element is based upon the relative fair values of the various elements.

5.22.4 Software licences and subscription income

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

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

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

5.22.6 Other income

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

5.22.7 Government grants

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

5.23 *Expenses*

5.23.1 Third party costs

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

5.23.2 Lease payments

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

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

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

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

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

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

5.23.3 Net finance costs

Net finance costs consist of finance costs, finance income and foreign currency gains and losses.
Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payment is established, which in the case of quoted shares is normally the ex-dividend date.

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

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

5.24 *Income tax*

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

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

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

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

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

5.25 *Statement of cash flows*

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

5.26 *Segment reporting*

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

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

5.26.1 Operating segments

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

Geotechnical

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

Survey

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

Geoscience

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

A significant part of the Geoscience division has been classified as held for sale and presented as discontinued operations. In the segment disclosures, the Geoscience information has been separated into retained (Ocean Bottom Nodes/ Multiclient) and discontinued categories.

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

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

Fugro decided to allocate the depreciation of property, plant and equipment, used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. This allocation was made in the light of Fugro's decision to review all options for marine streamer seismic data business and associated activities. The comparable figures for past years have been adjusted for comparison purposes.

Unallocated assets are assets that are used by more than one reporting segment, and principally comprise in 2012, 2011 and 2010 property, plant and equipment, equity-accounted investees and other investments, deferred tax assets, current tax assets, derivative financial instrument assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements.

Operating segments

(EUR x 1,000)	Geotechnical		Survey		Geoscience		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	**783,519**	731,817	**1,431,430**	1,252,365	**889,177**	745,101	**3,104,126**	2,729,283
Of which inter-segment revenue	**60,762**	61,616	**41,942**	61,670	**48,736**	28,232	**151,440**	151,518
Segment result	**143,884**	138,335	**291,830**	284,644	**253,112**	159,684	**688,826**	582,663
Finance income	**947**	957	**6,483**	3,933	**12,496**	12,647	**19,926**	17,537
Finance expense	**(13,557)**	(13,193)	**(30,839)**	(20,764)	**(41,167)**	(32,002)	**(85,563)**	(65,959)
Share of profit of equity-accounted investees	**(1,232)**	–	**–**	4,642	**308**	79	**(924)**	4,721
Depreciation	**(43,443)**	(41,167)	**(100,134)**	(80,601)	**(71,619)**	(93,723)	**(215,196)**	(215,491)
Amortisation intangible assets	**(1,115)**	(679)	**(556)**	(1,625)	**(7,784)**	(8,189)	**(9,455)**	(10,493)
Reportable segment profit (or loss) before income tax	**85,484**	84,253	**166,784***	190,229	**145,346**	38,496	**397,614**	312,978
Reportable segment assets	**749,503**	688,585	**1,542,186**	1,400,819	**1,711,473**	1,548,427	**4,003,162**	3,637,831
Reportable segment liabilities	**442,035**	385,136	**662,691**	563,016	**1,069,644**	869,737	**2,174,370**	1,817,889
Capital expenditure, property, plant and equipment	**27,835**	45,691	**145,127**	221,573	**32,007**	40,393	**204,969**	307,657
Capital expenditure intangible assets	**12,817**	31,766	**15,773**	68,849	**94,587**	107,781	**123,177**	208,396
Additions to other investments	**–**	(4)	**(5,548)**	7,372	**(47,317)**	(10,434)	**(52,865)**	(3,066)

* *The reportable segment profit for the Survey segment does not include the unallocated write off on the loan to Expro AS-X Technology of EUR 21.7 million.*

Geoscience segment

(EUR x 1,000)	Continued		Discontinued		Total	
	2012	2011	2012	2011	2012	2011
Revenue*	**53,596**	5,166	**835,581**	739,935	**889,177**	745,101
Of which inter-segment revenue	**845**	8,018	**47,891**	20,214	**48,736**	28,232
Segment result	**71,369**	60,618	**181,743**	99,066	**253,112**	159,684
Finance income	**10,585**	6,205	**1,911**	6,442	**12,496**	12,647
Finance expense	**(18,509)**	(3,647)	**(22,658)**	(28,355)	**(41,167)**	(32,002)
Share of profit of equity-accounted investees	**164**	–	**144**	79	**308**	79
Depreciation	**(5,477)**	65	**(66,142)**	(93,788)	**(71,619)**	(93,723)
Amortisation intangible assets	**(1,257)**	(228)	**(6,527)**	(7,961)	**(7,784)**	(8,189)
Reportable segment profit (or loss) before income tax	**56,875**	63,013	**88,471**	(24,517)	**145,346**	38,496
Reportable segment assets	**699,603**	493,145	**1,011,870**	1,055,282	**1,711,473**	1,548,427
Reportable segment liabilities	**868,113**	707,045	**201,531**	162,692	**1,069,644**	869,737
Capital expenditure, property, plant and equipment	**366**	3,759	**31,641**	36,634	**32,007**	40,393
Capital expenditure intangible assets	**20,843**	40,365	**73,744**	67,416	**94,587**	107,781
Additions to other investments	**(47,318)**	(10,385)	**1**	(49)	**(47,317)**	(10,434)

* *The multi-client data library inventory remains with Fugro whereas the sales-force which markets the library has transferred to CGG in 2013. As the revenue generating capacity of the business was also transferred, management has presented the revenues of the multi-client data libraries of some EUR 235 million (2011: EUR 156 million) as part of the discontinued operations within the Geoscience segment.*

Geographical segments

(EUR x 1,000)	Netherlands		Europe other/Africa		Middle East/ Asia/Australia		Americas		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	**115,894**	113,961	**932,997**	723,339	**640,193**	553,920	**475,912**	466,823	**2,164,996**	1,858,043
Non-current assets	**291,538**	230,658	**429,106**	451,365	**543,460**	645,163	**456,756**	234,787	**1,720,860**	1,561,973*

* *The non-current assets 2011 have been adjusted for comparative purposes and relate to the continuing business.*

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

(EUR x 1,000)	2012	2011
Revenues		
Total revenue for reportable segments	**3,104,126**	2,729,282
Elimination of inter-segment revenue (from continuing operations)	**(103,549)**	(131,304)
Revenue from Geoscience (including inter-segment revenue)	**(835,581)**	(739,935)
Consolidated revenue (from continuing operations)	**2,164,996**	1,858,043
Profit or loss		
Total profit (or loss) for reportable segments before income tax	**397,614**	312,978
Unallocated amounts:		
– Other corporate expenses*	**(46,834)**	(7,347)
– Net finance income	**29,825**	34,973
(Profit)/loss from discontinued operations before income tax	**(88,471)**	24,517
Consolidated profit before income tax (from continuing operations)	**292,134**	365,121
Assets		
Total assets for reportable segments	**4,003,162**	3,637,831
Other unallocated amounts	**166,554**	223,764
Consolidated assets	**4,169,716**	3,861,595
Liabilities		
Total liabilities for reportable segments	**2,174,370**	1,817,889
Other unallocated amounts	**16,977**	369,572
Consolidated liabilities	**2,191,347**	2,187,461

* *The unallocated corporate expenses include the write off loss on the loan to Expro AS-X Technology of EUR 21.7 million.*

Unallocated assets are assets that are used by more than one reporting segment, and principally comprise in both 2012 and 2011 property, plant and equipment, equity-accounted investees and other investments, deferred tax assets, current tax assets, derivative financial instrument assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements. Unallocated liabilities are liabilities that relate to more than one reporting segment, and comprise both in 2012 as in 2011 borrowings, derivative financial instruments liabilities; current and non-current tax liabilities, employee benefit obligations and centrally held accruals and provisions.

Other unallocated corporate expenses 2012 and 2011 include general (corporate) expenses.

Other material items 2012 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Discontinued Geoscience	Adjustments and other unallocated amounts	Consolidated totals
Finance income	19,926	(1,911)	(4,590)	13,425
Finance expense	(85,563)	22,658	34,413	(28,492)
Depreciation	(215,196)	66,142	(6,565)	(155,619)
Amortisation intangible assets	(9,455)	6,527	(197)	(3,125)

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

(EUR x 1,000)	Reportable segment totals	Discontinued Geoscience	Adjustments and other unallocated amounts	Consolidated totals
Finance income	17,537	(6,442)	12,343	23,438
Finance expense	(65,959)	28,355	22,629	(14,975)
Depreciation	(215,491)	93,788	(5,493)	(127,196)
Amortisation intangible assets	(10,493)	7,961	(181)	(2,713)

5.27 *Acquisitions and divestments of subsidiaries*

5.27.1 Acquisitions 2012

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

(EUR x million)	Consideration	Goodwill	Country	Division	Annual revenue	Number of employees	Acquisition date
EMU Ltd.	18.7	15.9	United Kingdom	Survey	20.0	150	16 March
Geoter SAS	4.4	3.7	France	Geotechnical	2.1	30	26 April
Mercatus Interport Kft.	0.9	0.9	Hungary	Geotechnical	0.4	15	1 June
EM Drilling Ltd.	3.5	2.5	United Kingdom	Geotechnical	2.6	22	21 August
Total	27.5	23.0			25.1*	217	

* *This represents annual revenue 2011.*

5.27.1.1 *EMU Ltd.*

In March, Fugro acquired 100% of the shares of EMU Ltd. EMU Ltd. was acquired to advance Fugro's position in marine environmental survey and consultancy in the renewable and oil and gas market. Revenue in 2011 was EUR 20 million and the company employs 150 staff. The goodwill amounts to EUR 15.9 million. Revenue since acquisition amounts to EUR 15.4 million.

5.27.1.2 *Geoter SAS*
In April, Fugro acquired 100% of the shares of Geoter SAS, a company with a strong and well recognised expertise in geology, seismic hazard and risk assessment with an excellent reputation especially amongst French government departments, engineering firms and in the nuclear industry. Revenue in 2011 was EUR 2.1 million and the company employs 30 employees. The goodwill amounts to EUR 3.7 million. Revenue since acquisition amounts to EUR 3.4 million.

5.27.1.3 *Mercatus Interport Kft.*
In June, Fugro acquired 100% of the shares of Mercatus Interport Kft. The company is an independent drilling company with service offerings in the geotechnical mining and infrastructure projects. Revenue in 2011 was EUR 0.4 million and the company employs 15 staff. The goodwill amounts to EUR 0.9 million. Revenue since acquisition amounts to EUR 0.2 million.

5.27.1.4 *EM Drilling Ltd.*
In August, Fugro acquired 100% of the shares of EM Drilling Ltd. The company is an independent drilling company with service offerings in the geotechnical mining and infrastructure projects. Revenue in 2011 was EUR 2.6 million and the company employs 22 staff. The goodwill amounts to EUR 2.5 million. Revenue since acquisition amounts to EUR 0.8 million.

5.27.2 Divestments
There have been no divestments during 2012.

5.27.3 Effect of acquisitions and divestments
The acquisitions had the following effect on the Group's assets and liabilities:

(EUR x million)	2012
Property, plant and equipment	3.3
Inventories	–
Trade and other receivables	5.9
Current tax assets	0.1
Cash and cash equivalents	1.3
Loans and borrowings	(0.8)
Deferred tax liabilities	(0.9)
Trade and other payables	(4.3)
Total net identifiable assets and liabilities	4.6
Goodwill on acquisition	23.0
Consideration payable	(0.7)
Consideration paid, in cash	26.9
Cash (acquired)/disposed of	(1.3)
Net cash outflow	25.6

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

The fair value of the assets and liabilities of prior year acquisitions has been decreased by EUR 10.6 million (2011: EUR 0.3 million) including EUR 8.8 million relating to property, plant and equipment due to the finalisation of the purchase price allocation procedures.
An additional amount of EUR 2.2 million has been paid with respect to prior year acquisitions. The goodwill has been increased for the corresponding amount.

The acquisitions in 2012 contributed EUR 20 million to the revenues of the Group. If all acquisitions in 2012 had been effected at the beginning of 2012, the revenue of the Group would have been approximately EUR 29 million higher.
The acquisitions in 2012 contributed EUR 0.3 million negative to the profit of the Group. On a full year basis this would amount to approximately EUR 0.5 million negative. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

The goodwill from the acquisitions is attributable mainly to market share, the skills and technical talent of the acquired business' work force, and the synergies expected to be achieved from integrating the companies into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of acquired assets and (contingent) liabilities related to the acquisitions has been determined provisionally pending completion of final valuations.

The group incurred acquisition-related costs of EUR 448 thousand (2011: EUR 2,612 thousand) related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the other expenses in profit or loss.

5.28 *Government grants*

The Company has not been awarded any significant government grants in 2012.

5.29 *Third party costs*

(EUR x 1,000)	2012	2011
Cost of suppliers	349,493	326,551
Operational lease expense	110,370	71,695
Other rentals	129,028	103,937
Seismic and geological data libraries	142,945	69,102
Other costs	61,414	45,822
	793,250	617,107

5.30 *Other income*

(EUR x 1,000)	2012	2011
Government grants	1,389	1,224
Net gain on sale of property, plant and equipment	3,668	2,873
Net gain from bargain purchases	–	4,542
Sundry income	9,749	12,952
	14,806	21,591

5.31 Personnel expenses

(EUR x 1,000)	2012	2011
Wages and salaries	588,472	507,993
Compulsory social security contributions	62,934	56,546
Equity-settled share-based payments	13,833	11,691
Contributions to defined contribution plans	17,607	16,297
Expense related to defined benefit plans	9,726	9,557
Increase in liability for long service leave	320	888
	692,892	602,972

5.31.1 Share-based payments

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

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

The average stock price on NYSE Euronext Amsterdam during 2012 was EUR 50.11 (2011: EUR 50.41). As at 31 December 2012, Fugro N.V. granted 1,093,300 options to 674 employees. These options have an exercise price of EUR 44.52 (2011: 1,161,100 options were granted to 684 employees with an exercise price of EUR 44.895).

In 2012 Fugro sold 960,180 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 2012 (2011: nil). The (certificates of) shares that were sold had an average purchase price of EUR 49.91 (2011: EUR 44.16) per certificate. The options were exercised throughout the year, with the exception of determined closed periods.

The employees that have transferred to CGG have received CGG options as a replacement for their Fugro options in 2013. The tables below shows all outstanding Fugro options at 2012 and any transitional options are not presented separately. Refer to note 5.59 Subsequent events for information on the arrangements agreed upon between Fugro and CGG in January 2013 in respect of the outstanding share options held by Fugro employees that will be transferred to CGG.

As at 31 December the following options were outstanding:

Year of issue	Duration	Number of partici-pants	Granted	Out-standing at 01-01-2012	Forfeited in 2012	Exercised in 2012	Out-standing at 31-12-2012	Exercis-able at 31-12-2012	Exercise price (EUR)
2006	6 years	547	1,140,500	831,750	9,700	737,050	85,000	85,000	36.20
2007	6 years	565	1,140,500	1,059,600	3,700	2,300	1,053,600	1,053,600	52.80
2008	6 years	620	1,141,900	1,118,500	1,950	220,830	895,720	895,720	20.485
2009	6 years	639	1,166,550	1,153,900	4,500	–	1,149,400	1,149,400	40.26
2010	6 years	663	1,107,350	1,104,550	3,400	–	1,101,150	–	61.50
2011	6 years	684	1,161,100	1,161,100	4,350	–	1,156,750	–	44.895
2012	6 years	674	1,093,300	–	–	–	1,093,300	–	44.52
			7,951,200	6,429,400	27,600	960,180	6,534,920	3,183,720	

Given that Mr. P. van Riel and Mr. A. Jonkman were not able to exercise their 2006 options due to legal constraints, the company decided to extend the exercise period with 74 days (including a closed period of 56 days). This modification leads to a reassessment on the incremental fair value granted. The assessment resulted in no change to the costs of granted options in 2012. Measurement is done consistently according the valuation technique described below.
The outstanding options as at 31 December 2012 have an exercise price ranging from EUR 20.485 to EUR 61.50. The average remaining term of the options is four years (2011: four years). The movement during the year of options and the average exercise price is as follows:

	2012		2011	
	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)	Number of options
Options outstanding at 1 January	**42.85**	**6,429,400**	40.40	6,280,100
Forfeited during the period	**42.46**	**(27,600)**	35.96	(41,750)
Options granted during the period	**44.52**	**1,093,300**	44.895	1,161,100
Options exercised during the period	**32.63**	**(960,180)**	29.73	(970,050)
Options outstanding at 31 December	**44.63**	**6,534,920**	42.85	6,429,400
Exercisable at 31 December		**3,183,720**		3,009,850

The valuation of the share options is determined by using a binomial model. Concerning early departure, different percentages for different categories of staff are used: Board of Management 0% and other management 6%. The expected behaviour for exercising the options by the Board of Management is estimated until the end of the exercise period and for the other group with a multiple of 3. Expected volatility is estimated by considering historic average share price volatility.

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

	2012	2011
Average share price during the year in EUR	50.11	50.41
Average fair value of the granted options during the year in EUR	12.16	12.76
Exercise price (fair value at grant date) in EUR	44.52	44.895
Expected volatility (weighted average volatility)	42%	41%
Option term (expected weighted average term)	4 years	4 years
Expected dividends	3.33%	3.28%
Risk-free interest rate (based on government bonds)	0.95%	1.91%
Costs of granted options at the end of 2008 in EUR	–	1,715,401
Costs of granted options at the end of 2009 in EUR	4,058,013	3,153,277
Costs of granted options at the end of 2010 in EUR	4,877,100	4,627,100
Costs of granted options at the end of 2011 in EUR	3,879,740	3,704,740
Costs of granted options at the end of 2012 in EUR	3,870,971	–
Total	16,685,824	13,200,518
Costs of granted options for continued operations	13,833,021	11,691,108
Costs of granted options for discontinued operations	2,852,803	1,509,410

5.31.2 Number of employees as at 31 December		2012			2011	
	Netherlands	Foreign	Total	Netherlands	Foreign	Total
Technical staff	630	8,527	9,157	590	8,203	8,793
Management and administrative staff	127	2,285	2,412	139	2,115	2,254
Temporary and contract staff	144	452	596	155	293	448
	901	11,264	12,165	884	10,611	11,495
Average number of employees during the year	895	11,066	11,961	899	10,486	11,385

The number of employees as included in the table above reflects the continuing business. The comparative numbers have been adjusted accordingly. The number of employees who are part of the discontinued operations is 2,430 (2011: 2,364).

5.32 Other expenses

(EUR x 1,000)	2012	2011
Maintenance and operational supplies	50,257	48,626
Indirect operating expenses	54,406	44,903
Occupancy costs	36,169	33,430
Communication and office equipment	32,833	27,186
Write off USD 25 million loan to Expro AX-S Technology (refer to note 5.40.2)	21,733	–
Restructuring costs	830	222
Research cost	342	645
Loss on disposal of property, plant and equipment	344	1,610
Marketing and advertising costs	7,968	7,375
Other	21,765	13,633
	226,647	177,630

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

5.33 Net finance (income) costs

(EUR x 1,000)	2012	2011
Interest income on loans and receivables	(992)	(4,320)
Dividend income on available-for-sale financial assets	(173)	(203)
Net change in fair value of financial assets at fair value through profit or loss (refer to note 5.40.3)	(12,260)	(6,008)
Net foreign exchange variance	–	(12,907)
Finance income	(13,425)	(23,438)
Interest expense on financial liabilities measured at amortised cost	18,898	11,521
Net change in fair value of derivatives	(547)	1,387
Net change in fair value of financial assets at fair value through profit or loss	–	2,067
Net foreign exchange variance	10,141	–
Finance expense	28,492	14,975
Net finance (income)/costs recognised in profit or loss	15,067	(8,463)

The foreign exchange variances have developed negatively as a result of the weakening of the Euro against the other major currencies.

(EUR x 1,000)	2012	2011
Recognised in other comprehensive income		
Net change in fair value of hedge of net investment in foreign operations	6,235	(53,218)
Foreign currency translation differences of foreign operations	3,861	55,850
Foreign currency translation differences of equity-accounted investees	36	24
	10,132	2,656
Net change in fair value of cash flow hedges transferred to profit or loss	773	1,034
Net change in fair value of available-for-sale financial assets	353	(1,899)
Total	11,258	1,791
Recognised in:		
Hedging reserve	773	1,034
Translation reserve	10,780	1,999
Other reserves	353	(1,899)
Non-controlling interests	(648)	657
Total	11,258	1,791

The net change in fair value of hedge of net investment in foreign operations in 2011 (EUR 53,218 thousand negative) resulted from significant fluctuations of the USD as from inception of the USPP loan in August 2011. In 2012 the USD recovered compared to EUR, which had a positive impact on the net change in fair value of hedge of net investment in foreign operations in 2012 (EUR 6,235 thousand).

In 2011, higher foreign currency translation differences of foreign operations were incurred due to the positive effects of revaluation of trade investments and long term loans.

5.34 *Income tax expense*

Recognised in profit or loss

(EUR x 1,000)	2012	2011
Current tax expense		
Current year	70,936	45,042
Adjustment for prior years	(8,187)	(5,333)
	62,749	39,709
Deferred tax expense		
Origination and reversal of temporary differences	(406)	1,729
Change in tax rate	871	750
Utilisation of tax losses recognised	(10,247)	26,305
Recognition of previously unrecognised tax losses	(61,212)	(4,341)
Recognition of previously unrecognised deferred tax liabilities	56,218	–
Effect of write-down deferred tax assets	–	–
Adjustments for prior years	1,529	(617)
	(13,247)	23,826
Total income tax expense	49,502	63,535

Reconciliation of effective tax rate

(EUR x 1,000)	2012 %	2012	2011 %	2011
Profit for the period from continuing operations		242,632		301,586
Income tax expense		49,502		63,535
Profit before income tax		292,134		365,121
Income tax using the weighted domestic average tax rates	21.5	62,844	20.7	75,886
Change in tax rate	0.3	871	0.2	750
Recognition of previously unrecognised tax losses	(20.9)	(61,212)	(1.2)	(4,341)
Recognition of previously unrecognised deferred tax liabilities	19.2	56,218	–	–
Non-deductible expenses	1.3	3,681	0.3	1,265
Tax exempt income	(1.8)	(5,202)	(0.8)	(2,900)
Effect of utilisation previously unrecognised tax losses	(0.4)	(1,040)	(0.3)	(1,175)
Adjustments for prior years (deferred)	0.5	1,529	(0.2)	(617)
Adjustments for prior years (current)	(2.8)	(8,187)	(1.5)	(5,333)
	16.9	49,502	17.2	63,535

Capital expenditure on the multi-client data library is capitalized under IFRS as part of inventory. In 2012 management decided to amend the accounting for corporate income tax purposes retrospectively and treat the expenditure as an expense for corporate income tax purposes which results in a deferred tax liability. Due to this increase in taxable expense, the relating fiscal unity became loss making for corporate income tax purposes. Subsequently, these tax losses have been recognized considering the expected unwinding of the deferred tax liability.

Adjustments for prior years relate to settlement of outstanding tax returns of several years and various fiscal tax entities as well as the recognition of tax liabilities for fiscal positions taken that are currently being challenged or probably will be challenged by tax authorities.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)		2012			2011	
	Before tax	Tax (expense)/benefit	Net of tax	Before tax	Tax (expense)/benefit	Net of tax
Defined benefit plan actuarial gains (losses)	**3,737**	**(1,765)**	**1,972**	(19,655)	4,736	(14,919)
Net change in fair value of cash flow hedges transferred to profit or loss	**1,031**	**(258)**	**773**	1,388	(354)	1,034
Net change in fair value of hedge of net investment in foreign operations	**6,235**	**–**	**6,235**	(53,218)	–	(53,218)
Share-based payment transactions	**33,024**	**1,667**	**34,691**	29,021	878	29,899
Net change in fair value of available-for-sale financial assets	**353**	**–**	**353**	(1,899)	–	(1,899)
Foreign currency translation differences of foreign operations and equity-accounted investees	**7,090**	**(3,193)**	**3,897**	55,028	846	55,874
	51,470	**(3,549)**	**47,921**	10,665	6,106	16,771

Reference is also made to note 5.41.

5.35 *Current tax assets and liabilities*

The net current tax asset/(liability) of EUR (26,739) thousand (2011: EUR 10,765 thousand net current tax asset) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

5.36 ***Property, plant and equipment***

(EUR x 1,000) **2012**

	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Cost						
Balance at 1 January 2012	191,486	1,314,632	888,651	92,531	236,096	2,723,396
Adjustments prior period (refer to note 5.27.3)	–	(8,822)	–	–	–	(8,822)
Acquisitions through business combinations	8	2,081	658	–	624	3,371
Investments in assets under construction	–	–	–	178,033	–	178,033
Other additions	10,917	51,913	29,028	–	25,653	117,511
Capitalised fixed assets under construction	–	73,847	21,854	(95,701)	–	–
Disposals	(3,021)	(213)	(60,958)	–	(8,777)	(72,969)
Effects of movement in foreign exchange rates	(831)	(1,293)	(8,636)	(4,582)	(1,276)	(16,618)
Transfers to assets classified as held for sale	(16,225)	(555,979)	(239,596)	(8,391)	(73,758)	(893,949)
Balance at 31 December 2012	182,334	876,166	631,001	161,890	178,562	2,029,953
Depreciation and impairment losses						
Balance at 1 January 2012	58,069	791,650	191,631	–	199,065	1,240,415
Depreciation	7,355	141,938	50,821	–	21,648	221,762
Disposals	(814)	(18,218)	(35,790)	–	(11,776)	(66,598)
Effects of movement in foreign exchange rates	(272)	(1,410)	(2,062)	–	(988)	(4,732)
Transfers to assets classified as held for sale	(3,185)	(341,791)	(27,932)	–	(53,859)	(426,767)
Balance at 31 December 2012	61,153	572,169	176,668	–	154,090	964,080
Carrying amount						
At 1 January 2012	133,417	522,982	697,020	92,531	37,031	1,482,981
At 31 December 2012	121,181	303,997	454,333	161,890	24,472	1,065,873

(EUR x 1,000)	2011					
	Land and buildings	Plant and equip-ment	Vessels	Fixed assets under con-struction	Other	Total
Cost						
Balance at 1 January 2011	171,395	1,144,045	676,246	134,313	214,291	2,340,290
Acquisitions through business combinations	3,723	67,434	42,565	3,738	8,342	125,802
Investments in assets under construction	–	–	–	134,387	–	134,387
Other additions	16,195	73,482	30,284	–	23,402	143,363
Capitalised fixed assets under construction	–	59,112	118,439	(177,551)	–	–
Disposals	(3,308)	(42,169)	(3,529)	–	(14,297)	(63,303)
Effects of movement in foreign exchange rates	3,481	12,728	24,646	(2,356)	4,358	42,857
Balance at 31 December 2011	191,486	1,314,632	888,651	92,531	236,096	2,723,396
Depreciation and impairment losses						
Balance at 1 January 2011	50,383	666,652	146,104	–	185,837	1,048,976
Depreciation	7,344	148,623	44,225	–	20,792	220,984
Disposals	(750)	(33,454)	(3,207)	–	(11,501)	(48,912)
Effects of movement in foreign exchange rates	1,092	9,829	4,509	–	3,937	19,367
Balance at 31 December 2011	58,069	791,650	191,631	–	199,065	1,240,415
Carrying amount						
At 1 January 2011	121,012	477,393	530,142	134,313	28,454	1,291,314
At 31 December 2011	133,417	522,982	697,020	92,531	37,031	1,482,981

5.36.1 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. The Group has not identified any impairment triggers for Property, plant and equipment. The Group has not incurred nor reversed any impairment losses.

5.36.2 Fixed assets under construction

This involves mainly vessels under construction and ROVs. These will become operational in 2013 and 2014. At 31 December 2012 capitalised borrowing costs related to the construction of vessels amounted to EUR 4 million (2011: EUR 10 million), with an interest rate of 3.6% (2011: 4.5%).

5.36.3 Leased fixed assets

The Group has no leased fixed assets that have to be included in property, plant and equipment.

5.36.4 Security

Land and buildings includes EUR 3 million (2011: EUR 5 million) in the Netherlands, that serves as security for mortgage loans (refer to note 5.48).

5.36.5 Geoscience

The transfer to assets classified as held for sale represents the positions as per 31 December 2012. The movement in the table represents the continuing operations. The depreciation for the discontinued operation amounts to EUR 66 million (period up to 4 September 2012, which is considered the assets for sale date (2011: EUR 94 million). Refer to note 5.45.

5.37 *Intangible assets*

(EUR x 1,000)	2012			
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2012	705,578	142,657	33,925	882,160
Acquisitions through business combinations	23,033	–	5	23,038
Adjustments prior period (refer to note 5.27.3)	10,550	–	–	10,550
Purchase of intangible assets	–	6,895	62,605	69,500
Internally developed intangible assets	–	20,195	–	20,195
Effect of movements in foreign exchange rates	8,170	644	472	9,286
Transfers to assets classified as held for sale	(227,112)	(129,434)	(72,360)	(428,906)
Balance at 31 December 2012	520,219	40,957	24,647	585,823
Amortisation and impairment losses				
Balance at 1 January 2012	–	87,839	11,935	99,774
Amortisation of intangible assets	–	7,588	2,064	9,652
Impairment loss	–	990	–	990
Effect of movements in foreign exchange rates	–	177	(24)	153
Transfers to assets classified as held for sale	–	(70,646)	(9,822)	(80,468)
Balance at 31 December 2012	–	25,948	4,153	30,101
Carrying amount				
At 1 January 2012	705,578	54,818	21,990	782,386
At 31 December 2012	520,219	15,009	20,494	555,722

The impairment loss of EUR 990 thousand related to capitalised vessel information technology, which was stopped in view of the new Seabed Geosolutions joint venture. The loss is included in the other expenses. The purchase of other intangible assets relates to a licence agreement with a third party regarding methods and control systems for steering of marine seismic streamers. This licence has subsequently transferred to assets classified as held for sale. The amortisation for the discontinued operations amounts to EUR 6.5 million (2011: EUR 8.5 million). Refer to note 5.45.

(EUR x 1,000)	2011			
	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2011	526,623	120,029	17,534	664,186
Acquisitions through business combinations	171,832	2,852	8,954	183,638
Adjustments prior period	(241)	–	–	(241)
Purchase of intangible assets	–	1,568	7,049	8,617
Internally developed intangible assets	–	16,504	–	16,504
Effect of movements in foreign exchange rates	7,364	1,704	388	9,456
Balance at 31 December 2011	705,578	142,657	33,925	882,160
Amortisation and impairment losses				
Balance at 1 January 2011	–	78,928	8,825	87,753
Amortisation of intangible assets	–	7,953	2,721	10,674
Effect of movements in foreign exchange rates	–	958	389	1,347
Balance at 31 December 2011	–	87,839	11,935	99,774
Carrying amount				
At 1 January 2011	526,623	41,101	8,709	576,433
At 31 December 2011	705,578	54,818	21,990	782,386

5.37.1 Impairment loss and subsequent reversal

The Company has not incurred nor reversed any significant impairment losses.
The transfer to assets classified as held for sale represents the position as per 31 December 2012.
The movements in the table represents both the continuing and discontinued operations. The amortisation for the discontinued operations amounts to EUR 6,527 thousand (2011: EUR 7,961 thousand).

5.38 *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 2012:

(EUR x 1,000)	Division	2012	2011
Offshore Survey / Subsea Services	Survey	**293,511**	274,012
Geospatial Services	Survey	**54,569**	54,928
Offshore Geotechnical	Geotechnical	**40,818**	33,607
Onshore Geotechnical	Geotechnical	**51,470**	44,277
Other CGUs		**79,851**	298,754
Total (excluding goodwill presented as asset held for sale in 2012)		**520,219**	705,578

The recoverable amounts of the cash-generating units have been determined based on calculations of value in use. Value in use was determined by discounting the expected future cash flows from the continuing use of the CGUs. The calculation of the value in use was based on the following key assumptions:

- The period for the discounted cash flow calculations is in principle indefinite. However the Group has set the period at fifty years, subject to periodic evaluation. About 75% of the Group's activities relate to the oil and gas industry. The services are in principle of such a nature that our clients use us to help them to explore and extract hydrocarbon and mineral resources. 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. Cash flows for the CGU's beyond the one year financial budget period, are extrapolated using an estimated growth rate ranging from 0% to 3.5%. For individually significant CGU's are the growth rates that are based on an analysis of the long-term market price trends in the oil and gas industry adjusted for actual experience.
- The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes is determined through an iterative calculation using the projected post-tax-cash flows, expected tax rate for the respective cash generating units and a post-tax discount rate for the group. The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes ranges for the CGU's from 9.7% to 11.9% (2011: 9.3 – 14.4%).

The recoverable amounts for the CGUs exceeds their carrying amounts and as such no impairment losses are recognized. The recoverable amounts exceed carrying amounts of the CGUs with significant headroom. Considering the significant headroom, a reasonably possible change in key assumptions would not result in an impairment. As such, no sensitivity analysis has been presented. As at 31 December 2012 no cumulative impairment losses have been recognised (2011: none). Goodwill amounting to EUR 227 million included in assets held for sale is recovered through the sale of the Geoscience business.

5.39 *Investments in equity-accounted investees*

The carrying amount of the equity-accounted investees of the Group (not including equity-accounted investees transferred to assets classified as held for sale) can be summarised as follows:

(EUR x 1,000)	2012	2011
Equity-accounted investees	35,094	1,632
Transferred to assets held for sale	(387)	–
Equity-accounted investees on continued basis	34,707	1,632

The Group's share in realised profit (or loss) in the above mentioned equity-accounted investees amounted to a net loss of EUR 1,068 thousand in 2012 (2011: EUR 4,642 thousand gain on continued basis). In 2012 and 2011 the Group did not receive dividends from any of its investments in equity-accounted investees or other investments.

At the end of June, Fugro Offshore Geotechnics entered into a joint venture company with Gregg Marine, named Seafloor Geotec LLC. Fugro has 60% of the shares of Seafloor Geotec LLC and contributed EUR 21.5 million (USD 28 million) in cash.

None of the group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations. Not adjusted for the percentage ownership held by the Group, the equity-accounted investees have assets of EUR 60 million (2011: EUR 3 million), liabilities of EUR 6 million (2011: EUR 1 million), revenues of EUR 11 million (2011: EUR 10 million) and a net loss of EUR 4 million (2011: profit of EUR 2 million).

5.40 *Other investments*

The Group holds the following other investments:

(EUR x 1,000)	2012	2011
Other investments in equity instruments	1,095	1,095
Long-term loans	–	5,246
Financial assets at fair value through profit or loss	–	47,658
Available-for-sale financial assets	1,310	1,021
Other long-term receivables	2,692	4,227
Receivables under finance lease (refer to note 5.43)	14,240	–
	19,337	59,247

5.40.1 Other investments in equity instruments

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

Name of the company (EUR x 1,000)	Country	Ownership	Assets	Liabilities	Equity	Revenue	Profit/ (loss)
La Coste & Romberg-Scintrex	USA	11%	17,435	9,329	8,106	19,932	6,862

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

5.40.2 Long-term loans

In July 2010, Fugro granted a loan to Electro Magnetic GeoServices ASA (EMGS) of US dollar 20 million. The loan had a maturity of 3.5 years, carried an interest rate of Libor plus 8% and was secured by the income of the Pemex contract which EMGS is carrying out. The loan was repaid in July 2011.

In December 2011 Fugro granted a loan facility for five years of USD 25 million to Expro AX-S Technology. At the end of December 2011 about one third of the facility has been drawn. The loan was scheduled to be repaid as follows: 20% in year 3, 20% in year 4 and 60% in year 5. In 2012 the loan has been fully written-off, as the company went into receivership. Reference is made to note 5.32.

5.40.3 Financial assets at fair value through profit or loss

In 2009 the Group provided a long-term convertible loan of NOK 150 million at 7% per annum to Electro Magnetic GeoServices ASA (EMGS). The conversion feature has been accounted for as financial asset at fair value through profit or loss. The loan could at any time be converted into common shares in EMGS at the conversion price of NOK 5.40 per share until the maturity date on 2 January 2012. In April 2011 the EMGS convertible loan was converted into 27.8 million shares in EMGS (14.81% of the outstanding shares of EMGS, valued at year-end share price of NOK 13.30).

In 2012 Fugro has sold its financial investment in Electro Magnetic GeoServices ASA (EMGS) for a total value of approximately EUR 60 million, resulting in a post tax gain of EUR 10.1 million, which is presented in the net finance income. Reference is made to note 5.33.

5.40.4 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).

5.41 *Deferred tax assets and liabilities*

5.41.1 Recognised deferred tax assets and liabilities

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

(EUR x 1,000)	Assets		Liabilities		Net	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Property, plant and equipment	**9,052**	10,958	**(15,218)**	(7,148)	**(6,166)**	3,810
Intangible assets	**1,009**	833	**(11,931)**	(12,133)	**(10,922)**	(11,300)
Other investments	**81**	124	**–**	–	**81**	124
Inventory	**–**	–	**(63,063)**	(6,845)	**(63,063)**	(6,845)
Loans and borrowings	**–**	–	**(3,156)**	–	**(3,156)**	–
Employee benefits	**23,054**	25,126	**–**	–	**23,054**	25,126
Share based payments	**–**	–	**(134)**	–	**(134)**	–
Provisions	**1,419**	1,408	**(246)**	(236)	**1,173**	1,172
Tax loss carry-forwards	**81,818**	26,948	**–**	–	**81,818**	26,948
Exchange rate differences	**837**	213	**–**	(64)	**837**	149
Other items	**3,569**	8,027	**–**	(5,632)	**3,569**	2,395
Deferred tax assets/(liabilities)	**120,839**	73,637	**(93,748)**	(32,058)	**27,091**	41,579
Set off of tax components	**(75,618)**	(18,375)	**75,618**	18,375	**–**	–
Net deferred tax asset/(liability)	**45,221**	55,262	**(18,130)**	(13,683)	**27,091**	41,579

Capital expenditure on the multi-client data library is capitalized as part of inventory. In 2012, the Group has retrospectively changed the accounting for corporate income tax purposes and has treated the expenditure as an expense for corporate income tax purposes which results in a deferred tax liability. Due to this increase in taxable expense, the relating fiscal unity became loss making for corporate income tax purposes. Subsequently, these tax losses have been recognized considering the expected unwinding of the deferred tax liability.

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences.

Movement in temporary differences during the year

(EUR x 1,000) **2012**

	Balance 31-12-11	Transfers to assets and liabilities classified as held for sale	Balance 01-01-12	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31-12-12
Property, plant and equipment	3,810	6,053	(2,243)	38	(3,961)	–	(6,166)
Intangible assets	(11,300)	(2,735)	(8,565)	–	(2,357)	–	(10,922)
Other investments	124	–	124	–	(43)	–	81
Inventory	(6,845)	–	(6,845)	–	(56,218)	–	(63,063)
Loans and borrowings	–	–	–	–	–	(3,156)	(3,156)
Employee benefits	25,126	3,356	21,770	–	2,381	(1,097)	23,054
Share based payment transaction	–	28	(28)	–	28	(134)	(134)
Provisions	1,172	1,543	(371)	–	1,544	–	1,173
Tax loss carry-forward	26,948	13,612	13,336	–	68,482	–	81,818
Exchange differences	149	194	(45)	–	1,194	(312)	837
Other items	2,395	960	1,435	(63)	2,197	–	3,569
	41,579	23,011	18,568	(25)	13,247	(4,699)	27,091

The asset held for sale classification and measurement requirements result in no longer recognising a deferred tax asset related to Fugro Geoteam AS of EUR 30 million. For this entity, the current tax group will no longer exist due to the sale of the Geoscience business to CGG entities. The available tax losses have been assessed for the discontinued operations and it has been concluded that insufficient taxable profits in this tax group will be available in the future. Consequently, the deferred tax asset is transferred to unrecognised deferred tax assets within the disposal group and the tax expense relating to the derecognition is included in the Profit for the period from discontinued operations.

Capital expenditure on the multi-client data library is capitalised under IFRS as part of inventory, but treated as expense for tax purposes. This leads to a deferred tax liability of EUR 56 million. This tax treatment led to taxable losses and resulted in a deferred tax asset (refer to note 5.34).

Fugro Ocean Bottom Nodes, a Fugro company has a deferred tax amount of EUR 7.8 million. This entity is part of the joint venture agreement between Fugro and CGG. Fugro will make group contributions in 2013 to ensure utilisation of the tax losses under the current tax group.

(EUR x 1,000)					2011
	Balance 01-01-11	Acquired in business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31-12-11
Property, plant and equipment	3,102	(1,576)	2,284	–	3,810
Intangible assets	(7,829)	–	(3,471)	–	(11,300)
Other investments	1,114	(366)	(624)	–	124
Financial assets at fair value through profit or loss	(6,253)	–	6,253	–	–
Loans and borrowings	186	548	(734)	–	–
Employee benefits	20,018	290	82	4,736	25,126
Provisions	1,829	892	(1,549)	–	1,172
Tax loss carry-forward	1,040	14,571	11,337	–	26,948
Exchange differences	144	2	(2,374)	2,377	149
Other items	(9,240)	2,074	2,555	161	(4,450)
	4,111	16,435	13,759	7,274	41,579

5.41.2 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)	2012	2011
Deductible temporary differences	–	318
Tax losses	15,670	19,586
Capital allowances	3,166	3,084
Total	18,836	22,988

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)	2012	2011
As of 1 January	22,988	27,624
Movements during the period:		
Transfers to assets classified as held for sale	(4,324)	–
Additional losses	59,283	2,162
Utilisation	(1,040)	(3,327)
Recognition of previously unrecognised tax losses	(61,212)	(5,462)
Effect of change in tax rates	(214)	(599)
Exchange rate differences	(332)	(45)
Change from reassessment	3,687	(728)
Resulting from acquisitions	–	3,363
As of 31 December	18,836	22,988

Reassessment of tax compensation opportunities under applicable tax regulations has resulted in an increase of unrecognised deferred tax assets of EUR 3.7 million (2011: EUR 0.7 million decrease).
Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 806 thousand expires in periods varying from two to five years. An amount of EUR 1,835 thousand expires between five and ten years and an amount of EUR 94,846 thousand can be offset indefinitely.
Based on forecasted results per tax jurisdiction, management considered it probable that sufficient future taxable profit will be generated to utilise deferred tax assets depending on taxable profits in excess of the profits arising from the reversal of existing temporary differences.

Unrecognised deferred tax liabilities

At 31 December 2012 no deferred tax liabilities relating to investments in subsidiaries have been recognised (2011: 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 (2011: EUR 318 thousand).

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.

5.42 *Inventories*

(EUR x 1,000)	2012	2011
Seismic and geological data libraries	458,479	333,806
Other inventories	21,343	31,069
	479,822	364,875

Seismic and geological data libraries

The marine streamer seismic data libraries were not part of the sale of the majority of the Geoscience activities to CGG. Fugro has retained ownership of the existing marine streamer seismic data libraries.

The carrying value of these seismic libraries as at 31 December 2012 amounts to EUR 458.5 million (31 December 2011: EUR 333.8 million).

Seismic and geological data libraries are stated at the lower cost and net realisable value. The net realisable value analysis in 2012 libraries led to a write down of EUR 13 million (2011: EUR nil), partly caused by the decision not to further source projects following the transaction with CGG.

The carrying value consists of 2-D and 3-D data sets. 3-D data sets constitute more than 80% of the carrying value of the data libraries as at 31 December 2012. Some 90% of the carrying value relates to 3-D data which were acquired and processed after 2009. No data acquired during or before 2009 is significantly valued on the balance sheet as at 31 December 2012.

The geographical split of the carrying value of the data libraries as at 31 December 2012 is as follows:

- Norway: 31%
- Australia: 47%
- Rest of the world: 22%

The seismic data libraries are stated at the lower of cost and net realisable value. In order to determine net realisable value Fugro uses a model that includes amortisation to approximate net realisable value, including:

- straight line amortisation (3 years for 2-D data sets, for 3-D data sets a minimum annual reduction of 20% of the carrying value commencing after the ready for sale date
- sales related amortisation (75% for 2-D data sets, 33%-90% for 3-D data sets), and
- impairment (when, after applying the above amortisations, the net realisable value determined using a discounted cash flow model exceeds the carrying value).

For the 3-D data libraries capitalised as at 31 December 2012, the estimated sales related amortisation in case of a sale is set to between 75% and 90% Combined with the 10% sales commission that has to be paid to CGG under the non-exclusive sales and marketing agreement, the expected net contribution to Profit for the period relating to these 3-D data sets is expected to be limited in the near future.

The determination of net realisable value requires significant judgment and is based on expected sales cash flows. Management first assesses whether write offs to net realisable value for individual libraries are needed based on specific circumstances. Then management assesses write offs of data libraries by reference in groups of libraries with similar characteristics, with respect to amongst others 2-D versus 3-D, customers and geographical area. The group uses sales estimates that are based on the budget plan for next year, sales prospects and an outlook for the seismic industry.

In 2012, the company wrote off 3 small uncompleted projects in Norway for EUR 7 million as these are not expected to be completed following the CGG transaction. In addition the company reassessed the key cost base elements of the data sets in the library, leading to an adjustment of EUR 13 million (refer to above). No further adjustments followed from the net realisable value assessment.

During 2012 Fugro generated EUR 235 million (2011: EUR 156 million) sales from the seismic libraries. Total straight line amortisation and additional sales related amortisation amounted to EUR 143 million (2011: EUR 69 million) and was charged to the income statement as third party costs.

The key assumptions for net realisable value include:
– estimated sales cash flows by significant library and grouping thereof;
– a sales cash flow growth percentage of 3% per year;
– up to a 10-year period in which the data is expected to be marketed; and
– discount rate of 9.5%.

An increase of the discount rate with 1 percent point to 10.5% or decrease of the expected sales cash flows by 1 percent point to 2% does not result in an impairment. Changes in assumptions, in particular the expected sales cash flows, could significantly affect the net realisable value and result in a write-off of the carrying value of the data libraries. Management currently expects that on average between 4-5 years of sales are needed to recover the carrying value of the data libraries as at 31 December 2012. Management has also recognised that the 3-D marine streamer seismic data library in Australia needs to be watched carefully as in the next 1-2 years there may be a slow down in exploration activity in the area where the Australian 3-D data library is positioned.

Other inventories

In December 2012 EUR 25,089 thousand (2011: EUR 24,135 thousand) of other inventories was recognised as an expense and EUR 174 thousand (2011: EUR 277 thousand) was written down. The write down is included in third party costs.

5.43 *Trade and other receivables*

(EUR x 1,000)	2012	2011
Unbilled revenue on completed projects	219,412	221,550
Trade receivables	516,744	494,058
Non-trade receivables	97,278	168,942
Receivables under finance lease	4,211	–
	837,645	884,550

Unbilled revenue on completed projects includes aggregated costs and recognised profits, net of recognised losses for all contracts in progress for which this amount exceeds progress billings. At 31 December 2012 trade receivables include retentions of EUR 7.0 million (2011: EUR 8.6 million) relating to completed projects.

Trade receivables are shown net of impairment losses amounting to EUR 34.7 million (2011: EUR 30.2 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 (2011: nil). Non-trade receivables include among others pre-payments and VAT receivables.

On 31 December 2012, the Group entered into a 5 years lease agreement which transfers the risks incidental to ownership of the Geo Pacific to a third party. This agreement classifies as a finance lease. Management has determined the future minimum lease payments under the contract as follows:

(EUR x 1,000)			2012
	Total future payments	Discounted	Unearned interest income
Not later than one year	4,350	4,211	139
Between one and five years	17,463	14,240	3,223
Total	21,813	18,451	3,362

The implicit rate used in calculating the present value of the future minimum lease payments amounts to 6%. Reference is made to note 5.53 and 5.55 for detailed information on the credit and currency risks, and impairment losses related to trade receivables.

5.44 *Cash and cash equivalents*

(EUR x 1,000)	2012	2011
Cash and cash equivalents	92,019	170,384
Bank overdraft	(221,923)	(167,810)
Cash and cash equivalents in the consolidated statement of cash flows	(129,904)	2,574

5.45 Assets and liabilities classified as held for sale and discontinued operations

The Company's divestment of a large part of its Geoscience business as described in Note 5.3.6 has been classified as held for sale and a discontinued operation upon meeting IFRS 5 criteria for classification of assets held for sale on 4 September 2012. The sale of this division, excluding the multiclient library and Ocean Bottom Nodes business, to CGG has been finalised on 28 January 2013 and has been effected on 31 January 2013.

At 31 December 2012, the assets and liabilities comprising the disposal group classified as held for sale are as follows:

(EUR x 1,000)	2012
Assets classified as held for sale	
Property, plant and equipment	467,182
Intangible assets	348,438
Investments in equity accounted investees	387
Other investments	1,006
Deferred tax assets	13,560
Inventories	15,691
Trade and other receivables	140,452
Current tax assets	11,297
Cash and cash equivalents	13,857
Total assets classified as held for sale	1,011,870

(EUR x 1,000)	2012
Liabilities classified as held for sale	
Loans and borrowings	2,117
Employee benefits	10,026
Deferred tax liabilities	6,741
Bank overdraft	44,991
Interest-bearing loans and borrowings	485
Trade and other payables	118,662
Other taxes and social security charges	8,711
Current tax liabilities	9,798
Total liabilities classified as held for sale	201,531

As from 4 September 2012 the Geoscience activities are classified as assets held for sale. As from this moment depreciation of property, plant and equipment and intangible assets ceased, which has an effect after tax of EUR 31 million (positive) on profit for the period. The intangible assets include an amount of EUR 227 million of goodwill, which relates to the disposal group.

The disposal group comprises a main part of the Geoscience operating segment, as disclosed below.

The Geoscience division was not classified as held for sale / discontinued operation as per 31 December 2011. The consolidated statement of comprehensive income below presents the discontinued operations on a stand-alone basis.

(EUR x 1,000)	2012	2011
From discontinued operations		
Revenue	787,690	719,722
Third party costs	(318,206)	(376,930)
Other income	22,615	2,269
Personnel expenses	(205,858)	(171,620)
Depreciation and amortisation	(72,669)	(101,749)
Other expenses	(104,501)	(74,378)
Results from operating activities (EBIT)	109,071	(2,686)
Finance income	771	5,661
Finance expenses	(21,516)	(27,573)
Share of profit of equity accounted investees	144	79
Tax	(29,660)	18,203
Profit/(loss) for the period from discontinued operations	58,810	(6,316)

Included in the 2012 profit for the period from discontinued operations are the significant following one offs:

1) As from this moment depreciation of property, plant and equipment and intangible assets ceased, which has an effect after tax of EUR 31 million (positive) on profit for the period.

2) The Geo Pacific, which is part of the Geoscience division, was derecognized as part of the finance lease transactions entered into December 2012. This vessel was part of the disposal group classified as held for sale. The Group entered into a 5 years lease agreement which transfers the risks incidental to ownership of a Geo Pacific vessel to a third party. The derecognition of the Geo Pacific vessel resulted in a gain of EUR 16.6 million.

3) A deferred tax asset in Norway had to be written down due to the classification of the Geoscience business as held for sale. This negatively impacted profit with EUR 30 million (2011: EUR 23 million positive).

The amount recognised in other comprehensive income with respect to discontinued operations amounts to EUR 1,643 thousand in 2012 (2011: EUR 6,338 thousand negative).

The cash flows associated with discontinued operations are as follows:

(EUR x 1,000)	2012	2011
Cash flows from discontinued operations		
Net cash (used in) / from operating activities	38,814	173,192
Net cash (used in) / from investing activities	(78,839)	(115,122)
Net cash (used in) / from financing activities	21	2,096
Net cash flows for the year from discontinued operations	(40,004)	60,166

At 31 December 2012 and 31 December 2011 all cash and cash equivalents are freely available to the Group.

5.46 *Total equity*

5.46.1 *Share capital*

(In thousands of shares)	Ordinary shares 2012	2011
On issue and fully paid at 1 January	81,393	80,270
Stock dividend 2011 respectively 2010	1,451	1,123
Repurchased for option programme at year-end	(1,203)	(2,163)
On issue and fully paid at 31 December – entitled to dividend	81,641	79,230

On 31 December 2012 the authorised share capital amounts to EUR 16 million (2011: EUR 16 million) divided into 96 million ordinary shares (2011: 96 million), each of EUR 0.05 nominal value and 224 million (2011: 224 million) various types of preference shares, each of EUR 0.05 nominal value.

On 31 December 2012 the issued share capital amounted to EUR 4,142,218.55. As of this date, 86.3% of the ordinary shares (82,844,371 shares) were issued. No preference shares have been issued. In 2012 a total number of 1,451,390 certificates of shares were issued by the Fugro Trust Office (2011: 1,123,297). 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 certificates into ordinary shares and vice versa. For more details reference is made to page 93.

The Board of Management proposes a dividend for 2012 of EUR 2.00 (2011: EUR 1.50) per (certificate of) share, to be paid at the option of the holder in cash or in (certificates of) shares. This dividend proposal is currently part of unappropriated result.

5.46.2 Share premium

The share premium can be considered as paid in capital.

5.46.3 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.

5.46.4 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.

5.46.5 Reserve for own shares

Fugro did not purchase certificates of own shares to cover its option scheme in 2012 (2011: 2,250,000 certificates at an average price of EUR 48.92). 960,180 (certificates of) shares were sold at an average price of EUR 49.91 with respect to exercise of options (2011: 970,050 at an average price of EUR 44.16). As per 31 December 2012 Fugro holds 1,202,566 own certificates of shares (2011: 2,162,746) with respect to the option scheme. This was 1.5 % of the issued capital (2011: 2.7%).

5.46.6 Unappropriated result

After the reporting date the following dividends were proposed by the Board of Management. There are no corporate income tax consequences related to this proposal.

(EUR x 1,000)	2012	2011
EUR 2.00 per qualifying (certificate of a) share (2011: EUR 1.50)	163,284	118,845
	163,284	118,845

5.47 Earnings per share

The basic earnings per share for 2012 amount to EUR 2.90 (2011: EUR 3.71) from continuing operations and EUR 0.73 from discontinued operations (2011: EUR (0.08)).The diluted earnings per share amount to EUR 2.87 (2011: EUR 3.66) from continuing operations and EUR 0.73 from discontinued operations (2011: EUR (0.08)).

The calculation of basic earnings per share at 31 December 2012 is based on the profit attributable to owners of the Company from continuing operations of EUR 242,632 minus the non-controlling interest of EUR 9,869 thousand and from discontinued operations EUR 58,810 thousand (2011: EUR 6,316 thousand negative) and a weighted average number of shares outstanding during the year ended 31 December 2012 of 80,241 thousand (2011: 79,195 thousand), calculated as follows:

5.47.1 Basic earnings per share

Weighted average number of ordinary shares

(In thousands of shares)	2012	2011
On issue and fully paid at 1 January	79,230	79,387
Effect of own shares held	–	(1,213)
Effect of shares issued due to exercised options	283	384
Effect of shares issued due to optional dividend	728	637
Weighted average number of ordinary shares at 31 December	80,241	79,195

5.47.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2012 was based on profit attributable to owners of the Company from continuing operations of EUR 242,632 minus the non-controlling interest of EUR 9,869 and from discontinued operations of EUR 58,810 thousand (2011: EUR 293,911 thousand and EUR 6,316 thousand negative), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 81,019 thousand (2011: 80,260 thousand), calculated as follows:

Weighted average number of ordinary shares (diluted)

(In thousands of shares)	2012	2011
Weighted average number of ordinary shares at 31 December	80,241	79,195
Effect of share options on issue	778	1,065
Weighted average number of ordinary shares (diluted) at 31 December	81,019	80,260

5.48 *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 5.54, 5.55 and 5.56.

(EUR x 1,000)	2012	2011
Bank loans	431,396	450,687
Private Placement loans 2011 in USD	568,148	575,430
Private Placement loans 2011 in EUR	34,886	34,860
Private Placement loans 2011 in GBP	82,755	80,693
Private Placement loans 2002 in USD	57,509	92,091
Private Placement loans 2002 in EUR	–	20,000
Mortgage loans	–	5,082
Other loans and long-term borrowings	2,854	36,106
Subtotal	1,177,548	1,294,949
Less: current portion of loans and borrowings	10,814	79,776
	1,166,734	1,215,173

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2012		2011	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank loans	EUR	EURIBOR +130 bps	2013-2016	434,000	431,396	454,000	450,687
Private Placement loans:							
320 million USD bonds 2011	USD	4.05%	2018	243,200	242,410	246,400	245,526
330 million USD bonds 2011	USD	4.78%	2021	250,800	249,985	254,100	253,184
100 million USD bonds 2011	USD	4.88%	2023	76,000	75,753	77,000	76,720
27.5 million GBP bonds 2011	GBP	4.06%	2018	33,825	33,715	33,000	32,876
40 million GBP bonds 2011	GBP	4.82%	2021	49,200	49,040	48,000	47,817
35 million EUR bonds 2011	EUR	4.81%	2021	35,000	34,886	35,000	34,860
44 million USD bonds 2002	USD	6.85%	2012	–	–	33,880	33,777
39 million USD bonds 2002	USD	6.95%	2014	29,640	29,510	30,030	29,927
37 million USD bonds 2002	USD	7.10%	2017	28,120	27,999	28,490	28,387
20 million Eurobonds 2002	EUR	6.45%	2012	–	–	20,000	20,000
Mortgage and other loans and long-term borrowings	Variable	4.70%	2013-2014	2,854	2,854	41,188	41,188
				1,182,639	1,177,548	1,301,088	1,294,949

The mortgage loans are secured over land and buildings with a carrying amount of EUR 3 million (2011: EUR 5 million).

5.48.1 Bank loans

In 2008 agreement was reached with Rabobank for a revolving facility of EUR 100 million, maturing in 2013. The Rabobank facility is repaid in quarterly instalments of EUR 5 million. Outstanding amount is EUR 10 million as at 31 December 2012.

In November 2011 Fugro signed agreements with eight banks for committed multicurrency revolving facilities with a maturity of five years. The total amount of these bilateral agreements with the banks is EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse AG provided EUR 50 million each.

The interest of the bank loans under the multicurrency revolving facilities is LIBOR, or in relation to any EUR loan EURIBOR, plus a margin based on Debt/ EBITDA margin at each completed half year. The average interest rate of the facilities is currently EURIBOR plus 130 base points. At 31 December 2012 a total amount of EUR 424 million of the new facilities was in use (55%), the loans were all drawn in euro.

5.48.2 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 2012 in a cost of EUR 1,031 thousand (2011: EUR 1,388 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 6,235 thousand positive (2011: EUR 58,950 thousand negative).

5.48.3 Covenant requirements

Both the committed multicurrency revolving facilities as well as the Private Placement loans contain covenant requirements which can be summarised as follows:

- Equity > EUR 200 million (only applicable to Private Placement loans 2002)
- Consolidated EBITDA plus Operating Lease Expense/ Consolidated Interest Expense plus Operating Lease Expense > 2.5
- Consolidated Net Financial Indebtedness/Consolidated EBITDA < 3.0
- Solvency: Consolidated Net Worth/Balance sheet total > 1.0: 3.0
- Consolidated Financial Indebtedness of the Subsidiaries < 15%, for the Private Placement loans and < 20% for the bank loans, of the consolidated balance sheet total
- Fugro declared dividend < 60% of the profits of the Group for such financial year (only applicable to Private Placement loans 2011). As can be concluded from the table below, at the twelve month rolling forward measurement dates in 2012 and 2011, Fugro complied with the above conditions.
- The sale of the Geoscience activities does not trigger repayment and/or default conditions included in the agreements.

	(EUR x 1,000)*	2012	2011
	EBITDA	648,753	580,988
(5.29)	Operating lease expense	177,076	141,781
(5.33)	Net interest expense	44,911	32,963
	Margin > 2.5	3.7	4.1
(2)	Net financial indebtedness (loans and borrowings less net cash)	1,338,586	1,292,375
	Bank guarantees	69,966	37,278
	Total	1,408,552	1,329,653
	EBITDA coverage < 3.0	2.17	2.29
(2)	Net worth	1,956,729	1,655,785
(2)	Balance sheet total	4,169,716	3,861,595
	Solvency > 33.33%	46.9%	42.9%
	Margin Indebtedness subsidiaries < 15%	4.3%	2.4%
	Dividend < 60% of the profit	56.0%	41.3%

* *Amounts including discontinued operations.*

5.48.4 Mortgage and other loans and long-term borrowings

The average interest rate on mortgage loans and other loans and long-term borrowings over one year amounts to 4.7% (2011: 3.1%).

5.48.5 Change of control provisions

A change of control of Fugro could result in early repayment of the bank loans (5.48.1) and the Private Placement loans (5.48.2).

5.49 *Employee benefits*

(EUR x 1,000)	2012	2011
Present value of funded obligations	337,999	329,428
Fair value of plan assets	(259,454)	(243,220)
Recognised net liability for defined benefit obligations	78,545	86,208
Liability for long-service leave	11,212	12,112
Total employee benefit liabilities	89,757	98,320

The Group makes contributions to a number of pension plans, both defined benefit plans as well as defined contribution plans, that provide pension benefits for employees upon retirement in a number of countries. The most important plans relate to plans in the Netherlands, United Kingdom, Norway and the United States; details of which are as follows:

- In the Netherlands the Group provides for a pension plan based on average salary. This plan qualifies as a defined benefit scheme. The pension entitlements from this plan are insured with an insurance company that guarantees the accrued pension entitlements. The scheme includes a (conditional) indexation of pension benefits as far as the return on the separated investments exceeds the actuarial required interest.
- The employees of De Regt Marine Cables B.V. participate in the industry-wide pension fund for the Metalektro sector. The industry wide pension fund qualifies as a multi-employer pension plan, and the fund is not able to provide sufficient information to account for this pension plan as defined benefit. Hence, we account for this plan as a defined contribution plan. For one of the directors of De Regt Marine Cables B.V. a defined benefit plan is applicable.
- In the United Kingdom the Group operates two defined benefit pension schemes considering either a guaranteed minimum pension or a maximum lump sum entitlement. The pension schemes have been closed in previous years for new participants, but include the on-going obligations to their members (both former and present employees). The pension scheme assets are held in separate Trustee-administered funds. The scheme includes indexation in line with RPI.
- In Norway a defined benefit pension plan exists that, combined with the available State pension plan, leads to a pension at the age of 67 years based on a defined maximum. The entitlements are insured with an insurance company.
- In the United States of America the Group operates a 401K plan for its employees. The Group contributes towards the deposits of its employees in accordance with agreed rules and taking into account the regulations of the IRS, the US tax authority. This plan qualifies as a defined contribution plan.

A number of pension schemes at individual companies in the Netherlands and Norway will be transferred as part of the transaction with CGG in 2013.

Liability for defined benefit obligations

Plan assets consist of the following:

(EUR x 1,000)	**2012**	**2011**
Equity securities	87,664	78,491
Government bonds	140,233	136,234
Corporate bonds	21,596	18,271
Real estate	2,074	3,582
Cash	7,887	6,642
	259,454	243,220

Movements in the present value of the funded defined benefit obligations

(EUR x 1,000)	2012	2011
Defined benefit obligations at 1 January	329,428	272,497
Acquisitions	–	1,918
Transfers to liabilities classified as held for sale	(24,362)	–
Benefits paid by the plan	(5,467)	(4,499)
Contributions paid by plan participants	2,004	2,069
Current service costs and interest (see below)	21,237	21,906
Actuarial gains and losses recognised in other comprehensive income (see below)	9,944	30,495
Effect of movement in exchange rates	5,215	5,042
Defined benefit obligations at 31 December	337,999	329,428

Movement in the fair value of plan assets

(EUR x 1,000)	2012	2011
Fair value of plan assets at 1 January	243,220	207,978
Acquisitions	–	1,229
Transfers to liabilities classified as held for sale	(14,617)	–
Contributions paid by the employer	8,830	10,306
Contributions paid by plan participants	1,847	2,069
Benefits paid by the plan	(5,467)	(4,499)
Expected return on plan assets	11,511	11,715
Actuarial gains and losses recognised in other comprehensive income (see below)	10,914	10,840
Effect of movement in exchange rates	3,216	3,582
Fair value of plan assets at 31 December	259,454	243,220

Expenses recognised in profit or loss

(EUR x 1,000)	2012	2011
Current service costs	7,620	7,540
Interest on obligation	13,617	14,366
	21,237	21,906
Expected return on plan assets	(11,511)	(11,715)
	9,726	10,191

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

(EUR x 1,000)	2012	2011
Personnel expenses	9,726	10,191

Actual return on plan assets

(EUR x 1,000)	2012	2011
Actual return on plan assets	22,425	22,555

Actuarial gains and losses recognised directly in other comprehensive income

(EUR x 1,000)	2012	2011
Cumulative amount at 1 January	(53,120)	(32,909)
Impact of the discontinued business	7,934	–
Recognised during the year	970	(19,655)
Effect of movement in exchange rates	(1,214)	(556)
Cumulative amount at 31 December	(45,430)	(53,120)

Refer to note 5.34 with respect to the income tax impact on the actuarial gain of EUR 970 (2011: EUR 19,655 negative).

Actuarial assumptions

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

	2012			2011		
	UK	Norway	NL	UK	Norway	NL
Discount rate at 31 December	4.35% – 4.60%	3.9%	3.3%	4.60% – 4.75%	2.6%	4.3%
Expected return on plan assets	5.50% – 5.80%	4.00%	4.0%	6.10% – 6.30%	4.10%	5.0%
Future salary increases	2.60%	3.5%	2.0%	2.70%	3.5%	2.0%
Medical cost trend rate	n/a	n/a	n/a	n/a	n/a	n/a
Future pension increases	2.60% – 3.00%	3.25%	1.0%	2.70% – 3.10%	3.25%	2.0%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the actuarial gains and losses.

Assumptions regarding future mortality are based on published statistics and mortality tables:

Netherlands:	Generation table 2010-2060 for men and women, an age correction of (– 1: – 1) is applied.
United Kingdom:	Base table 90% of S1NXA tables or SAPS and CMI 2009 1% long term + 1 year for future mortality improvements
Norway:	K2005 + 10/15

The calculation of the defined benefit obligation is sensitive to the mortality assumptions. As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives is considered reasonably possible in the next financial year. The effect of this change would be an increase in the employee benefit liability by EUR 9.5 million.

The overall expected long-term rate of return on assets for 2012 is 4.7%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

(EUR x 1,000)	2012	2011	2010	2009	2008
Present value of the defined obligation	**337,999**	329,428	272,497	244,362	190,269
Fair value of plan assets	**259,454**	243,220	207,978	179,643	143,757
Deficit in the plan	**(78,545)**	(86,208)	(64,519)	(64,719)	(46,512)
Experience adjustments arising on plan liabilities	**(6,125)**	10,910	1,418	1,269	(1,982)
Experience adjustments arising on plan assets	**10,914**	10,840	7,066	14,603	(35,150)

The estimated planned contributions 2013 amount to EUR 10.7 million (estimate 2012: EUR 10.5 million). For the discontinued business the estimated planned contributions 2013 amount to EUR 1.3 million.

5.50 *Provisions*

(EUR x 1,000)	2012		2011	
	Procedures	Total	Procedures	Total
Balance at 1 January	**4,215**	**4,215**	5,204	5,204
Provisions made during the year	**880**	**880**	765	765
Provisions used during the year	–	–	–	–
Provisions reversed during the year	**(3,930)**	**(3,930)**	(1,837)	(1,837)
Unwinding of discount	–	–	83	83
Balance at 31 December	**1,165**	**1,165**	4,215	4,215
Non-current	**1,165**	**1,165**	4,215	4,215

Procedures

The Group is involved in several legal proceedings in various jurisdictions (including the USA) as a result of its normal business activities, either as plaintiff or as defendant. The Board of Management ensures that these cases are vigorously defended. Fugro has set up adequate provisions for those claims where management believes it is probable that a liability has been incurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary. Considering the expected duration of the (legal) proceedings, management does not expect the legal actions, for which a provision has been set-up, to be completed within the next year. The expected outflows of economic benefits have been discounted at a rate of 4.5%, and are based on management's best estimate. Final settlements can differ from this estimate, and could require revisions to the estimated provisions. In 2012, Fugro determined that it would no longer be probable that a legal claim will be pursued and therefore no further cost are expected. Consequently part of the provision for procedures has been reversed.

5.51 *Trade and other payables*

(EUR x 1,000)	2012	2011
Trade payables	**136,285**	155,485
Advance instalments to work in progress	**35,592**	43,726
Fair value derivatives	**–**	438
Non-trade payables	**217,676**	313,043
Balance at 31 December	**389,553**	512,692

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

5.52 *Financial risk management*

5.52.1 Overview

The Company's risk management policy includes the long-term sustainable management of its business activities and where possible, the mitigation of the associated business risks. Based on the nature and relative significance of the risks related to the Group's wide diversity of markets, clients and regions and its broad portfolio of activities the risks have been quantified to the extent possible.

The Group has exposure to the following risks from its use of financial instruments:

– credit risk
– liquidity risk
– market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Both regular and ad hoc reviews of risk management controls and procedures are performed, the results of which are reported directly to the Board of Management and Executive Committee. A summary of important observations is reported to the Audit Committee.

5.52.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the composition of the Group's client base, including the default risk of the industry and country in which clients operate, as these factors may have an influence on credit risk. As the Group operates to a large extent in the oil and gas industry a significant portion of trade and other receivables relates to clients from this industry.

Some of the Group's orders are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out multiple projects for the same client. The projects carried out for any single client do not, however, account for more than 4% on an annual basis of the total revenue. Having a large number of clients and short project time spans mitigates Fugro's credit risk as the individual amounts receivable with the same client are limited.

New customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review may include external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or have to provide a bank guarantee.

The majority of the Group's clients has done business with the Group for many years and significant losses have only occurred incidentally in prior years. However, as a result of the expected negative effects of the current worldwide economic crisis the credit risk has increased significantly. Clients that are known to have negative credit characteristics are individually monitored by the group controllers. Findings are reported on a bi-weekly basis to the Board of Management. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group publishes an internal list of clients that need extra attention before a contract is closed.

The Board of Management reviews frequently the outstanding trade receivables. Local management is requested to take additional precaution in working with 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 92.0 million at 31 December 2012 (2011: EUR 170.4 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have 'investment grade' credit ratings.

Guarantees

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce which includes all financial interests of Fugro as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2012 and at 31 December 2011 no significant guarantees were outstanding.

5.52.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow on a regular basis. Consolidated cash flow information including a six months projection is reported on a monthly basis to the Executive Committee, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected operational expenditures for the next half-year, including the servicing of financial obligations from lease commitments not included in the statement of financial position and investment programs in vessels. Cash flows exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

– A total amount of bilateral revolving facility agreements with eight banks totalling EUR 775 million. Rabobank and ING Bank N.V. provided EUR 150 million each, The Royal Bank of Scotland N.V., BNP Paribas S.A. and HSBC Bank Plc. provided each EUR 100 million, Barclays Bank Plc. provided EUR 75 million, ABN AMRO Bank N.V. and Credit Suisse provided EUR 50 million each. At 31 December 2012 an amount of EUR 424 million was drawn (55%).
– Revolving line of credit with Rabobank of EUR 100 million, maturing in May 2013. The Rabobank facility is fully drawn at 31 December 2012. The facility is being repaid in equal quarterly instalments. The balance at 31 December 2012 is EUR 10 million.
– A variety of unsecured overdraft facilities in various currencies totalling around EUR 597 million of which EUR 234 million has been drawn at 31 December 2012 (2011: around EUR 580 million with EUR 122 million drawn).
– US Private Placement loans totalling EUR 746 million. The facility needs to be repaid, in fixed instalments denominated in the several currencies, as follows: In 2014 EUR 30 million, in 2017 EUR 28 million, in 2018 EUR 277 million, in 2021 EUR 335 million and in 2023 EUR 76 million.

5.52.4 Market risk

Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. The Group's business is exposed to currency risk whenever it has revenues in a currency that is different from the currency in which it incurs the costs of generating those revenues. In the case that the revenues can be offset against the costs incurred in the same currency, the balance may be affected if the value of the currency in which the revenues and costs are generated varies relative to the Euro. This risk exposure primarily affects those operations of the Group that generate a portion of their revenue in foreign currencies and incur their costs primarily in Euros.
Cash inflows and outflows of the operating segments are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to currency risk.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. Given the current investment program in vessels and the fact that the majority of the investments are denominated in US dollar, the Group is currently not using derivative financial instruments as positive cash flow in US dollar from operations is offset to a large extent by these investments.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.
The Group's investment in its subsidiaries with US dollar as functional currency is partly hedged by means of the US dollar Private Placement loans, which mitigates the currency risk arising from the subsidiary's net assets. The Group's investment in its subsidiaries in the United Kingdom is partly hedged by means of the GB pound Private Placement loans. The Group's investments in other subsidiaries are not hedged.

The hedge on the investment is fully effective. Consequently all exchange differences relating to this hedge have been accounted for in other comprehensive income. The Group is sensitive to translation differences resulting from translation of its operations in non-Euro currencies to Euros.

Interest rate risk
The Group's liabilities bear both fixed and variable interests. The Group's objective is to limit the effect of interest rate changes on the results by matching long term investment with long term (fixed interest) financing as much as possible. The Group continuously considers interest rate swaps to limit significant (short term) interest exposures.

5.52.5 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 share holders. The Board strives:

- for a dividend pay-out ratio of 35 to 55% of the net result. The proposed total dividend pay-out for 2012 is 56.0% of the net result (2011: 41.3%)
- to maintain a healthy financial position with a targeted solvency of > 33.33%. Solvency at the end of 2012 was 46.9% (2011: 42.9%)
- to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's objective is to achieve a healthy return on shareholders' equity. The return in 2012 was 16.1% (2011: 18.2%). In comparison ratio EBITDA/(operational lease expenses plus interest expenses) is 3.7 (2011: 4.1).

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 5.48.3. As per 31 December 2012 and 31 December 2011 the Group complied with all imposed external capital requirements.

5.53 *Credit risk*

Exposure to credit risk

(EUR x 1,000)	Carrying amount	
	2012	**2011**
Other investments in equity instruments	**1,095**	1,095
Available-for-sale financial assets	**1,310**	1,021
Long-term loans	**–**	5,246
Financial assets at fair value through profit or loss	**–**	47,658
Other long-term receivables	**2,692**	4,227
Unbilled revenue on completed projects	**219,412**	221,550
Trade receivables	**516,744**	494,058
Non-trade receivables	**97,278**	168,942
Receivables under finance lease	**18,451**	–
Cash and cash equivalents	**92,019**	170,384
	949,001	1,114,181

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	
	2012	**2011**
Netherlands	**43,561**	45,201
Europe other	**285,272**	275,977
Africa	**32,285**	43,810
Middle East	**89,924**	56,904
Asia	**120,825**	115,198
Australia	**53,522**	60,585
Americas	**110,767**	117,933
	736,156	715,608

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	
	2012	**2011**
Oil and gas	561,737	537,780
Infrastructure	141,809	131,083
Mining	5,207	23,627
Other	27,403	23,118
	736,156	715,608

Impairment losses

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

– As of 31 December 2012, trade receivables and unbilled revenue on completed projects of EUR 736,156 thousand (2011: EUR 715,608 thousand) were fully performing.
– As of 31 December 2012, trade receivables of EUR 246,303 thousand (2011: EUR 202,288 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 2012, trade receivables and unbilled revenue on completed projects of EUR 34,716 thousand (2011: EUR 30,151 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)	2012		2011	
	Gross	**Impairment**	**Gross**	**Impairment**
From 0 to 30 days	489,852	–	513,320	–
From 31 to 60 days	139,546	–	89,850	–
From 61 to 90 days	42,842	–	44,583	6,074
Over 90 days	91,597	34,716	88,458	22,396
Retentions and special items	7,035	–	9,548	1,681
	770,872	34,716	745,759	30,151

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)	2012	2011
Balance at 1 January	30,151	47,314
Impairment loss recognised	13,703	909
Impairment loss reversed	(7,527)	(15,783)
Trade receivables written off	(203)	(2,640)
Acquired through business combinations	28	132
Effect of movement in exchange rates	73	219
Transfers to assets classified as held for sale	(1,509)	–
Balance at 31 December	34,716	30,151

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.

In 2012 a strong emphasis was put on monitoring of receivables. This high focus resulted in collection of a significant number of old receivables.

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 5.52.2.

5.54 ***Liquidity risk***

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

(EUR x 1,000)							2012
	Carrying amount	Contrac-tual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	431,396	455,194	12,821	2,756	5,512	434,105	–
Private Placement loans:							
320 million USD bonds	242,410	302,299	4,925	4,925	9,850	29,549	253,050
330 million USD bonds	249,985	358,694	5,994	5,994	11,988	35,965	298,753
100 million USD bonds	75,753	116,796	1,854	1,854	3,709	11,126	98,253
27.5 million GBP bonds	33,715	42,065	687	687	1,373	4,120	35,198
40 million GBP bonds	49,040	70,543	1,186	1,186	2,371	7,114	58,686
35 million EUR bonds	34,886	50,153	842	842	1,684	5,051	41,734
44 million USD bonds	–	–	–	–	–	–	–
39 million USD bonds	29,510	32,558	1,030	1,030	30,498	–	–
37 million USD bonds	27,999	36,938	998	998	1,997	32,945	–
Mortgage and other loans and long-term borrowings	2,854	3,558	1,364	856	664	653	21
Trade and other payables	389,553	389,553	389,553	–	–	–	–
Bank overdraft	221,923	221,923	221,923	–	–	–	–
	1,789,024	2,080,274	643,177	21,128	69,646	560,628	785,695

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)	2011						
	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Bank loans	450,687	468,214	14,507	14,407	18,613	420,687	–
Private Placement loans:							
320 million USD bonds	245,526	315,381	4,990	4,990	9,979	29,938	265,484
330 million USD bonds	253,184	374,644	6,073	6,073	12,146	36,438	313,914
100 million USD bonds	76,720	121,812	1,879	1,879	3,758	11,273	103,023
27.5 million GBP bonds	32,876	42,255	670	670	1,340	4,019	35,556
40 million GBP bonds	47,817	70,954	1,157	1,157	2,314	6,941	59,385
35 million EUR bonds	34,860	51,697	842	842	1,684	5,051	43,278
44 million USD bonds	33,777	33,777	33,777	–	–	–	–
39 million USD bonds	29,927	34,087	1,040	1,040	2,080	29,927	–
37 million USD bonds	28,387	38,467	1,008	1,008	2,016	2,016	32,419
20 million Eurobonds	20,000	20,323	20,323	–	–	–	–
Mortgage and other loans and long-term borrowings	41,188	42,279	1,555	5,720	35,004	–	–
Trade and other payables	512,692	512,692	512,692	–	–	–	–
Bank overdraft	167,810	167,810	167,810	–	–	–	–
	1,975,451	2,294,392	768,323	37,786	88,934	546,290	853,059

5.55 *Currency risk*

The following significant exchange rates applied during the year:

(In EUR)	Average rate	Reporting date mid-spot rate
USD	0.78	0.76
GBP	1.23	1.23
NOK	0.134	0.136

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 2011.

Effect in EUR thousands	Equity	Profit or (loss)
31 December 2012		
USD	(59,831)	1,655
GBP	(13,885)	(2,150)
NOK	(13,399)	(5,386)
31 December 2011		
USD	(34,077)	(1,974)
GBP	(11,395)	(3,514)
NOK	(15,729)	(5,191)

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

5.56 *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	
	2012	2011
Fixed rate instruments		
Financial assets	–	5,246
Financial liabilities	(746,152)	(844,262)
Variable rate instruments		
Financial assets	92,019	170,384
Financial liabilities	(653,319)	(618,497)
	(1,307,452)	(1,287,129)

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 2011.

(EUR x 1,000)	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2012				
Variable rate instruments	(5,613)	5,613	–	–
Cash flow sensitivity (net)	(5,613)	5,613	–	–
31 December 2011				
Variable rate instruments	(4,481)	4,481	–	–
Cash flow sensitivity (net)	(4,481)	4,481	–	–

At 31 December 2012 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 5.6 million (2011: negative impact of EUR 4.5 million).

5.57 ***Fair values***

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

(EUR x 1,000)	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	–	–	47,658	47,658
Loans and receivables				
Trade receivables, unbilled revenue on completed projects	837,645	837,645	884,550	884,550
Cash and cash equivalents	92,019	92,019	170,384	170,384
Long-term loans	–	–	5,246	5,246
Other long-term receivables	2,692	2,692	4,227	4,227
Available-for-sale financial assets				
Other investments in equity instruments*	1,095	1,095	1,095	1,095
Available-for-sale financial assets	1,310	1,310	1,021	1,021
Financial liabilities measured at amortised cost				
Bank loans	(431,396)	(431,396)	(450,687)	(450,687)
Mortgage and other loans and long-term borrowings	(2,854)	(2,854)	(41,188)	(41,188)
Private Placement loans in USD	(625,657)	(699,507)	(667,521)	(718,452)
Private Placement loans in GBP	(82,755)	(92,756)	(80,693)	(86,811)
Private Placement loans in EUR	(34,886)	(39,411)	(54,860)	(58,954)
Bank overdraft	(221,923)	(221,923)	(167,810)	(167,810)
Trade and other payables	(389,553)	(389,553)	(512,692)	(512,692)
Total	(854,263)	(942,639)	(861,270)	(922,413)
Unrecognised gains/(losses)		(88,376)		(61,143)

* *The other investments in equity instruments do not have a quoted market price in an active market. The fair value cannot be reliably measured by the Group.*

Interest rates used for determining fair value

The Group uses the government yield curve as per the reporting date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

Derivatives	2012	2011
Loans and borrowings	1.3 – 7.1%	2.0 – 7.1%
Leases	n/a	n/a
Receivables	n/a	n/a

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2012	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
(5.40)	Available-for-sale financial assets	1,310	–	–	1,310
(5.40)	Financial assets at fair value through profit or loss	–	–	–	–
(5.51)	Fair value derivatives	–	–	–	–
	Total	1,310	–	–	1,310

	31 December 2011	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
(5.40)	Available-for-sale financial assets	1,021	–	–	1,021
(5.40)	Financial assets at fair value through profit or loss	47,658	–	–	47,658
(5.51)	Fair value derivatives	(438)	–	–	(438)
	Total	48,241	–	–	48,241

In April 2011 the EMGS convertible loan was converted into 27.8 million shares in EMGS (14.81% of the outstanding shares of EMGS). As a result, Fugro shareholding in EMGS transferred from Level 2 to Level 1 in 2011. In 2012 Fugro has sold its financial investment in EMGS for a total value of approximately EUR 60 million.

5.58 *Commitments not included in the statement of financial position*

5.58.1 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(EUR x 1,000)	2012	2011
Less than one year	144,641	175,264
Between one and five years	205,943	257,634
More than five years	13,504	36,254
	364,088	469,152

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 239 million was recognised as an expense in profit or loss in respect of operating leases and other rentals (2011: EUR 176 million).

5.58.2 Capital commitments

At 31 December 2012 the Group has contractual obligations to purchase property, plant and equipment for EUR 275.9 million (2011: EUR 277.7 million).

5.58.3 Contingencies

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on information presently available and management's best estimate, 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.

5.59 *Subsequent events*

On 28 January 2013, the Company and CGG completed a transaction under which CGG acquired Fugro's Geoscience division, excluding the multi-client library and the Fugro ocean bottom nodes business.
The effective date of the transaction is 31 January 2013, with the exception of the Airborne activities and certain minor other assets which will be closed upon once all equipment license transfer and administrative authorizations have been received (expected to occur in 2013). The total transaction value amounts to EUR 1.2 billion on a cash and debt free basis. The expected gain is provisionally calculated at approximately EUR 200 million. This amount was calculated based on certain assumptions with respect to the deferred closing of Airborne, taxes, accumulated translation reserve and the expected outcome of the post completion process, including the outcome of Capital expenditure review and working capital balance review per 31 January 2013. The amount mentioned may therefore deviate from the actual outcome to be reported later this year.

Parties have agreed that part of the consideration will be satisfied in the form of a vendor loan from Fugro to CGG. On 31 January 2013 the vendor loan amounts to EUR 125 million and will increase to EUR 225 million upon the closing of the Airborne activities. The loan agreement carries interest of 5.5% and provides Fugro with collateral. The loan agreement also includes a repayment schedule that requires repayment of, at a minimum, half of the loan amount before the end of 2013 and the remainder, in annual repayments, before the end of 2018.

The multi-client library, with a book value of EUR 458 million at 31 December 2012, remains with Fugro while all multi-client sales and marketing staff have transferred to CGG as part of the transaction. After closing of the transaction Fugro will stop the further development of the multi-client library and any new investments will be made by CGG. As part of the transaction both parties entered into a non-exclusive sales and marketing agreement under which CGG will sell licenses to the multi-client library that is still owned by Fugro for a revenue based fee. Fugro will retain the right to enter into non-exclusive agreements with other parties as well as an outright sale of (all or parts of) the library.

Share options held by Fugro employees that will be transferred to CGG and were exercisable at completion can be exercised until 15 December 2013, after which date these options will expire. The stock options that had not vested at completion of the transaction, will be replaced by a CGG phantom share option plan with the similar terms and conditions as Fugro's share option plan. If these options are exercised after vesting, CGG will pay the option holder the difference between Fugro's opening share price on the day of exercise and the exercise price of the option.

Furthermore Fugro entered into a strategic partnership with CGG, which includes a global technical and commercial agreement, under which CGG and Fugro grant each other preferred supplier status for all services and equipment which will be supplied at an arm's length basis.

Fugro and CGG also established a new entity in 2013, Seabed Geosolutions, which includes Fugro's and CGG's ocean bottom nodes business and CGG's transition zone, ocean bottom cable and permanent reservoir monitoring activities. This transaction was closed on 16 February 2013. In addition to the contribution of the ocean bottom nodes business to Seabed Geosolutions, Fugro has also paid EUR 225 million to CGG with respect to Seabed. Subsequent to the closing, Fugro holds a 60% interest in Seabed Geosolutions and CGG holds a 40% Interest. Fugro controls and will consolidate Seabed Geosolutions with a non-controlling interest of 40%.

The contribution by CGG of its ocean bottom nodes, transition zone, ocean bottom cable and permanent reservoir monitoring activities against a 40% interest in Seabed Geosolutions and EUR 225 million constitutes a business combination. Fugro has not yet performed a purchase price allocation on this acquisition and the impact of this transaction on the fair value of the assets acquired and liabilities assumed is not yet known at the date of these financial statements.

As per February 2013, mr. F.J.G.M. Cremers has stepped down as vice-chairman of the Supervisory board and as chairman of the Audit Committee. Mr. J.A. Colligan took over the chairmanship of the Audit Committee. Mr. H.L.S. Noy became a member of the Audit Committee.

5.60 *Related parties*

5.60.1 Identity of related parties

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

5.60.2 Transactions with the Board of Management

Members of the Board of Management of Fugro hold 0.2% of the outstanding voting shares and certificates of shares in Fugro. Members of the Board of Management also participate in Fugro's share option scheme (refer note 5.31.1).

The remuneration of the Board of Management for 2012 and 2011 is as follows:

(in EUR)	P. van Riel		A. Jonkman		J. Rüegg	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Fixed salary	**460,000**	321,360	**350,000**	321,360	**350,000**	321,360
Bonus with respect to the previous year	**241,020**	260,000	**241,020**	260,000	**241,020**	260,000
Pension costs (including disability insurance)	**290,800**	265,800	**290,800**	265,800	**18,000**	18,000
Crisis tax	**142,129**	–	**179,967**	–	–	–
	1,133,949	847,160	**1,061,787**	847,160	**609,020**	599,360
Value of options granted	**841,200**	765,320	**743,060**	765,320	**743,060**	765,320
Total	**1,975,149**	1,612,480	**1,804,847**	1,612,480	**1,352,080**	1,364,680

(in EUR)	W.S. Rainey		K.S. Wester*		A. Steenbakker**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Fixed salary	**350,000**	191,597	**290,295**	580,590	**500,000**	321,360
Bonus with respect to the previous year	**209,750**	–	**435,443**	469,733	**631,020**	260,000
Pension costs (including disability insurance)	**275,000**	169,900	**175,000**	350,000	**315,800**	265,800
Crisis tax	–	–	**439,480**	–	**254,500**	–
Severance	–	–	–	–	**883,000***	–
	834,750	361,497	**1,340,218**	1,400,323	**2,584,320**	847,160
Value of options granted	**743,060**	765,320	–	1,155,200	–	765,320
Total	**1,577,810**	1,126,817	**1,340,218**	2,555,523	**2,584,320**	1,612,480

* *K.S. Wester retired from the Board of Management as per June 2012.*

** *A. Steenbakker has stepped down as CEO and member of the Board of Management as per 16 November 2012. The remuneration is disclosed until this date. In accordance with the standard exit clause in the agreement with mr. A. Steenbakker, the Company will pay one year of fixed salary amounting to EUR 500,000 in 2013. The bonus payment for Mr. Steenbakker includes the bonus for the year 2012.*

*** *Includes 2013 salary until May.*

The fringe benefits for the Board of Management are commensurate with the position held.

There are no guarantees or obligations towards or on behalf of the Board of Management.

The determination of the annual bonus is based upon the remuneration policy as adopted by the Annual General Meeting on 14 May 2008. This remuneration policy is available on Fugro's website: www.fugro.com.

The Supervisory Board determines the remuneration of the individual members of the Board of Management, on a proposal by the Remuneration and Nomination Committee, within the scope of the remuneration policy.

Annual bonus

Each member of the Board of Management will be eligible for an annual bonus, with a maximum of twelve months (100%) of annual fixed salary. On-target performance will result in a bonus of eight months of annual fixed salary. The bonus is related to quantified financial targets and accounts for 2/3 of the annual bonus and the other part of the bonus is related to non-financial / personal targets and will account for 1/3 of the annual bonus. At the beginning of each year the Supervisory Board sets the financial and the non-financial targets for the relevant year. The Supervisory Board ensures that targets are challenging, realistic and consistent with Fugro's strategy. The performance measures and the weighing given to the individual measures are set by the Supervisory Board. Achievement of the targets will be measured shortly after the end of the relevant year.

The weighting given to the individual financial elements is as follows: earnings per share (EPS) 60%, net profit margin 20% and return on capital employed (ROCE) 20%. These financial elements are based upon Fugro's annual budget. The maximum bonus related to the financial targets will be granted if the targets are exceeded by 30%, and if the performance is only 70% of target, the bonus will be 50% of on-target performance.
If performance is less than 70% of target, the part of the bonus that is related to financial targets will be zero.

The non-financial targets are derived from Fugro's strategic agenda. These are qualitative individual targets and/or collective targets that are the responsibility of one or more directors and can be influenced by them. These targets could include, among other things, health safety and environment (HSE), corporate social responsibility (CSR), personal development, etc.

Based on the results for the non-financial and financial targets, the Supervisory Board has established the extent to which the targets for 2012 were achieved. The Supervisory Board concluded that the personal (non-financial) targets were met between 75% and 100%. The financial performance compared to the financial targets comes at 5.35 months. As a result the Supervisory Board has decided to award to the members of the Board of Management an annual bonus for the year 2012 as follows: Messrs. Van Riel, Jonkman and Rainey 8.35 months annual fixed salary and Mr. Rüegg 9.35 months annual fixed salary. Mr. Steenbakker* will receive a bonus for the year 2012 in accordance with the settlement agreement with him.

* *Mr. Steenbakker stepped down as member of the Board of Management on 16 November 2012. As part of his redundancy payment it was agreed that he would be entitled to an annual bonus for the year 2012 provided that such a bonus would be paid to the other members of the Board of Management.*

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

The following table gives details of the options granted to members of the Board of Management:

Board of Management						Number of options		In EUR		Number of months
	Year	Number at 01-01-12	Granted in 2012	Exercised in 2012	Forfeited in 2012	Number at 31-12-12	Exercise price	Share price at exercise day	Expiring date	Bonus
P. van Riel	2006	75,000		25,000		50,000	36.20	52,97	15-03-2013	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011	53,000				53,000	44.895		31-12-2017	9
	2012	–	60,000	–	–	60,000	44.52		31-12-2018	8
Total		**383,400**	**60,000**	**25,000**	–	**418,400**				
A. Jonkman	2006	85,000		50,000		35,000	36.20	53.83	15-03-2013	8
	2007	85,000				85,000	52.80		31-12-2013	8
	2008	72,500				72,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011	53,000				53,000	44.895		31-12-2017	9
	2012	–	53,000	–	–	53,000	44.52		31-12-2018	8
Total		**408,400**	**53,000**	**50,000**	–	**411,400**				
J. Rüegg	2005-2008	125,000		35,000		90,000	36.52	53.04	31-12-2014	–
	2009	52,500				52,500	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011	53,000				53,000	44.895		31-12-2017	9
	2012	–	53,000	–	–	53,000	44.52		31-12-2018	9
Total		**283,400**	**53,000**	**35,000**	–	**301,400**				

Board of Management		Number of options					In EUR		Number of months	
	Year	Number at 01-01-12	Granted in 2012	Exercised in 2012	Forfeited in 2012	Number at 31-12-12	Exercise price	Share price at exercise day	Expiring date	Bonus
W.S. Rainey	2005-2010	136,700		35,000		101,700	43.33	52.18	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
Total		**189,700**	**53,000**	**35,000**	**–**	**207,700**				
K.S. Wester	2006	125,000		125,000		–	36.20	52.90	31-12-2012	8
	2007	125,000				125,000	52.80		31-12-2013	8
	2008	107,500				107,500	20.485		31-12-2014	11
	2009	90,000				90,000	40.26		31-12-2015	10
	2010	79,400				79,400	61.50		31-12-2016	10
	2011	80,000				80,000	44.895		31-12-2017	9
	2012	–	–	–	–	–				
Total		**606,900**	**–**	**125,000**	**–**	**481,900**				
A. Steenbakker	2006	75,000		75,000		–	36.20	50.76	31-12-2012	8
	2007	75,000				75,000	52.80		31-12-2013	8
	2008	67,500				67,500	20.485		31-12-2014	11
	2009	60,000				60,000	40.26		31-12-2015	10
	2010	52,900				52,900	61.50		31-12-2016	10
	2011	53,000				53,000	44.895		31-12-2017	9
	2012	–	–	–	–	–				9
Total		**383,400**	**–**	**75,000**	**–**	**308,400**				
Total		**2,255,200**	**219,000**	**345,000**	**–**	**2,129,200**				

Given that Mr. P. van Riel and Mr. A. Jonkman were not able to exercise their 2006 options due to legal constraints, the company decided to extend the exercise period with 74 days (including a closed period of 56 days) with no costs for the company.

5.60.3 Executive Committee

As of 1 January 2012, the Group considers the Board of Management as 'key management' only.
The comparative figures in the table below represent also the remuneration to the members of the Executive Committee. The Executive Committee was previously considered as 'key management' in addition to the Board of Management.
In addition to their salaries, the Group also provides non-cash benefits to the Executive Committee and contributes to their post-retirement plan. The members of the Executive Committee also participate in Fugro's share option scheme. The Executive Committee's compensation comprises:

	2012	2011
Fixed salary	**2,300,295**	3,041,402
Bonus with respect to the previous year	**1,999,273**	2,399,570
Pension costs (including disability insurance)	**1,365,400**	1,804,298
Crisis tax	**1,016,076**	–
Value of options granted	**3,070,380**	6,830,120
Severance	**883,000**	–
	10,634,424	14,075,390

5.60.4 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	2012	2011
F.H. Schreve, Chairman	**78,000**	36,115
F.J.G.M. Cremers, Vice-Chairman	**65,000**	65,000
J.A. Colligan	**58,000**	58,000
M. Helmes	**58,000**	58,000
G-J. Kramer	**60,000**	60,000
H. Noy*	**30,822**	–
Th. Smith	**88,000**	83,000
H.C. Scheffer**	**–**	43,359
	437,822	403,474

* *Mr. Noy was appointed on 22 May 2012. The information on remuneration shown above covers the period from appointment.*

** *Mr. Scheffer was appointed to the Board of Supervisory Directors on 6 May 2010. Mr. Scheffer passed away in September 2011.*

There are no options granted and no company assets available to the members of the Supervisory Board. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.

Per 31 December 2012 Mr. Kramer owned (directly and indirectly) 4,728,234 (certificates of) ordinary shares in Fugro.

5.60.5 Other related party transactions

5.60.5.1 *Joint ventures*

The Group has not entered into any joint ventures , other than mentioned under note 5.59.

5.61 *Subsidiaries*

5.61.1 Significant subsidiaries

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

5.62 *Estimates and management judgements*

Management discussed with the Audit Committee the development in and choice of critical accounting principles and estimates and the application of such principles and estimates.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Deferred tax: The assumptions used in recognition and measurement of deferred taxes are disclosed in note 5.41.
- Impairments: Impairment analyses, amongst other relating to vessels, are performed whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. Goodwill is at least tested for impairment annually. Impairment tests are based on estimates of future cash flows. The accounting policies regarding impairments are included in note 5.16. Note 5.38 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 5.52.2 and 5.53. These notes contain information about the assumptions used relating to impairment of trade receivables, unbilled revenue on completed projects and other receivables and appropriate sensitivity analysis.
- Assets and liabilities from employee benefits: Actuarial assumptions are established to anticipate future events and are used in calculating pension and other post retirement benefit expenses and liabilities. These factors include assumptions with respect to interest rates, expected investment returns on plan assets, rates of future compensation increases, turnover rates and life expectancy. Note 5.49 contains information about the (actuarial) assumptions related to employee benefits. Actuarial gains and losses related to defined benefit plans are accounted for in other comprehensive income.
- Seismic and geological data libraries: significant estimates relate mainly to the determination of net realisable value. The determination of net realisable value requires significant judgment and is determined based on expected sales cash flows. Management first assess whether write downs to net realisable value for individual libraries is needed based on specific circumstances. Then management assess write downs of data libraries by reference in groups of libraries with similar characteristics, with respect to amongst others 2-D versus 3-D, customers and geographical area. The group uses sales estimates that are based on our budget plan for next year, sales prospects and an outlook for the seismic industry. Changes in assumptions, in particular the expected sales cash flows, could significantly affect the net realisable value and write- down to the carrying value of our multi-client data library.
- Other provisions, tax and other contingencies: Information on the assumptions used in estimating the effect of legal claims is included in note 5.24 and 5.50.

6 Subsidiaries and investments of Fugro N.V. accounted for using the equity method

(including statutory seat and percentage of interest)

Unless stated otherwise, the direct or indirect interest of Fugro in the subsidiaries listed below is 100%. Insignificant, but consolidated, subsidiaries in terms of third party recompense for goods and services supplied and balance sheet totals have not been included.

The subsidiaries listed below have been fully incorporated into the consolidated financial statements of Fugro, unless indicated otherwise. Companies in which Fugro participates but that are not included in Fugro's consolidated financial statements are indicated by a #.

The information as required by sections 2:379 and 2:414 of the Dutch Civil Code has been filed at the trade registry of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro Survey Pty Ltd.		Balcatta, Australia
Fugro LADS Corporation Pty Ltd.		Kidman Park, Australia
Fugro Airborne Surveys Pty Ltd.		Perth, Australia*
Fugro Geoteam Pty Ltd.		Perth, Australia*
Fugro Holdings Australia Pty Ltd.		Perth, Australia
Fugro-Jason Australia Pty Ltd.		Perth, Australia*
Fugro Multi Client Services Pty Ltd.		Perth, Australia
Fugro Seismic Imaging Pty Ltd.		Perth, Australia*
Fugro Spatial Solutions Pty Ltd.		Perth, Australia
Fugro TSM Pty Ltd.		Perth, Australia
Fugro Satellite Positioning Pty Ltd.		Perth, Australia
Fugro PMS Pty Ltd.		Sydney, Australia
Fugro Austria GmbH		Bruck an der Mur, Austria
Azeri-Fugro #	40%	Baku, Azerbaijan
Fugro Survey GmbH (Caspian branch office)		Baku, Azerbaijan
Fugro Belgique/België S.A./N.V		Brussels, Belgium
Fugro In Situ Geotecnia Ltda.		Pinhais, Brazil
Fugro Brasil Ltda.		Rio das Ostras, Brazil
Fugro Geosolutions Brasil Serviços Ltda.		Rio de Janeiro, Brazil*
Fag S/A Prospeccoes Aerogeofisicas	20%	Rio de Janeiro, Brazil*
LASA Engenhariae Prospeccoes S.A.	20%	Rio de Janeiro, Brazil*
Fugro Sdn Bhd. (Brunei)		Bandar Seri Begawan, Brunei Darussalam
Fugro Survey (Brunei) Sdn Bhd.		Kuala Belait, Brunei Darussalam
Fugro Canada, Corp.		St. John's , Canada
Fugro GeoSurveys, Inc.		St. John's, Canada
Fugro Interra S.A.		Santiago, Chile
Fugro Geoscience (Beijing) Ltd.		Beijing, China*
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
Fugro Geotechnique Co. Ltd.	60%	Shanghai, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%	Shekou, Shenzhen, China
Fugro Comprehensive Geotechnical Investigation (Zhejiang) Co. Ltd.		Zhejiang, China

Company	%	Office, Country
Fugro Airborne Surveys N.V.		Willemstad, Curaçao*
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro GeoSurveys N.V.		Willemstad, Curaçao
Fugro Robertson Americas N.V.		Willemstad, Curaçao*
Fugro Satellite Services N.V.		Willemstad, Curaçao
Fugro Survey Caribbean N.V.		Willemstad, Curaçao
Fugro Aerial Mapping A/S		Gostrup, Denmark
Fugro S.A.E.		Cairo, Egypt
Fugro Geoid S.A.S.		Jacou, France
Fugro GeoConsulting S.A.		Nanterre, France
Fugro Topnav S.A.S.		Paris (Massy), France
Fugro GEOTER SAS		Clapiers, France
Fugro Consult GmbH		Berlin, Germany
Fugro-OSAE GmbH		Bremen, Germany
Fugro Weinhold Engineering GmbH		Erkelenz-Holzweiler, Germany
Fugro-MAPS GmbH		Munich, Germany
Fugro Certification Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services Ltd.		Fo Tan, Hong Kong
Geotechnical Instruments (Hong Kong) Ltd.		Fo Tan, Hong Kong
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro Shanghai (Hong Kong) Ltd.	60%	Wanchai, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Hydrographic Surveys Ltd.		Wanchai, Hong Kong
Fugro Geospatial Services (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Marine Survey International Ltd.		Wanchai, Hong Kong
Fugro SEA Ltd.		Wanchai, Hong Kong
Fugro Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey International Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro Survey Management Ltd.		Wanchai, Hong Kong
MateriaLab Consultants Ltd.		Tuen Mun, Hong Kong
Fugro Consult Kft.		Budapest, Hungary
Mercatus Interport Kft		Nagykovacsi, Hungary

* *These companies have been / will be transferred to CGG in 2013.*

Company	%	Office, Country
Fugro Geoscience India Pvt. Ltd.		Navi Mumbai, India*
Fugro Geotech (Pvt) Ltd.		Navi Mumbai, India
Fugro Survey (India) Pvt Ltd.	90%	Navi Mumbai, India
P.T. Fugro Indonesia		Jakarta Selatan, Indonesia
Fugro Oceansismica S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro Kazakhstan LLP		Atyrau, Kazakhstan Republic
Fugro KazProject LLP		Atyrau, Kazakhstan Republic
Fugro-MAPS S.a.r.l.		Beirut, Lebanon
Fugro Rovtech Limited Libya (Libyan Branch Office)		Tripoli, Libya
UAB 'Fugro Baltic'		Vilnius, Lithuania
Fugro Eco Consult S.a.r.l.		Munsbach, Luxembourg
Fugro Technical Services (Macau) Ltd.		Macau, Macau
Fugro Geodetic (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro Geosciences (Malaysia) Sdn Bhd.	30%	Kuala Lumpur, Malaysia
Fugro-Jason (M) Sdn. Bhd.	40%	Kuala Lumpur, Malaysia*
Fugro Malta Ltd.		Safi, Malta
Fugro Airborne Surveys Ltd.		Quatre-Bornes, Mauritius*
Fugro Seastar Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro Survey Mauritius Ltd.		Quatre-Bornes, Mauritius
Fugro-Chance de Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro Survey Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Geomundo S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
De Regt Marine Cables B.V.		Krimpen aan de Lek, The Netherlands*
Fugro C.I.S. B.V.		Leidschendam, The Netherlands
Fugro Data Solutions B.V.		Leidschendam, The Netherlands*
Fugro Ecoplan B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Engineers B.V.		Leidschendam, The Netherlands
Fugro GeoServices B.V.		Leidschendam, The Netherlands
Fugro Intersite B.V.		Leidschendam, The Netherlands
Fugro-Jason Netherlands B.V.		Leidschendam, The Netherlands*
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Nederland B.V.		Leidschendam, The Netherlands
Fugro South America B.V.		Leidschendam, The Netherlands
Fugro Survey B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
Fugro Aerial Mapping B.V.		Leidschendam, The Netherlands
Fugro Inpark Detacheringen B.V.		Leidschendam, The Netherlands
Fugro Satellite Positioning B.V.		Leidschendam, The Netherlands
Fugro BTW Ltd.		New Plymouth, New Zealand
Fugro Survey (Nigeria) Ltd.		Port Harcourt, Nigeria
Fugro Nigeria Ltd.		Port Harcourt, Nigeria

Company	%	Office, Country
Fugro Survey A/S		Bergen, Norway
ProFocus Systems A/S		Fyllingsdalen, Norway*
Fugro RUE A/S		Haugesund, Norway
Fugro Geotechnics A/S		Oslo, Norway
Fugro Multi Client Services A/S		Oslo, Norway
Fugro Norway A/S		Oslo, Norway
Fugro Seastar A/S		Oslo, Norway
Fugro Seismic Imaging A/S		Oslo, Norway*
Fugro-Geoteam A/S		Oslo, Norway*
Fugro Oceanor A/S		Trondheim, Norway
Fugro Geolab Nor A/S		Trondheim, Norway*
Fugro Seabed Seismic Systems AS		Trondheim, Norway
Fugro Middle East & Partners LLC		Muscat, Oman
Fugro Geodetic Ltd.		Karachi, Pakistan
Fugro Panama SA		Panama City, Panama
Fugro TerraLaser S.A.		Lima, Peru
Fugro Peninsular Geotechnical Services		Doha, Qatar
Fugro Engineering LLP		Moscow, Russia
Fugro Geosciences GmbH branch		Moscow, Russia*
Electro Magnetic Marine Exploration Technologies (EMMET) ZAO		Moscow, Russia
Geo Inzh Services LLP		Moscow, Russia
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Decca Survey Saudi Arabia Ltd.	48%	Dammam, Saudi Arabia
Fugro Saudi Arabia Ltd.		Riyadh, Saudi Arabia
Fugro Loadtest Asia Pte Ltd.		Singapore, Singapore
Fugro Satellite Positioning Pte Ltd.		Singapore, Singapore
Fugro Singapore Pte Ltd.		Singapore, Singapore
Fugro Survey Pte Ltd.		Singapore, Singapore
Fugro TSM Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro-GEOS Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Satellite Positioning (Pty) Ltd.		Cape Town, South Africa
Fugro Maps South Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Airborne Surveys (Pty) Ltd.		Gauteng, South Africa*
Fugro Data Services AG		Zug, Switzerland*
Fugro Finance AG		Zug, Switzerland
Fugro Geodetic AG		Zug, Switzerland
Fugro Geosciences GmbH		Zug, Switzerland *
Fugro International Holding A.G.		Zug, Switzerland
Fugro South America GmbH		Zug, Switzerland
Fugro Survey GmbH		Zug, Switzerland
Fugro Survey Caribbean Inc.		Chaguaramas, Trinidad and Tobago
Fugro Sial Ltd.		Ankara, Turkey

* *These companies have been / will be transferred to CGG in 2013.*

Company	%	Office, Country
Fugro Geoscience Middle East		Abu Dhabi, United Arab Emirates*
Fugro Survey (Middle East) Ltd.		Abu Dhabi, United Arab Emirates
Fugro Middle East B.V.		Dubai, United Arab Emirates
Fugro Seabed Seismic Systems JLT		Dubai, United Arab Emirates
Fugro-MAPS (UAE)		Sharjah, United Arab Emirates
Fugro Survey Ltd.		Aberdeen, United Kingdom
Fugro-ImpROV Ltd.		Aberdeen, United Kingdom
Fugro Salt Subsea Ltd.		Aberdeen, United Kingdom
Fugro Aperio Ltd.		Cambridge, United Kingdom
Fugro BKS Ltd.		Coleraine, United Kingdom
Fugro Data Solutions Ltd.		Conwy, United Kingdom*
Fugro NPA Ltd.		Edenbridge, United Kingdom*
Fugro Seacore Ltd.		Falmouth, United Kingdom
Fugro Alluvial Offshore Ltd.		Great Yarmouth, United Kingdom
Fugro-Robertson Ltd.		Llandudno, United Kingdom*
Fugro Loadtest Ltd.		Middlesex, United Kingdom
Fugro General Robotics Ltd.		Milton Keynes, United Kingdom
Fugro Seismic Imaging Ltd.		Swanley, United Kingdom*
Fugro EM Drilling Ltd.		Wallingford, United Kingdom
Fugro EMU Ltd.		Southampton, United Kingdom
Fugro Multi Client Services (UK) Ltd.		Wallingford, United Kingdom
Fugro GeoConsulting Ltd.		Wallingford, United Kingdom
Fugro Airborne Surveys Ltd.		Wallingford, United Kingdom*
Fugro-GEOS Ltd.		Wallingford, United Kingdom
Fugro Holdings (UK) Ltd.		Wallingford, United Kingdom
Fugro-Jason (UK) Ltd.		Wallingford, United Kingdom*

Company	%	Office, Country
Fugro EarthData, Inc.		Frederick, United States
Fugro (USA), Inc.		Houston, United States
Fugro Brasilis, Inc.		Houston, United States
Fugro Data Solutions, Inc.		Houston, United States*
Fugro Geoteam, Inc.		Houston, United States*
Fugro GeoServices, Inc.		Houston, United States
Fugro Multi Client Services, Inc.		Houston, United States
Fugro GeoConsulting, Inc.		Houston, United States
Fugro Consultants, Inc.		Houston, United States
Fugro, Inc.		Houston, United States
Fugro-GEOS, Inc.		Houston, United States
Fugro-ImpROV, Inc.		Houston, United States
Fugro-Jason, Inc.		Houston, United States*
Fugro-McClelland Marine Geosciences, Inc.		Houston, United States
Fugro Gravity & Magnetic Services, Inc.		Houston, United States*
Fugro Seismic Imaging, Inc.		Houston, United States *
Fugro Drilling & Well Services, Inc.		Houston, United States
Fugro Satellite Positioning Inc.		Houston, United States
Fugro Aerial & Mobile Mapping, Inc.		Lafayette, United States
Fugro Chance, Inc.		Lafayette, United States
John Chance Land Surveys, Inc.		Lafayette, United States
Fugro Horizons, Inc.		Rapid City, United States
Fugro Roadware, Inc.		Richmond, United States
Fugro Pelagos, Inc.		San Diego, United States
Fugro Geotechnics Vietnam LLC		Ho Chi Minh City, Vietnam

* *These companies have been / will be transferred to CGG in 2013.*

7 Company balance sheet

As at 31 December, before profit appropriation

	(EUR x 1,000)	2012	2011
	Assets		
(9.1)	Intangible assets	70,538	70,538
(9.2)	Tangible fixed assets	102	33
(9.3)	Financial fixed assets	2,840,889	2,560,633
	Total non-current assets	2,911,529	2,631,204
(9.4)	Trade and other receivables	20,980	21,023
	Current tax assets	4,775	6,081
	Cash and cash equivalents	–	24,566
	Total current assets	25,755	51,670
	Total assets	2,937,284	2,682,874
	Equity		
	Share capital	4,143	4,071
	Share premium	431,312	431,384
	Translation reserve	5,697	(5,083)
	Hedging reserve	(1,704)	(2,477)
	Other reserves	1,225,708	940,295
	Unappropriated result	291,573	287,595
(9.5)	**Total equity**	1,956,729	1,655,785
	Provisions		
(9.6)	Provisions	–	3,246
	Deferred tax liabilities	2,789	1,310
	Liabilities		
(9.7)	Loans and borrowings	786,016	797,357
	Total non-current liabilities	788,805	801,913
	Bank overdraft	163,743	150,131
	Loans and borrowings	–	53,777
(9.8)	Trade and other payables	26,425	18,815
	Other taxes and social security charges	1,582	2,453
	Total current liabilities	191,750	225,176
	Total liabilities	980,555	1,027,089
	Total equity and liabilities	2,937,284	2,682,874

8 Company income statement

For the year ended 31 December

(EUR x 1,000)	2012	2011
Share in results from participating interests, after taxation	**287,885**	290,278
Other results after taxation	**3,688**	(2,683)
Net result	**291,573**	287,595

Other results concern the costs of Fugro N.V. less reimbursements from subsidiaries.

9 Notes to the company financial statements

General

The company financial statements form part of the 2012 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 110 to 131 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)	2012	2011
Cost		
Balance at 1 January	70,538	70,538
Balance at 31 December	70,538	70,538
Carrying amount		
At 1 January	70,538	70,538
At 31 December	70,538	70,538

Goodwill represents amounts arising on acquisition of subsidiaries. The capitalised goodwill is not systematically amortised. Goodwill is tested for impairment annually, or when there is an indication for impairment. No impairment has been recognised.

The goodwill of EUR 71 million relates to the Geoscience group that is classified as held for sale in the consolidated financial statements.

9.2 *Tangible fixed assets*

(EUR x 1,000)	2012 Other	2011 Other
Cost		
Balance at 1 January	1,545	1,528
Other investments	103	18
Disposals	–	(1)
Balance at 31 December	1,648	1,545
Depreciation		
Balance at 1 January	1,512	1,444
Depreciation	32	68
Disposals	2	–
Balance at 31 December	1,546	1,512
Carrying amount		
At 1 January	33	84
At 31 December	102	33

9.3 *Financial fixed assets*

(EUR x 1,000)	2012	2011
Subsidiaries	2,240,717	1,959,436
Long-term loans	600,172	601,197
	2,840,889	2,560,633

9.3.1 Subsidiaries

(EUR x 1,000)	2012	2011
Balance at 1 January	1,959,436	1,687,049
Share in result of participating interests	287,885	290,278
Dividends	(19,757)	(3,200)
Currency exchange differences	8,066	4,500
Other	5,087	(19,191)
Balance 31 December	2,240,717	1,959,436

9.3.2 Long-term loans

(EUR x 1,000)	2012	2011
Balance at 1 January	601,197	158,473
Loans provided	–	837,266
Redemptions	(6,083)	(391,306)
Currency exchange differences	5,058	(3,236)
Balance 31 December	600,172	601,197

This concerns loans to subsidiaries at 4.5% (2011: 4.5%) interest.

9.4 *Trade and other receivables*

(EUR x 1,000)	2012	2011
Receivables from Group companies	16,221	19,246
Other taxes and social security charges	850	1,188
Other receivables	3,909	589
Balance 31 December	20,980	21,023

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 5.46 of the consolidated financial statements. The Translation reserve and Hedging reserve qualify as a legal reserve ('wettelijke reserve') in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

9.6 *Provisions*

For the notes on provisions reference is made to note 5.50 of the consolidated financial statements.

9.7 *Loans and borrowings*

(EUR x 1,000)	2012	2011
Private Placement loans	744,785	750,975
Long-term loans	41,231	46,382
Balance at 31 December	786,016	797,357

For the notes on Private Placement loans reference is made to note 5.48.2 and 5.48.3 of the consolidated financial statements. The long-term loans are from subsidiaries. In principle, these loans will be repaid within two years. The average interest on loans and borrowings amounts to 4.5% per annum (2011: 4.5%).

9.8 *Trade and other payables*

(EUR x 1,000)	2012	2011
Trade payables	685	857
Interest Private Placement loans	12,795	12,892
Non-trade payables and accrued expenses	12,945	5,066
Balance 31 December	26,425	18,815

9.9 *Commitments not included in the balance sheet*

Fiscal unity

Fugro N.V. and the Dutch operating companies form a fiscal unit for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

9.10 *Guarantees*

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless significant commercial reasons exist. Fugro has filed declarations of joint and several liability for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce, which includes all financial interests of the Group in subsidiaries as well as a reference to each subsidiary for which such a declaration of liability has been deposited. At 31 December 2012 and at 31 December 2011 no significant guarantees were outstanding.

9.11 *Contingencies*

For the notes to contingencies reference is made to note 5.58 of the consolidated financial statements.

9.12 *Related parties*

For the notes to related parties, reference is made to note 5.60 of the consolidated financial statements. In note 5.60 the remuneration of the Board of Management, Executive Committee and Supervisory Board is disclosed.

9.13 *Audit fees*

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG to the Company and its subsidiaries:

(EUR x 1,000)			2012			2011
	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG	KPMG Acoun-tants N.V.	Other KPMG network	Total KPMG
Statutory audit of financial statements	1,298	1,646	2,944	691	1,452	2,143
Other assurance services	470	27	497	105	34	139
Tax advisory services	–	232	232	–	6	6
Other non-audit services	–	519	519	–	11	11
Total	1,768	2,424	4,192	796	1,503	2,299

In 2012 the audit fees under the category 'statutory audit of financial statements', include an amount of EUR 279 thousand for the audit of the 2011 statutory financial statements of subsidiaries.

Other assurance services as well as other non-audit services include amongst others services performed in connection with the transaction with CGG.
Tax services primarily consist of tax compliance work. Other non-audit services include amoungst others the vendor due diligence assistance performed in relation to the Geoscience disposal.

Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis.

The most important task of the external auditor is the audit of the (consolidated) financial statements of Fugro. Furthermore, the auditor assists with due diligence processes and financial statements related audit work within the Group. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which hardly ever are involved in the audit of the financial statements of the relevant subsidiary.

The fees paid for the above mentioned services, which are included in profit or loss of the consolidated financial statements in the line other expenses, are evaluated on a regular basis and in line with the market.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervison Act.

Leidschendam, 7 March 2013

Board of Management
P. van Riel, Chairman (CEO) as of 16 November 2012
A. Jonkman, Chief Financial Officer
J. Rüegg, Director Survey division
W.S. Rainey, Director Geotechnical division

Supervisory Board
F.H. Schreve, Chairman
J.A. Colligan
M. Helmes
G-J. Kramer
H.L.J. Noy
Th. Smith

10 Other information

10.1 *Independent Auditor's report*

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

Report on the financial statements

We have audited the accompanying financial statements 2012 of Fugro N.V., Leidschendam, as set out on pages 102 to 197. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Board of Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 7 March 2013

KPMG Accountants N.V.

R.P. Kreukniet RA

10.2 *Subsequent events*

Reference is made to note 5.59.

10.3 *Foundation Boards*

Stichting Administratiekantoor Fugro ('Fugro Trust Office')

The Board of the Fugro Trust Office, Leidschendam, The Netherlands, is composed as follows:

name	function	term
R. van der Vlist, Chairman	Board member	2016
L.P.E.M. van den Boom	Board member	2013
J.F. van Duyne	Board member	2015
J.A.W.M. van Rooijen	Board member	2013

All Board members are independent of Fugro.

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

The Board of Foundation Protective Preference Shares, Leidschendam, The Netherlands, is composed as follows:

name	function	term
M.W. den Boogert, Chairman	Board member B	2014
M.A.M. Boersma	Board member B	2014
R.J.A. van der Bruggen	Board member B	2016
J.C. de Mos	Board member B	2013
F.H. Schreve	Board member A	2013

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is the Chairman of the Supervisory Board of Fugro.

Stichting Continuïteit Fugro ('Foundation Continuity')

The Board of Foundation Continuity, Curaçao, is composed as follows:

name	function	term
G.E. Elias, Chairman	Board member B	2016
A.C.M. Goede	Board member B	2013
R. de Paus	Board member B	2015
M. van der Plank	Board member B	2014
F.H. Schreve	Board member A	
indefinite*		

* *In capacity as a member of the Supervisory Board of Fugro.*

All Board members, with the exception of Mr. F.H. Schreve, are independent of Fugro. Mr. Schreve is the Chairman of the Supervisory Board of Fugro.

10.4 *Statutory provisions regarding the appropriation of profit*

The provisions regarding the appropriation of profit are contained in article 36 of the Articles of Association of Fugro and, as far as relevant, read as follows:

36.2
a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.
b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3
a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 - 8 years', calculated and determined in the manner as described hereinafter.
b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or

preceding the day on which the dividend percentage is adjusted, increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 to 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 to 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the General Meeting of Shareholders either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.

10.5 *Proposal regarding the appropriation of profit*

In accordance with article 36 of the Articles of Association, it shall be proposed to the Annual General Meeting on 8 May 2013 that the net result of EUR 291.6 million be appropriated as follows: EUR 163.3 million (EUR 2.00 per share) as dividend to holders of (certificates of) ordinary shares, to be paid either in cash or in (certificates of) ordinary shares, and the remaining EUR 128.0 million to be allocated to the reserves.
The dividend proposal is stated on page 17 of the Report of the Supervisory Board and also on page 36.

Report of Stichting Administratiekantoor Fugro ('Trust Office')

In accordance with article 19 of the conditions of administration for registered shares in the share capital of Fugro N.V. ('Fugro') and best practice provision IV.2.6 of the Corporate Governance Code, the undersigned issues the following report to the holders of certificates of ordinary shares Fugro.

During the 2012 reporting year all the Trust Office's activities were related to the administration of ordinary shares against which certificates have been issued.

During 2012 the Board met twice. The meeting of 12 April 2012 was dedicated, among other things, to the preparation for the Annual General Meeting of Fugro on 22 May 2012. The meeting of 13 September 2012, after the publication of Fugro's half-yearly results, was dedicated, among other things, to the composition of the Board and to general business developments. It was discussed also if it would be necessary or useful to convene a meeting of holders of certificates. It was decided that at the moment this was not the case. Prior to both meetings the Board discussed with the Board of Management and the Supervisory Board of Fugro the activities and performance of Fugro on the basis of the Annual Report 2011 and the Half-yearly report 2012 respectively. Corporate Governance within Fugro and the Trust Office was also discussed in both meetings.

All the Trust Office's Board members are independent of Fugro. The Board may offer holders of certificates the opportunity to recommend candidates for appointment to the Board. The voting policy of the Trust Office has been laid down in a document that can be found on the website: www.fugro.com/corporate/admkantoor.asp. The Trust Office is authorised to accept voting instructions from holders of certificates and to cast these votes during a general meeting of Fugro.

The Board attended the annual general meeting of Fugro held on 22 May 2012. In this meeting the Trust Office represented 37.7% of the votes cast. The Trust Office voted in favour of all the proposals submitted to the meeting. In accordance with the terms of administration, holders of certificates were offered the opportunity to vote, in accordance with their own opinion, as authorised representatives of the Trust Office.
This opportunity was taken by holders of certificates who represented 55.7% of the votes cast.

In accordance with the roster, Mr. R. van der Vlist stepped down as a member of the Trust Office's Board on 30 June 2012. The previous report of the Trust Office stated that the Board intended reappointing Mr. Van der Vlist as a Board member for a period of four years. In accordance with article 4.3 of the articles of association, the Board offered holders of certificates who represent at least 15% of the issued certificates the opportunity to request, until 6 April 2012, that the Board convenes a meeting of holders of certificates in order to recommend a candidate to the Trust Office's Board. As no request for a meeting of holders of certificates was submitted, in its meeting of 12 April 2012 the Board, in accordance with its announced intention, reappointed Mr. Van der Vlist as a member of the Board for a period of four years. The Board also reappointed Mr. Van der Vlist as Chairman.

In accordance with the roster, on 30 June 2013 Mr. L.P.E.M. van den Boom and Mr. J.A.W.M. van Rooijen will step down as members of the Trust Office's Board. The Trust Office intends reappointing Mr. Van den Boom and Mr. J.A.W.M. van Rooijen as Board members 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 8 April 2013, that the Board convenes a meeting of holders of certificates in order to recommend two candidates to the Trust Office's Board. The request should be submitted in writing and should state the name and address of the recommended candidates.

At present the Board of the Trust Office comprises:

1. Mr. R. van der Vlist, Chairman
2. Mr. L.P.E.M. van den Boom
3. Mr. J.F. van Duyne
4. Mr. J.A.W.M. van Rooijen

Mr. Van der Vlist was Company Secretary of N.V. Koninklijke Nederlandsche Petroleum Maatschappij.
Mr. Van den Boom was a member of the Board of Management of NIB Capital Bank N.V. and he is a Senior Partner of PARK Corporate Finance.
Mr. Van Duyne was Chairman of the Board of Management of Koninklijke Hoogovens N.V. and afterwards joint Chief Executive Officer of Corus Group PLC.
Mr. Van Rooijen was, amongst others, Chairman of KPMG Corporate finance N.V. and member (CFO) of the Board of Management of KPMG Holding N.V.

In 2012 the total remuneration of the members of the Board amounted to EUR 31,000 and the total costs of the Trust Office amounted to EUR 109,031.

On 31 December 2012, 80,935,740 ordinary shares with a nominal value of EUR 0.05 were in administration against which 80,935,740 certificates of ordinary shares had been issued. During the financial year 42,138 certificates were exchanged into ordinary shares and 4,153,426 ordinary shares were exchanged into certificates. A total number of 1,280,017 certificates of ordinary shares were issued as a result of the stock dividend.

The activities related to the administration of the shares are carried out by the administrator of the Trust Office: Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V. in Amsterdam, The Netherlands.

The Trust Office's address is: Veurse Achterweg 10, 2264 SG Leidschendam, The Netherlands.

Leidschendam, 27 February 2013

The Board

Historical review

	IFRS 2012[5]	IFRS 2011[5]	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Income and expenses (x EUR 1,000)						
Revenue	**2,164,996**	1,858,043	2,280,391	2,052,988	2,154,474	1,802,730
Third party costs	**793,250**	617,107	765,587	624,413	722,321	604,855
Net revenue own services (revenue less third party costs)	**1,371,746**	1,240,936	1,514,804	1,428,575	1,432,153	1,197,875
Results from operating activities (EBIT) 2)	**308,269**	352,016	351,479	367,422	385,732	324,813
EBITDA	**467,013**	481,925	561,083	551,130	535,178	439,590
Cash flow	**401,376**	431,495	489,757	456,773	438,902	337,106
Net result (including discontinued operations) 2)	**291,573**	287,595	272,219	263,410	283,412	216,213
Net result for continuing operations	**232,763**	293,911	–	–	–	–
of which non-recurring items	–	–	–	–	–	–
Balance sheet (x EUR 1,000)						
Property, plant and equipment	**1,065,873**	981,104	1,291,314	1,043,227	859,088	599,298
Investments	**261,687**	359,238	446,755	330,244	337,469	299,699
of which in acquisitions	**3,371**	117,500	2,931	9,882	14,423	8,666
Depreciation of property, plant and equipment	**155,619**	127,196	201,493	173,593	140,429	107,684
Net current assets 1)	**722,956**	521,017	253,186	140,301	56,060	171,347
Total assets	**4,169,716**	3,861,595	3,089,991	2,366,317	2,123,306	1,700,130
Provisions	**1,165**	4,215	5,204	6,240	13,155	16,278
Loans and borrowings	**1,166,734**	1,215,173	590,862	441,339	395,384	449,957
Equity attributable to owners of the company 1)	**1,956,729**	1,655,785	1,508,318	1,187,731	928,329	699,989
Key ratios (in %) 2)						
Results from operating activities (EBIT)/revenue	**14.2**	18.9	15.4	17.9	17.9	18.0
Profit/revenue	**10.8**	15.8	11.9	12.8	13.2	12.0
Profit/net revenue own services	**17.0**	23.7	18.0	18.4	19.8	18.0
Profit/capital and reserves 1)	**12.9**	18.6	22.3	24.9	34.8	34.3
Total equity/total assets 1)	**47.4**	43.4	49.3	50.7	44.1	41.6
Interest cover	**17.2**	48.9	29.0	47.8	13.9	13.1
Data per share (x EUR 1.–) 2) 4)						
Equity attributable to owners of the Company 1)	**23.62**	20.34	18.79	15.08	12.12	9.94
Results from operating activities (EBIT) 3)	**3.84**	4.44	4.49	4.82	5.29	4.67
Cash flow 3)	**5.00**	5.45	6.25	5.99	6.01	4.84
Net result 3)	**3.63**	3.63	3.47	3.46	3.88	3.11
Dividend paid in year under review	**1.50**	1.50	1.50	1.50	1.25	0.83
Share price (x EUR 1.–) 4)						
Year-end share price	**44.52**	44.895	61.50	40.26	20.485	52.80
Highest share price	**57.88**	63.53	62.06	41.85	59.95	62.00
Lowest share price	**37.65**	34.47	37.095	19.085	19.32	34.91
Number of employees						
At year-end	**12,165**	11.495	13,463	13,482	13,627	11,472
Shares in issue (x 1,000) 4)						
Of nominal EUR 0.05 at year-end	**82,844**	81,393	80,270	78,772	76,608	70,421

1) *As of 2002 no accrued dividend has been incorporated.*

2) *For 2002 and earlier years, before amortisation of goodwill.*

IFRS 2006	IFRS 2005	IFRS 2004	IFRS 2003	Dutch GAAP 2002	Dutch GAAP 2001	Dutch GAAP 2000	Dutch GAAP 1999	Dutch GAAP 1998	Dutch GAAP 1997
1,434,319	1,160,615	1,008,008	822,372	945,899	909,817	712,934	546,760	578,207	482,096
503,096	405,701	364,644	273,372	328,401	331,685	250,132	176,067	197,258	172,346
931,223	754,914	643,364	549,000	617,498	578,132	462,765	370,648	380,948	309,750
211,567	144,070	104,236	63,272	111,873	98,470	73,697	61,805	61,669	46,195
295,948	218,833	177,453	124,056	158,814	142,039	113,269	98,334	97,926	75,781
226,130	176,093	125,802	80,480	119,161	105,301	85,596	77,233	74,057	60,670
141,011	99,412	49,317	18,872	72,220	61,732	46,024	40,704	37,800	31,084
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	3,630
412,232	262,759	232,956	268,801	192,293	163,298	120,526	114,035	108,181	93,479
203,944	90,414	71,028	123,983	100,036	89,352	49,008	37,301	61,487	58,220
21,041	10,057	2,296	70,888	24,852	11,196	3,686	9,257	6,081	5,763
78,169	69,445	66,139	54,004	46,941	43,569	39,572	36,529	36,257	29,586
150,733	222,485	(95,348)	114,852	129,071	(50,514)	92,269	15,066	7,170	6,308
1,405,698	1,138,660	983,350	1,056,003	793,245	814,772	474,741	380,495	338,021	289,512
13,888	398	1,075	584	12,706	8,056	6,746	10,573	8,894	7,805
341,997	300,753	184,268	431,895	273,520	121,450	120,713	23,234	24,368	17,153
562,417	465,460	223,913	211,196	271,698	244,660	101,453	107,909	90,575	77,370
14.8	12.9	10.3	9.2	11.8	10.8	10.3	11.3	10.7	9.6
9.8	8.6	4.9	2.3	7.6	6.8	6.5	7.4	6.5	6.4
15.1	13.2	7.7	8.3	11.7	10.7	9.9	11.0	9.9	10.0
27.4	28.8	22.7	17.6	27.4	35.7	45.4	41.0	45.0	44.8
40.2	41.3	23.2	20.2	34.6	30.4	22.1	29.3	27.9	27.7
10.9	7.2	3.7	2.2	6.1	7.8	8.1	13.1	12.1	10.4
8.08	6.76	3.60	3.48	4.57	4.17	2.10	2.29	1.91	1.65
3.08	2.18	1.76	1.09	1.95	1.86	1.48	1.27	1.30	0.98
3.29	2.67	2.12	1.39	2.08	1.98	1.72	1.59	1.56	1.29
2.05	1.51	0.83	0.33	1.26	1.16	0.92	0.84	0.80	0.66
0.60	0.48	0.48	0.46	0.46	0.40	0.34	0.31	0.28	0.25
36.20	27.13	15.35	10.20	10.78	12.53	17.19	9.23	4.99	7.01
36.64	27.40	16.41	12.86	16.50	18.91	17.81	9.98	10.99	8.28
27.13	15.14	10.05	6.13	9.88	10.75	9.31	4.10	4.06	3.44
9,837	8,534	7,615	8,472	6,923	6,953	5,756	5,114	5,136	4,429
69,582	68,825	62,192	60,664	59,449	58,679	51,048	50,449	48,682	47,673

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.*

Glossary

Technical terms

2-D Seismic: *Acoustic measuring technology which uses single vessel-towed hydrophone streamers. This technique generates a 2-D cross-Article of the deep seabed and is used primarily when initially reconnoitring for the presence of oil or gas reservoirs.*

3-D Seismic: *Acoustic measuring technology which uses multiple vessel-towed long hydrophone streamers. This technique generates a 3-D model of the deep seabed and is used to locate and analyse oil and gas reservoirs.*

AUV (Autonomous Underwater Vehicle): *An unmanned submersible launched from a 'mother-vessel' but not connected to it via a cable. Propulsion and control are autonomous and use pre-defined mission protocols.*

Construction Support: *Offshore services related to the installation and construction of structures such as pipelines, drilling platforms and other oil and gas related infrastructure, usually involving the use of ROVs.*

DGPS (Differential Global Positioning System): *A GPS based positioning system using territorial reference points to enhance accuracy.*

EM: *Electromagnetic.*

Gas hydrates: *mixture of semi-solid methane gas and water molecules that are created by water pressure and cold temperatures found deep in the ocean.*

Geophysics: *The mapping of subterranean soil characteristics using non-invasive techniques such as sound.*

Geoscience: *A range of scientific disciplines (geology, geophysics, petroleum engineering, bio stratification, geochemistry, etc.) related to the study of rocks, fossils and fluids.*

Geotechnics: *The determination of subterranean soil characteristics using invasive techniques such as probing, drilling and sampling.*

Glonass: *Global Navigation Satellite System.*

GPS: *Global Positioning System.*

Gravity: *Precision gravity measurements to detect geological and other anomalies.*

LiDAR: *a measuring system based on laser technology that can make extremely accurate recordings from an aircraft.*

LNG: *Liquified Natural Gas*

Multi-client data: *Data collected at own risk and expense and sold to several clients.*

RoqSCAN: *RoqSCAN is a fully portable, automated, quantitative rock properties/ mineralogical analyser which has been developed exclusively by Fugro and Carl Zeiss for use at the oil and gas well site.*

ROV (Remotely Operated Vehicle): *Unmanned submersible launched from a vessel and equipped with measuring and manipulation equipment. A cable to the mother-vessel provides power, video and data communication.*

Seismic: *Acoustic measurement of seabed characteristics and stratification with the objective of detecting oil and gas. These measurements are conducted using specialised vessels equipped with powerful acoustic energy sources and long receiving streamers (hydrophones) to measure (sub) seabed acoustic echoes.*

Starfix: *DGPS positioning system, specifically for use offshore. This system is intended for the professional user and, in addition to a high degree of accuracy, is equipped with a wide range of data analysis and quality control possibilities.*

WTI: *West Texas Intermediate is a crude oil benchmark.*

Financial terms

Cash flow: *The profit for the period attributable to equity holders of the company plus depreciation, amortisation of intangible fixed assets and minority interest.*

Dividend yield: *Dividend as a percentage of the (average) share price.*

EBIT: *Result from operating activities.*

EBITDA: *Result from operating activities before depreciation and amortisation.*

Gearing: *Loans and borrowings plus bank overdraft minus cash and cash equivalents, divided by shareholders equity.*

Interest cover: *Result from operating activities (EBIT) compared with the net interest charges.*

Invested capital: *The capital made available to the Company, i.e. Group equity plus the available loans and the balance of current account deposits/withdrawals.*

Net profit margin: *profit as a percentage of Revenue.*

Pay-out ratio of the net result: *The pay-out ratio of the net result is defined as proposed dividend, multiplied by the number of shares entitled to dividend, divided by one thousand, divided by the net result.*

Private Placement: *Long-term financing (7 – 15 years), entered into in May 2002 and in August 2011 via private placements with American and British institutional investors.*

Return on invested capital: *EBIT divided by the average of the current and previous year of total assets less current liabilities.*

Solvency: *Shareholders' equity as a percentage of the balance sheet total.*

Colophon

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

Realisation:
C&F Report Amsterdam B.V.

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Fugro N.V.

A Dutch translation of this annual report is available. In matters of any misinterpretation the official English annual report will prevail.

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