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Interim Financial Statements 2009

ARCADIS
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ARCADIS NV MANAGEMENT REPORT FIRST HALF YEAR 2009

In the first half year of 2009, gross revenues increased 1% to € 833 million, helped by a positive currency effect of 4%. The recession mainly impacted the business lines buildings and environment, where revenues declined organically. This was partially offset by organic growth in infrastructure of 10%. On balance, the organic decline in net revenues was limited to 3%. Net income from operations rose 3% to € 32.6 million, despite restructuring charges of more than € 5 million, which were taken to adjust the organization to the decline in demand. At 9.8%, the margin was almost at the same level as last year. As a result of solid working capital management, cash flow was high.

In early July, the merger with Malcolm Pirnie was closed, a leading U.S.-based consulting and engineering company in the water and environmental markets with more than 1700 employees and gross revenues of $ 392 million. This gives ARCADIS a leading position in the rapidly growing global water market while we enter the top 10 in our industry in the U.S. with a more balanced services and clients portfolio.

We anticipated early on the increasingly difficult market conditions by adjusting our capacity, implementing strict cost controls and focusing on clients. As a result our margin was maintained at a good level and revenue decline was limited. The infrastructure market appears best poised against the recession due to government investments. The environmental market declined as industrial clients limit spending, but here we are expanding our market share. The buildings market is under strong pressure with challenging market conditions, particularly in England. The merger with Malcolm Pirnie is a major strategic step for ARCADIS from which we expect significant business and operational synergies.

Key figures

	First Half Year		
Amounts in € million, unless otherwise noted	2009	2008	Δ
Gross revenue	833	827	1%
Net revenue	577	566	2%
EBITA	56.3	57.0	-1%
Net income	36.8	28.6	29%
Ditto, per share (in €)	0.61	0.47	29%
Net income from operations [1)]	32.6	31.6	3%
Ditto, per share (in €) [1)]	0.54	0.52	4%
Av. number of outstanding shares (millions)	60.2	60.6	

1) Before amortization and non-operational items

Analysis
Gross revenues increased 1%, while net revenues (revenues from our own staff) rose 2%. Revenues were positively impacted by a 4% currency effect from the stronger U.S. dollar. The contribution from acquisitions was 1% and mainly came from expansion of the environmental activities with LFR in the U.S. (end of January 2008) and SET in Italy (mid 2008). Organically, gross revenues declined 4%. Because under the current market conditions as much work as possible is performed by our own staff, the decline in net revenues was limited to 3%.

Most European countries saw organic growth with the strongest growth in the Netherlands and Poland. In England, the real estate market was hit by the crisis resulting in a strong revenue decline. In the United States, the recession also caused an organic activity decline, in RTKL as well as in the environmental market. Brazil and Chile contributed positively to growth, in part from investments in Brazilian energy projects, but in both countries growth is softening as a result of the worsening economy.

EBITA declined slightly by 1% to € 56.3 million. Acquisitions contributed 2%, currency effects 7%. The organic decline was 10%, also from a lower contribution from carbon credits. Excluding this effect the organic decline was 7%. Against good performance in most countries, especially the Netherlands and the United States, a decline in profitability was observed in England, in RTKL and in Brazil. In England and the United States the organization was adjusted resulting in a restructuring charge of € 5.3 million. Nevertheless, the margin (EBITA as a percentage of net revenues) at 9.8% remained strong (2008: 10.1%). Excluding the impact of carbon credits the margin was stable.

In early 2009 derivatives used for hedging interest and currency risks were unwound, resulting in a book profit of € 7.5 million. Excluding the effect of derivatives, financing charges declined to € 3.7 million (2008: € 6.8 million). This decline resulted from lower market interest rates, less working capital and an exchange rate gain of € 0.9 million on loans in Brazil. Net income from operations rose 3% to € 32.6 million and developed more favorably than EBITA. Against higher taxes stood lower financing charges and a reduced minority interest resulting from a lower profit contribution from Brazil.

A strong focus on cash management helped push net working capital as a percentage of revenues down to 13.8% (end second quarter 2008: 16.0%). This resulted in a cash flow from operational activities of € 34.9 million compared to minus € 43.3 million in the first half of 2008. As a result, the net debt to EBITDA ratio (calculated according to the bank covenants) declined to 1.1 (year end 2008: 1.3). Including the consolidation of Malcolm Pirnie, this ratio on a pro forma basis at the end of the second quarter would be 1.5.

Developments per business line
Figures noted below concern gross revenues for the first half year of 2009 compared to the same period last year, unless otherwise noted.

- ***Infrastructure***
  Gross revenues rose 9%. The currency effect was minus 1%, the contribution from acquisitions on balance was zero. Organic growth in gross revenues was 10% and in net revenues 6%. The difference mainly came from Brazil with substantial subcontracting in energy projects. In Europe, especially the Netherlands and Poland contributed to growth, but also in most other countries activities increased. In the Netherlands the consortium in which ARCADIS takes part was selected for a tunneling project for the highway that runs through the city of Maastricht. In the United States, the water management activities are gradually expanding. Brazil and Chile also contributed to growth, but the worsened economy is slowing down private investments.

- ***Environment***
  Gross revenues declined 2%. The currency effect was 8% and the contribution from acquisitions was 4% (LFR and SET). The organic decline was 14%, but in net revenues was limited to 6%. The difference with the development of gross revenues is caused by the completion of large projects in the United States with substantial subcontracting and the fact that as much work as possible is performed in house. The activity decline mainly came from the United States where many private sector customers are hit by the recession. For the same reason, gross revenues in Brazil declined. Because more work in Europe is performed for government clients, activities grew in that region. In Chile, mining clients were driving revenue growth.

- ***Buildings***
  Gross revenues were 6% lower with a currency effect of 4%. Gross revenues declined 10% organically, while net revenues were 12% lower. The difference comes from the growth in facility management in the Netherlands, with significant subcontracting. The strongest decline occurred in England, where the commercial real estate market has almost come to a complete stand still. Also RTKL saw a considerably activity decline, mainly resulting from the poor market for commercial projects in the United States and England. Services to industrial clients in Belgium also declined due to the recession. In the Netherlands two new clients were added in facility management: NS Poort and Essent.

Outlook
Economic conditions are still poor, while it is uncertain when and to what extent recovery will occur. The degree to which this will further impact our activities remains uncertain and differs for each of the markets in which we are active.

The **infrastructure market** is dominated by governments which continue their investment programs unabatedly. This is further strengthened by economic stimulus programs, especially in the United States, which are expected to have an effect starting late 2009 and in 2010. The attention for climate change drives demand for water management both in Europe and the United States. In the Netherlands considerable investments are made in improvements of rail and expansion of roadway capacity, while in Central Europe infrastructure is being extensively upgraded, supported by European financing. In South America the strong growth of recent years is softening somewhat due to reduced investments in energy and mining.

In the **environmental market** regulation and sustainability provide a healthy basis. Even though the economic crisis is negatively impacting demand from private clients for environmental services, we see signs of stabilization in the market in the United States. Energy efficiency and reduction in carbon dioxide emissions are new themes that generate work. By focussing on market segments with continued strong demand, on cost effective solutions based on advanced technology, on vendor reduction and outsourcing of environmental work by companies, we can increase market share. Interest in GRiP® is on the rise, with the U.S. Department of Defense, but also with industrial clients, with several large projects in the pipeline.

The **buildings market** was hit hardest by the crisis. RTKL and the project management services in England are affected most by this development. Although the bottom in the English market appears to have been reached, a recovery is not foreseen in the short term. RTKL has partly offset the decline in the U.S. and U.K. commercial market with projects in Asia (mainly China) and some parts of the Middle East. This policy is continued. For all of our services, our focus remains on non-commercial segments, such as schools, hospitals and government buildings, which will benefit from stimulus funding. Facility management appears to be a growth market, as it fills a demand for cost savings.

By timely adjustments, so far we have managed to deal with the recession reasonably well. This is also due in part to our strong market positions with a good spread in geography, clients and market segments. Our backlog is stable compared to the end of 2008 thanks to a good order intake across the board, partially offset by contract cancellations in buildings. In all three business lines, we will benefit from government stimuli packages. Because we have adjusted our capacity we expect the revenue decline to continue in the coming quarters. Maintaining margins has priority, by absorbing price pressure with cost reductions and a strong client focused approach. Malcolm Pirnie has a solid backlog and will contribute to revenue and profit as of the third quarter. This is offset by the lack of a contribution from energy projects, which last year generated € 2.2 million in net income. On balance, we expect that the recession may result in a slight decline of 0% – 5% of net income from operations. This is barring unforeseen circumstances and surrounded with more uncertainty than usual.

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Risk Assessment
In our Annual Report 2008, we have extensively described risk categories and risk factors that could adversely affect our business and financial performance. These risks factors are deemed to be included by reference in this report.

For the remainder of 2009, we see the following particular risks and uncertainties:

- The risk of a possible further deterioration of our markets, resulting in pressure on revenues and income;
- The risk of clients not being able to meet their obligations resulting in write-offs on work in progress or accounts receivable;
- The risk of a weakening of currencies against the euro;
- The risk of an influenza pandemic, possibly resulting in a decrease of our production capacity.

Additional risks not known to us, or currently believed not to be material, may apply and could later turn out to have material impact on our business, financial objectives or capital resources.

Responsibility Statement
The Executive Board confirms that, to the best of its knowledge, the interim (semi-annual) financial statements, which have been prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit of ARCADIS and its consolidated companies, and the management report for the first half year 2009 includes a fair review of the information required pursuant to section 5:25d(8)/(9) of the Financial Markets Supervision Act (Wet op het financieel toezicht)."

Arnhem, the Netherlands, August 4, 2009

Harrie L.J. Noy, Chairman of the Executive Board
Ben A. van der Klift, Chief Financial Officer
C.Michiel Jaski, Member of the Executive Board
Friedrich M.T. Schneider, Member of the Executive Board

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ARCADIS NV
CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in € millions, unless otherwise stated	*Note*	First Half 2009	First Half 2008
Gross revenue		**832.7**	827.3
Materials, services of third parties and subcontractors		**(255.5)**	(261.5)
Net revenue		**577.2**	565.8
Operational cost		**(510.0)**	(497.9)
Depreciation		**(11.6)**	(11.4)
Other income		**0.7**	0.5
EBITA		**56.3**	57.0
Amortization identifiable intangible assets		**(2.0)**	(5.6)
Operating income		**54.3**	51.4
Net finance expense	*8*	**3.8**	(5.5)
Income from associates		**-**	0.1
Profit before taxes		**58.1**	46.0
Income taxes	*9*	**(20.9)**	(15.4)
Profit for the period		**37.2**	30.6
Attributable to:			
Equity holders of the Company (net income)		**36.8**	28.6
Minority interest		**0.4**	2.0
Profit for the period attributable to equity holders of the Company (net income)		**36.8**	28.6
Amortization identifiable intangible assets after taxes		**1.3**	3.8
Option costs UK share save scheme		**0.1**	0.2
Net effects of financial instruments		**(5.6)**	(1.0)
Net income from operations		**32.6**	31.6
Earnings per share (in euros)			
- Basic		**0.61**	0.47
- Diluted		**0.59**	0.47
Net income from operations per share (in euros)			
- Basic		**0.54**	0.52
- Diluted		**0.53**	0.52
Weighted average number of shares (in thousands)			
- Basic		**60,204**	60,614
- Diluted		**62,037**	61,168

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ARCADIS NV
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in € millions, unless otherwise stated	*Note*	First Half 2009	First Half 2008
Profit for the period		**37.2**	30.6
Other comprehensive income			
Exchange rate differences		**13.6**	(16.4)
Taxes related to share-based compensation		**1.0**	1.1
Effective portion of changes in fair value of cash flow hedges	*9*	**1.0**	
Other comprehensive income, net of income tax		**15.6**	(15.3)
Total Comprehensive income for the period		**52.8**	15.3
Total Comprehensive income attributable to:			
Equity holders of the Company		**50.3**	12.9
Minority interest		**2.5**	2.4

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ARCADIS NV
CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in € millions	*Note*	June 30, 2009	December 31, 2008
Assets			
Non-current assets			
Intangible assets		**251.1**	249.3
Property, plant & equipment		**70.8**	66.5
Investments in associates		**18.2**	15.7
Other investments		**0.4**	0.2
Other non-current assets		**15.6**	14.8
Derivatives		**2.6**	3.8
Deferred tax assets		**14.7**	12.2
Total non-current assets		**373.4**	362.5
Current assets			
Inventories		**0.6**	0.8
Derivatives		**0.5**	0.2
(Un)billed receivables		**506.6**	538.5
Other current assets		**40.4**	32.0
Corporate tax assets		**7.2**	6.5
Cash and cash equivalents		**112.5**	117.9
Total current assets		**667.8**	695.9
Total assets		**1,041.2**	1,058.4
Equity and Liabilities			
Shareholders' equity		**234.2**	207.6
Minority interest		**14.7**	12.3
Total equity	*6,7*	**248.9**	219.9
Non-current liabilities			
Provisions		**28.9**	26.7
Deferred tax liabilities		**9.6**	6.0
Loans and borrowings		**265.2**	266.8
Derivatives		**-**	16.9
Total non-current liabilities		**303.7**	316.4
Current liabilities			
Billing in excess of cost		**163.1**	182.7
Corporate tax liabilities		**11.7**	18.7
Current portion of loans and borrowings		**6.0**	4.9
Current portion of provisions		**4.3**	4.4
Derivatives		**-**	0.1
Accounts payable		**106.4**	133.2
Accrued expenses		**15.9**	12.3
Bankoverdrafts		**13.7**	6.2
Short term borrowings		**6.5**	3.6
Other current liabilities		**161.0**	156.0
Total current liabilities		**488.6**	522.1
Total equity and liabilities		**1,041.2**	1,058.4

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in € millions	Share capital	Share premium	Hedging Reserve	Cumulative translation reserve	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance at December 31 2007	1.0	36.4		(29.8)	180.1	187.7	11.5	199.2
Exchange rate differences				(16.8)		(16.8)	0.4	(16.4)
Taxes related to share-based compensation					1.1	1.1		1.1
Other comprehensive income				(16.8)	1.1	(15.7)	0.4	(15.3)
Profit for the period					28.6	28.6	2.0	30.6
Total comprehensive income for the period				(16.8)	29.7	12.9	2.4	15.3
Dividends to shareholders					(24.8)	(24.8)	(1.2)	(26.0)
Stock split	0.2	(0.2)				-		-
Share-based compensation					2.9	2.9		2.9
Options exercised					0.8	0.8		0.8
Expansion ownership							(0.8)	(0.8)
Balance at June 30 2008	1.2	36.2		(46.6)	188.7	179.5	11.9	191.4
Balance at December 31 2008	**1.2**	**36.2**		**(40.2)**	**210.4**	**207.6**	**12.3**	**219.9**
Exchange rate differences				**11.5**		**11.5**	**2.1**	**13.6**
Effective portion of changes in fair value of cash flow hedges			**1.0**			**1.0**		**1.0**
Taxes related to share-based compensation					**1.0**	**1.0**		**1.0**
Other comprehensive income			**1.0**	**11.5**	**1.0**	**13.5**	**2.1**	**15.6**
Profit for the period					**36.8**	**36.8**	**0.4**	**37.2**
Total comprehensive income for the period			**1.0**	**11.5**	**37.8**	**50.3**	**2.5**	**52.8**
Dividends to shareholders					**(27.1)**	**(27.1)**	**(0.1)**	**(27.2)**
Share-based compensation					**2.8**	**2.8**		**2.8**
Options exercised					**0.6**	**0.6**		**0.6**
Balance at June 30 2009	**1.2**	**36.2**	**1.0**	**(28.7)**	**224.5**	**234.2**	**14.7**	**248.9**

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ARCADIS NV
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	First half 2009	2008
Cash flow from operating activities		
Profit for the period	**37.2**	30.6
Adjustments for:		
Depreciation and amortization	**13.6**	17.0
Taxes on income	**20.9**	15.4
Net finance expense	**(3.8)**	5.5
Income from associates	**-**	(0.1)
	67.9	68.4
Share-based compensation	**2.8**	3.1
Sale of activities and assets, net of cost	**(0.4)**	-
Dividend received	**0.1**	0.2
Interest received	**2.7**	3.6
Interest paid	**(7.8)**	(10.6)
Corporate tax paid	**(29.6)**	(16.9)
Change in working capital	**(3.6)**	(93.9)
Change in deferred taxes and provisions	**2.8**	2.7
Net cash from operating activities	**34.9**	(43.4)
Cash flow from investing activities		
Net change in (in)tangible fixed assets	**(13.5)**	(13.5)
Acquisitions/divestments	**(0.7)**	(34.5)
Net change in associates and other investments	**(0.1)**	(2.1)
Net change in other non-current assets	**(1.2)**	(0.3)
Net cash used in investing activities	**(15.5)**	(50.4)
Cash flow from financing activities		
Options exercised	**0.6**	0.8
Change in borrowings	**(4.8)**	97.8
Dividends paid	**(27.2)**	(24.8)
Net cash from financing activities	**(31.4)**	73.8
Net change in cash and cash equivalents less bank overdrafts	**(12.0)**	(20.0)
Exchange rate differences	**(0.9)**	(2.9)
Cash and cash equivalents less bank overdrafts at January 1	**111.7**	71.7
Cash and cash equivalents less bank overdrafts at June 30	**98.8**	48.8

Notes to the condensed consolidated interim financial statements

1. Reporting entity
ARCADIS NV (the Company) is a public Company organized under Dutch law, domiciled in the Netherlands. The condensed consolidated interim financial statements include the financial statements of ARCADIS NV, its subsidiaries, and the interests in associates and jointly controlled entities.

2. General information
These condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company’s independent auditor.

3. Basis of preparation
These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’, and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2008, which have been prepared in accordance with IFRS as adopted by the European Union. These consolidated financial statements are available upon request from the Company’s registered office at Nieuwe Stationsstraat 10, 6811 KS Arnhem, The Netherlands or at www.arcadis-global.com.

All amounts in this report are in millions of euros, unless otherwise stated.

These condensed consolidated interim financial statements were authorized for issue by the Executive Board and Supervisory Board on August 4, 2009.

4. Significant accounting policies
Except as described below, the accounting policies applied and methods of computation used in preparing these condensed consolidated interim financial statements are the same as those applied in the Company’s 2008 financial statements.

Taxes on income in the condensed consolidated interim financial statements are accrued using the tax rate that would be applicable to the expected total annual earnings.

Change in accounting policy

Derivative financial instruments
Starting January 1, 2009 the Company changed the accounting policy for derivative financial instruments and started to apply hedge accounting.
Until 2009 all derivative financial instruments were initially recognized at fair value with subsequent changes in fair value recognized immediately in the statement of income. Hedge accounting was not applied.

From January 1, 2009 onwards the Company applies cash flow hedge accounting for selected derivative financial instruments. In case hedge accounting is applied, the effective part of the fair value changes of the contract is deferred in equity and will be released in the statement of income at the same time as the hedged item is recognized. Both at inception and at each reporting date an assessment is made whether the derivatives used are highly effective in offsetting the changes in fair values or cash flows of the hedged items. If a derivative is not highly effective, hedge accounting is discontinued prospectively.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009.

- IAS 1 (revised): *Presentation of Financial Statements.*
  The revised standard, effective as of January 1, 2009 requires all non-owner changes (that is items of income and expense) in equity to be presented in a consolidated statement of comprehensive income, whereas all owner changes in equity are presented in the consolidated statement of changes in equity. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Company has elected to present two statements. These condensed and consolidated interim financial statements have been prepared under the revised disclosure requirement, and the comparative information has been re-presented accordingly. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

The following new standards, amendments to standards and interpretations, mandatory for the first time for the financial year beginning at January 1, 2009, have currently no effect on the Company.

- IAS 23 (amendment): *Borrowing costs*.
- IFRS 2 (amendment): *Share-based payment;*
- IAS 32 (amendment): *Financial Instruments: Presentation*
- IFRIC 13: *Customer loyalty programmes*
- IFRIC 15: *Agreements for the construction of real estate*
- IFRIC 16: *Hedges of a net investment in a foreign operation*
- IAS 39 (amendment) *Financial instruments: Recognition and measurement*

The following new standards, amendments to standards and interpretations –applicable to the Company– have been issued, but are not effective for the financial year beginning January 1, 2009 and have not been early adopted:

- IFRS 3 (revised) *Business combinations* and consequential amendments to IAS 27 *Consolidated and separate financial statements.*
  The new standard is applicable for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All acquisition-related cost should be expensed, all payments to purchase a business are to be recorded at fair value at acquisition date, with contingent payments subsequently re-measured through the statement of comprehensive income. Furthermore, there is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

The Company will apply IFRS 3 (revised) to all business combinations from January 1, 2010 onwards.

Determination of fair values and management judgements
In the preparation of these condensed consolidated interim financial statements management used the same main judgements, estimates and assumptions in the application of the valuation principles as used for the preparation of the 2008 financial statements.

5. Segment information

ARCADIS early adopted IFRS 8 "Operating Segments" in the 2008 financial statements. The Company has 4 reportable segments, based on the Company's internal reporting structure to the Board of Management. The Company's internal reporting to the Board of Management is at Operating Company level (OpCo), which is subsequently aggregated into the reportable segments based on qualitative and quantitative measures.

In assessing the performance of the operating segments management uses recurring EBITA and recurring EBITA margin.

	Gross Revenue external		**Total Gross Revenue**	
	2009	2008	**2009**	2008
The Netherlands	**204.7**	195.1	**205.4**	196.1
Europe, excluding the Netherlands	**159.4**	175.8	**160.5**	177.1
United States	**394.5**	389.2	**394.7**	389.3
Rest of World	**74.1**	67.2	**74.2**	67.3
Total Segments	**832.7**	827.3	**834.8**	829.8
Inter-segment revenue			**(2.1)**	(2.5)
Total Consolidated	**832.7**	827.3	**832.7**	827.3

	EBITA		**Total Assets**	
	2009	2008	**2009**	2008
The Netherlands	**14.8**	12.7	**218.1**	200.4
Europe, excluding the Netherlands	**5.0**	10.9	**258.7**	273.4
United States	**32.5**	29.4	**445.6**	455.3
Rest of World	**4.3**	6.6	**82.8**	79.5
Total Segments	**56.6**	59.6	**1,005.2**	1,008.6
Corporate and unallocated	**(0.3)**	(2.6)	**36.0**	29.4
Total Consolidated	**56.3**	57.0	**1,041.2**	1,038.0

The reconciliation of recurring EBITA to total profit before income tax is as follows:

	2009	2008
EBITA for reportable segments	**56.6**	59.6
Corporate and unallocated	**(0.3)**	(2.6)
Amortization	**(2.0)**	(5.6)
Operating income	**54.3**	51.4
Net finance expense	**3.8**	(5.5)
Income from associates	**-**	0.1
Profit before taxes	**58.1**	46.0

Geographical information only differs from the segment information above as a result of the activities in RTKL and APS, which geographically also are represented in Europe and Rest of World. The geographical information is as follows:

	Gross Revenue by origin	
	2009	2008
The Netherlands	**204.7**	195.1
Europe, excluding the Netherlands	**162.3**	183.9
United States	**387.1**	377.3
Rest of World	**78.6**	71.0
Total Consolidated	**832.7**	827.3

6. Share capital

In the first half of 2009 no shares were repurchased. Through the exercise of options 100,156 shares were placed back in the market. The options were exercised at a weighted average price of € 6.31 per share. Additionally, 121,219 shares granted in 2006 under the 2005 Long-Term Incentive Plan became unconditional and as such were put back in the market again.

At June 30 2009, the number of shares outstanding was 60,322,923 (December 31 2008: 60,100,948).

7. Dividend

The dividend related to the period ending December 31, 2008 was paid in May 2009. Based on the number of shares outstanding and a declared dividend of € 0.45 per share, the total dividend paid in May amounted to € 27.1 million.

8. Net finance expense

Early January 2009, cross-currency interest rate swaps on the US dollar loans were unwound. This resulted in a profit of € 7.5 million, which was included in the net financing expenses. Excluding this, financing charges amounted to € 3.7 million, compared to € 6.8 million in 2008.

In the first half of 2009 the Company entered into interest rate swaps for two-third of the principal value of the $ 350 million loan, in order to fix the floating rate for the remaining part of the time to maturity of the loan. The interest rate has been fixed in tranches between 2.62% and 3.06%.

For the fair value of the interest rate swap cash flow hedge accounting is applied, whereby the effective part of the fair value changes is deferred in a separate component of equity.

9. Income taxes
Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year 2009 is 36% (2008: 34%). The increase in the effective tax rate is mainly the result of the geographical spread of the Company results.

10. Share-based payments
In the first half of the year, 907,600 options were granted under the Company's Long-term incentive plan. The fair value of the options granted and the assumptions used in calculating the related option cost were as follows:

	2009	**2008**
Fair value at grant date	2.07 – 2.39	2.16 – 4.61
Exercise price	10.91	12.56 – 18.28
Expected dividend yield	3.96	3.06
Risk-free interest rate (%)	2.72	4.37
Expected volatility (%)	40.90	32.4
Expected life of options (years)	5	5
Expected forfeitures (%)	11.0	9.2

11. Related party transactions
From time to time ARCADIS entered into related party transactions with associates. These transactions are conducted on an arm's length basis with terms comparable to transactions with third parties. InterCompany transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation. There were no significant related party transactions in the first half of 2009. ARCADIS was no party to any transaction or loan with parties who hold at least 10% of the shares in ARCADIS.

12. Subsequent events
Early July 2009, ARCADIS finalized the merger with Malcolm Pirnie, a Company active in water and environmental consulting and engineering. Malcolm Pirnie, now a wholly-owned subsidiary of ARCADIS U.S., has more than 1,700 employees with 2008 gross revenues of $392 million (€280 million). The merger was financed by issuing 5.74 million shares in addition to a cash amount of $ 135 million, through a new debt facility.

Early July 2009, the Company entered into additional interest rate swaps in order to fix the interest for $ 70 million loans, with fixed interest rates of 5.10% -5.11%.

Arnhem, the Netherlands, August 4, 2009
The Executive Board

Report of the independent auditor to the Executive Board and Supervisory Board of ARCADIS NV

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements for the 6 months period ended June 30, 2009 of ARCADIS NV, Arnhem, which comprises the condensed consolidated balance sheet as at June 30, 2009, the condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in shareholders' equity, condensed consolidated statement of cash flows and the selected explanatory notes for the 6 months period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2009 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, The Netherlands, August 4, 2009

KPMG ACCOUNTANTS N.V.

R.P. Kreukniet RA