ARCADIS

Infrastructure, environment, buildings

Annual Report 2008

Creating balance

Imagine the result

Our mission is to improve quality of life around the world by creating places of distinction and providing sustainable solutions that enhance the built and natural environments. In doing so, we produce exceptional value for our clients, employees and shareholders.

ARCADIS is about balance

We strive to leave the environments, the places and the lives we touch better than we found them. To achieve this we create balance – between the creative and the functional, between nature and the built environment, between the innovative and the proven, between present needs and future legacy, and between imagination and results.

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For other company addresses see page 111 of the Annual Report.

Photo cover: Dutch coast
ARCADIS works on the improvement of the weak spots in the Dutch coast in order to provide long-term protection against floods.

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ARCADIS at a glance

Who we are

Professional services for the human habitat

ARCADIS is an international company providing consultancy, planning, architectural design, engineering and management services for infrastructure, environment and buildings. With 14,000 people worldwide and € 1.7 billion of revenues, we develop, design, implement, maintain and operate projects that improve mobility, enhance sustainability and raise the quality of life, for clients from the public and private sector around the world.

Three core values

As a global company, we are committed to three core values in everything we do.

- **Integrity:** we want to do business honestly, with high professional standards, be a reliable partner for clients and treat each other with respect.
- **Entrepreneurship:** we take initiatives and develop business opportunities that create value and are creative in using our resources in the best interest of our clients.
- **Agility:** we react fast to changing market conditions, are responsive to clients and colleagues and are eager to perform.

International network based on home market positions

ARCADIS is unique in its global network based on home market positions in Europe, the United States and South America. The strong local presence allows us to maintain long-lasting relationships with clients and understand local conditions. The international network enables us to leverage expertise across the globe and to service multinational customers that look for service providers who can help them globally.

One firm philosophy

We operate across our network as a single firm. We foster a culture of team spirit and internal collaboration, focused on synergy, by leveraging our client relationships and our wealth of expertise.

Active in the entire value chain

ARCADIS provides services in the entire value chain, with a focus on services with high added value. By running our business on a client rather than on a project basis, we get involved in developments as early as possible. In the contracting phase of projects we deliver construction management services. When we are involved in turnkey delivery of projects, this is based on our technical and project management skills.

ARCADIS is in the global top 10

We rank among the top 10 management and engineering consultancies in the world. In most European countries where we operate, and in Brazil and Chile, we have a top 5 position. In the United States, we are currently in the top 20 and aspire to be within the top 10. In the global environmental market we are positioned in the top 3.

Top ten international design firms in the world*		
1	AECOM	United States
2	URS	United States
3	Altran Technologies	France
4	Atkins	United Kingdom
5	CH2M HILL	United States
6	SNC-Lavalin Group	Canada
7	Parsons Corporation	United States
8	ARCADIS	The Netherlands
9	Mott MacDonald Group	United Kingdom
10	Fugro	The Netherlands

* Source: Swedish Federation of Consulting Engineers and Architects (STD), 2008

Top three in Europe*		
1	Altran Technologies	France
2	Atkins	United Kingdom
3	ARCADIS	The Netherlands

* Source: Swedish Federation of Consulting Engineers and Architects (STD), 2008

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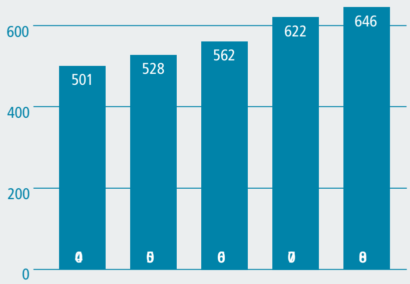
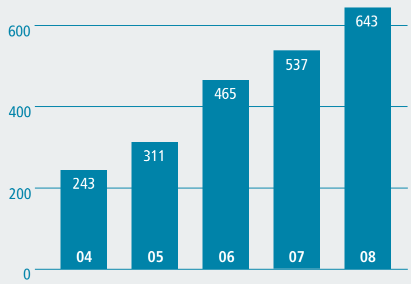
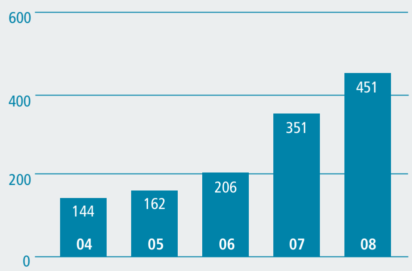


GROSS REVENUE INFRASTRUCTURE
in € million



GROSS REVENUE ENVIRONMENT
in € million



GROSS REVENUE BUILDINGS
in € million

What we do

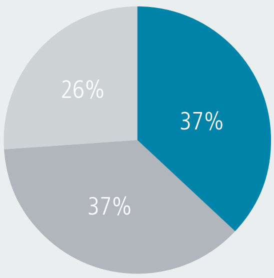
We focus our services on three main business lines, each with their own strengths and strategies. At the same time we work across disciplines and geographies to deliver integrated solutions to complex issues.

Infrastructure
Our infrastructure services create the conditions for efficient transportation and for healthy places to live and work. By working on high-quality railways, road networks and waterways (including tunnels and bridges); management of rivers and coastal zones; supply of clean water and reliable energy; and development of land for different purposes, ARCADIS' infrastructure professionals bring stability, mobility and a better quality of life to communities around the world.

Environment
ARCADIS has a leading role in environmental services, delivering projects that protect the earth's resources while meeting our client's economic objectives. Ranging from soil and groundwater remediation and environmental impact assessments to consultancy on corporate energy, product stewardship, health and safety and waste management issues, our services support environmental policies for companies and governments.

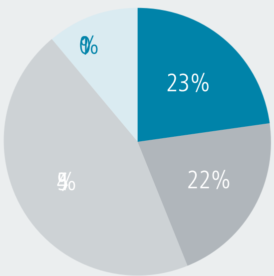
Buildings
At ARCADIS, we understand the importance of buildings to the urban fabric; to our clients' real estate portfolios; and to the people who use them. We deliver world-class architecture, planning, consultancy and management services for a wide range of buildings from commercial properties to hospitals, schools, government buildings and industrial facilities. We help clients achieve their business objectives and create a balance of form, function and environmental stewardship.

Clients and Strategy



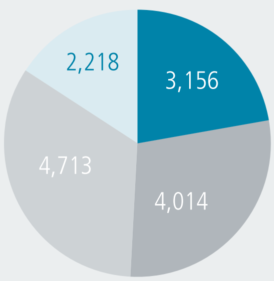
GROSS REVENUE BY BUSINESS LINE

- 37% Infrastructure
- 37% Environment
- 26% Buildings



GROSS REVENUE BY REGION

- 23% The Netherlands
- 22% Europe excluding the Netherlands
- 45% United States
- 10% Rest of world



GEOGRAPHICAL SPREAD PERSONNEL

- 3,156 The Netherlands
- 4,014 Europe excluding the Netherlands
- 4,713 United States
- 2,218 Rest of world

Including temporary staff

Our clients

We work for a broad range of clients in the public and private sector.
In **Infrastructure** most of our work is for governments: municipalities, cities, provinces, states, water boards, ministries, etc. We also work for utilities, project developers, contractors and other private sector firms.
In **Environment** we do a lot of work for the private sector, e.g. the oil and gas industry, chemical industry, transportation, etc. Many of the Fortune 500 companies are on our client list. We also work for governments, from federal clients (such as the U.S. Department of Defense) to municipal customers.
In **Buildings** we mainly work for owners, managers, operators or developers of real estate, both from the public and private sector.

Strategy: Building Global Leadership

Our ambition is to be a leading global player in our three main business lines: Infrastructure, Environment and Buildings.

The key elements for realizing our ambition are:

- **Client focus:** building meaningful long-term relationships based on value-added thinking and acting
- **Seamless delivery:** delivering our services across the globe with consistent high quality
- **'One firm' approach:** making the strength of our collective knowledge and experience available to every individual project
- **Focus on higher value services:** assisting our clients with services that add value in achieving their key objectives

Demand for our services is driven by key themes in society, such as sustainability, climate change, urban renewal, mobility, water and energy. These create ample opportunities for long-term growth. Our strong local presence, long-term client relationships and in-depth know how, position us well to benefit from these trends.

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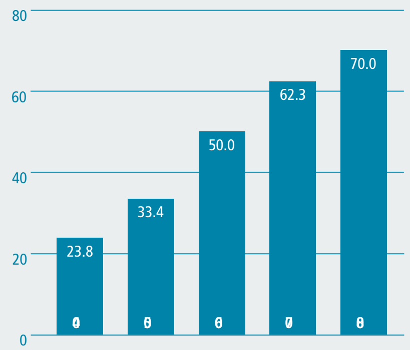
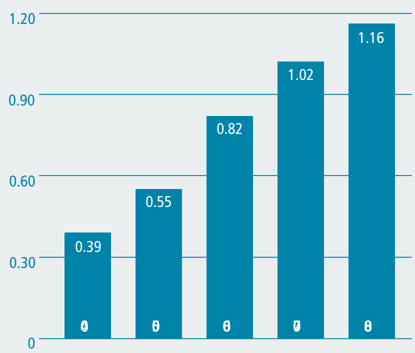
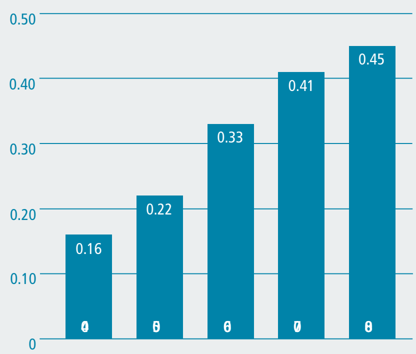


NET INCOME FROM OPERATIONS
in € million



NET INCOME FROM OPERATIONS PER SHARE
in €



DIVIDEND PER SHARE
in €

Highlights 2008

- Earnings per share 13% higher (based on net income from operations)
- Proposed dividend increased by 10% to € 0.45 per share
- Gross revenues rose 15% to € 1.7 billion
- Organic growth 6%, despite more difficult market conditions
- Margin improved for fifth consecutive year and came out at 11.3%
- Balance sheet remains healthy, with net debt/EBITDA of 1.2
- Infrastructure market strong across the board, with solid margin improvement
- In Environment, margins slightly higher, but slowing growth as industrial clients, particularly in the United States, were affected by the economy
- In Buildings, organic growth stayed level, but pressure on margin due to weak commercial property market
- Six acquisitions added € 100 million in revenue; the largest, LFR, strengthened our position in the U.S. environmental market
- Global Business Line Teams established to drive strategy development and implementation
- In Brazil two small hydropower projects were sold, which contributed € 2.2 million to the bottom line

Selected financial data

Revenue	2008	2007	2006	2005	2004
Gross revenue	**1,740**	1,510	1,233	1,001	901
Net revenue	**1,162**	1,004	837	703	633
Operating results					
EBITA	**131.8**	107.2	78.8	60.4	35.9
EBITA recurring	**131.8**	105.9	78.8	57.3	39.1
EBITA margin, recurring (in %)	**11.3**	10.5	9.4	8.2	6.2
Operating income	**119.6**	95.0	70.5	54.4	35.5
Associates	**(0.1)**	(0.8)	(0.5)	1.4	2.4
Net income from operations [1]	**70.0**	62.3	50.0	33.4	23.8
Net income	**57.3**	54.9	44.9	33.4	22.2
Return on average invested capital (in %)	**18.1**	20.1	20.3	20.6	17.2
Capital employed					
Balance sheet total	**1,058.4**	921.7	736.5	650.1	442.3
Average invested capital	**478.2**	349.4	269.6	190.5	163.5
Total equity	**219.9**	199.2	200.7	188.1	145.4
Total equity as % of balance sheet total	**21**	22	27	29	33
Interest coverage ratio	**7**	14	17	17	10
Net debt to EBITDA ratio	**1.2**	1.1	0.4	0.6	(0.0)
Net cash provided by operating activities	**80.5**	78.9	86.4	66.8	44.8
Total shares outstanding at December 31 (in thousands)	**60,101**	**60,502**	**60,915**	**60,810**	**60,896**
Data per share (in euros)					
Net income from operations	**1.16**	1.02	0.82	0.55	0.39
Net income	**0.95**	0.90	0.74	0.55	0.37
Dividend proposal	**0.45**	0.41	0.33	0.22	0.16
Shareholders' equity	**3.35**	3.03	3.05	2.84	2.20
Personnel [2]					
Average number of contract employees	**13,180**	11,304	9,685	9,208	9,419
Average number of employees total [3]	**13,977**	12,408	10,728	10,043	9,972
Total number of employees at December 31 [3]	**14,101**	13,391	11,533	10,101	10,474

[1] Net income excluding amortization and non-recurring items
[2] The headcount includes the total number of employees of proportionally consolidated companies
[3] Including temporary staff

The ARCADIS share

Stock exchange listing

ARCADIS shares are listed at the NYSE Euronext stock exchange in Amsterdam under the symbol ARCAD. Following its delisting from NASDAQ in 2007, the company completed its deregistration from the U.S. Securities and Exchange Commission in June, 2008. The decision to delist was taken as trading volumes at NASDAQ were low and the cost of a U.S. listing outweighed the benefits. Nevertheless, the Company remains committed to the U.S. market and its U.S. shareholders.

On May 16, 2008, upon approval from its shareholders, ARCADIS shares were split three-for-one, in order to enhance their tradability. Two liquidity providers are active in the ARCADIS share: RBS and Rabo Securities. In March 2008, the ARCADIS share became part of the Amsterdam Midkap Index® (AMX) of NYSE Euronext.

Investor Relations

ARCADIS has an active investor relations policy aimed at keeping existing and potential shareholders well informed about its strategy and the latest developments. It follows a quarterly reporting cycle for its financials and informs the market through press releases on other important developments, such as significant project wins. Twice a year, at the presentation of its annual and semi-annual results, ARCADIS conducts a financial press conference and analyst meeting, which are broadcast live over the internet. At the presentation of the first and third quarter results, a conference call is held for financial analysts, also accessible through a live audio link via the ARCADIS website.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is scheduled for May 7, 2009 at 2:00 p.m. and will be held at the Sports Center Papendal in Arnhem, the Netherlands. The agenda for this meeting will be available in early April 2009 upon request from the Company and will be announced on the Company's website.

Dividend

It is proposed to pay for the year 2008 a cash dividend of € 0.45 per share, which is a 10% increase compared to the € 0.41 for 2007. This represents 39% of net income from operations and is within the range of our dividend policy, which includes an annual distribution of between 30% and 40% of net income from operations.

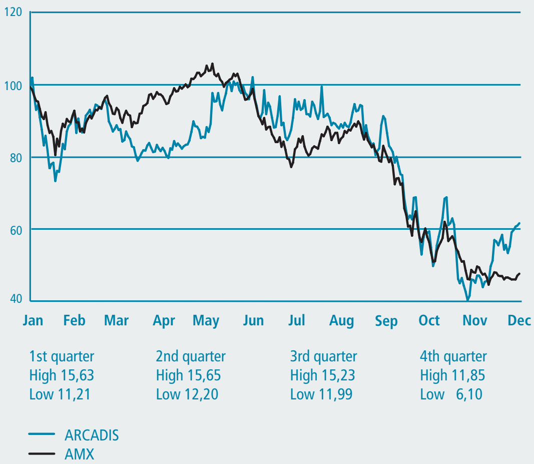
Share price development

On the last trading day of 2007, the share price on the NYSE Euronext exchange closed at € 15.77 (post split), while at the end of 2008 it closed at € 9.40, a decline of 40%. While disappointing, this performance has been better than the overall market performance. In 2008, the Amsterdam Midkap Index (AMX) of NYSE Euronext, which includes ARCADIS decreased by 52%.

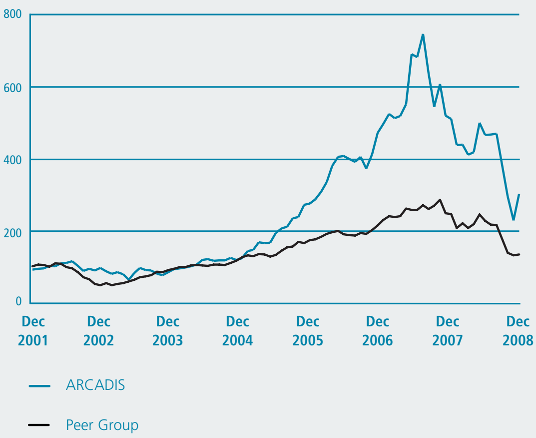
Historical development of the number of outstanding shares of ARCADIS

	At January 1	Issuance of new shares related to options	Stock purchase plans	Repurchase	Reissuance	At December 31
2004	60,052,215	645,714	-	35,700	234,000	60,896,229
2005	60,896,229	-	-	996,138	909,717	60,809,808
2006	60,809,808	-	-	1,484,514	1,589,670	60,914,964
2007	60,914,964	-	-	1,050,000	636,591	60,501,555
2008	60,501,555	-	-	825,000	424,393	60,100,948

ARCADIS (EURONEXT) AGAINST AMX



ARCADIS (EURONEXT) AGAINST PEER GROUP



ARCADIS share price on NYSE Euronext Amsterdam NV

In €	High	Low	Year-end
2004	4.58	3.13	4.57
2005	9.06	4.36	8.93
2006	15.57	8.87	15.57
2007	22.95	14.31	15.77
2008	15.65	6.10	9.40

Liquidity declined

The liquidity of ARCADIS shares saw a decrease reflective of overall market conditions. The average daily trading volume on NYSE Euronext Amsterdam in 2008 was 187,780 shares compared to 207,693 shares (post stock split) in 2007, a 10% difference.

Peer group

To benchmark its performance, ARCADIS has selected a group of peer companies. This group consists of international, publicly listed companies in the consulting and engineering business with activities and a size comparable to ARCADIS. This peer group includes the following companies:
Aecom (New York Stock Exchange); Atkins (London Stock Exchange); Grontmij (NYSE Euronext Amsterdam); Jacobs Engineering (New York Stock Exchange); Pöyry (Helsinki Stock Exchange); Tetra Tech (NASDAQ); Sweco (The Nordic Exchange, Stockholm); URS Corporation (New York Stock Exchange);
White Young Green (London Stock Exchange); WSP (London Stock Exchange).

Ownership information

Under the Disclosure of Major Holdings in Listed Companies Act, we can provide the following information:

Stichting Lovinklaan	21.2%	(holding end 2008)
Vereniging KNHM	5.2%	(holding end 2008)
ASR Nederland	5.1%	(holding end 2008)
Delta Deelnemingen Fonds	5.1%	(holding end 2008)
Delta Lloyd	6.1%	(holding end 2008)
Free float	57.3%	

Financial calendar 2009 (tentative)

May 7: First quarter 2009, conference call and live web cast
May 7: Annual General Meeting of Shareholders
May 11: Ex-dividend quotation
May 20: Dividend payment date
August 5: Second quarter 2009, press conference, analyst meeting and live web cast
November 11: Third quarter 2009, conference call and live web cast

The Executive Board
(From left to right): Michiel Jaski - Harrie Noy (Chief Executive Officer) - Friedrich Schneider - Ben van der Klift

Introduction

In 2008 we continued to deliver record results - further strengthening our core business lines and our role as a leading global consultant and employer of choice. Our successful strategy has been the foundation of our growth in a global economic environment that has started to affect our markets, offering fresh challenges and new opportunities.

We achieved almost all of our financial goals, based on solid revenue growth and increased profitability. All three business lines contributed to growth of revenues and profits.
Despite the challenging economy, we improved margins for the fifth consecutive year. These excellent results were reached by targeting markets with growth opportunities, a strong client-focus and internal cooperation aimed at synergy. Already early 2008 we started cost saving programs, anticipating changing markets. This created room for intensifying sales efforts and had a positive impact on margins.

The infrastructure market remained strong across the board. We benefit from long term government investments in transportation and water management. Our flood protection work in New Orleans and contribution to the new Dutch Deltaplan exemplify our global reputation in water, a strong growth market due to climate change.

We strengthened our global leadership in environment with the acquisition of LFR. After strong expansion, growth began weakening in the second half year. By focusing on sectors with continued high demand, cost effective proprietary solutions, and capitalizing on vendor reduction, we take market share. The interest in our performance-based GRiP® program is increasing.

In buildings, the credit crisis hit the commercial property market. Nevertheless, RTKL performed well, by focusing on the healthcare, federal and international markets. Our project management business shifted focus to non-commercial projects, infrastructure and the Middle East. Demand for facility management is growing and we received a first contract in the financial sector.

Our strategy is aimed at building global leadership positions in each of our business lines, by growth of high added value services, based on strong home market positions. Early 2008, we established Global Business Line Teams to push strategy implementation. These teams drive internal cooperation across our global network, leveraging local expertise to create benefits for clients. We continue with acquisitions to add capabilities and strengthen our geographical presence, within the confines of a solid balance sheet.

We are confident about the future. ARCADIS has changed and we are now positioned as a premier international professional services firm with a strong, collaborative culture. Although the economic crisis will impact our activities, we will benefit from government stimulus packages across our services and geographies. Our performance has demonstrated our ability to respond to a changing environment. We have a solid backlog and continue with cost savings and intensified sales efforts to preserve margins. Themes like sustainability, climate change, urban renewal, mobility and energy drive demand for our services and offer excellent prospects.

The success of ARCADIS is largely determined by the commitment of our people to outperform our client's expectations. We want to thank them for the hard work, enthusiasm and dedication to making our vision of building a better tomorrow a reality. Their entrepreneurship and agility are key in the challenging times ahead and allow us to come out as an even stronger firm.

On behalf of the Executive Board,
Harrie L.J. Noy,
Chief Executive Officer

Report by the Executive Board

Vision and strategy

The ARCADIS vision

Over the years, ARCADIS has become a strong transnational firm made up of professionals working across business lines and geographies to provide real-life solutions to the complex challenges of today's infrastructure, environment and buildings. By creating balance between the built and natural environments, the creative and the functional, innovation and logic, imagination and results, we fulfill our mission of improving the quality of the human habitat.

In today's economic environment we rely on the strength and resilience of our strategically positioned business lines. We continue to realize our ambitions through the vision and strategy that guide our business decisions also under the present market conditions. Now, more than ever, our work is vital to solving the challenges facing our clients and communities across the world.

The following key elements of ARCADIS' vision drive our long-term strategy:

Focus on three business lines: Infrastructure, Environment and Buildings. This gives the Company a clear focus and offers our clients integrated business solutions and one-stop shopping. With a broad range of disciplines, expertise and experience at an international level we are able to capitalize on new market trends and grow through innovation.

Global network based on strong home market positions. This enables us to leverage expertise across the globe and to service multinational clients that are increasingly looking for providers who deliver consistent quality globally. Because client relationships and a solid understanding of local conditions are essential to our business, we aim for strong home market positions as the basis for our global network. Our goal is to build these in Europe, the United States, South America and Asia.

Client focus. We want to build long-term relationships with selected multinational and key national/local clients who appreciate the value-added services we provide. This means running our business on a client basis rather than on a project basis. By cross-selling services we satisfy our client's needs and help them realize their goals.

'One firm' concept. ARCADIS operates as one firm across the globe with a brand that reflects its mission and is recognized for its quality and reliability. Internal collaboration and resource sharing to meet client demands is an integral part of our culture. By leveraging client relationships and exchanging knowledge, we create synergies that provide maximum benefits for our clients.

People are key to our success. Their capabilities, entrepreneurship and commitment make the difference in competing in the market place. ARCADIS actively seeks to engage, coach and develop its people through a dedicated human resources policy.

By attracting, retaining and developing talented people that deliver added value to clients we create profitable growth and value for shareholders. Our focus in that respect is on the longer term as we believe that long-term continuity is in the best interest of all our stakeholders.

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Growth drivers

Market conditions for ARCADIS are strongly influenced by investments from the public and private sector. Although these investments fluctuate with the economic cycles, the markets in which we operate offer ample long-term opportunities for growth. ARCADIS is well positioned to capitalize on these opportunities, which are underpinned by key socio-economic trends and the changing needs of the marketplace.

Socio-economic drivers

Important economic and societal trends are driving demand for our services. These can be described as follows:

Quality of life. As living standards increase, so too has the emphasis on the sustainability and liveability of the built environment and the quality of nature and landscape.

Mobility. Accessibility is central to economic development. In all countries where ARCADIS is active, governments are looking for ways to accelerate investment in roads and public transportation infrastructure.

Urbanization. Investments in residential areas, industrial sites, commercial properties and other facilities continue to grow. Deteriorated inner city areas need revitalization, requiring large investments in redevelopment programs and remediation works.

Sustainability. This is an increasingly important issue for both governments and private-sector companies. It is about preserving quality of life for future generations. All new development work is being evaluated in terms of its impact on the environment. This drives growth in the environmental market and also strongly influences our work in infrastructure and buildings.

Climate change. This is creating unprecedented challenges for delta areas where more than 50% of the world's population lives. It is an issue that greatly impacts every aspect of our business – from finding new ways to reduce carbon footprints, all the way to counteracting the effects of potential flooding through better water management and flood protection.

Energy. Growing populations and economic expansion have caused strong increases in demand for energy, including renewable energy. This is a key growth driver for all three of our business lines.

Water. The scarcity of clean, safe, potable water has lead to a rising demand for water supply and treatment facilities.

Market drivers

ARCADIS works for a broad range of clients, from governments to the private sector. Our clients' needs are changing, which is impacting our business:

Globalization of industry. International companies increasingly seek service providers with global capabilities. Many have vendor reduction programs in place to safeguard quality standards across their operations and increase efficiency.

Outsourcing and privatization. Companies are focusing on their core businesses, while outsourcing non-core functions such as facility management or environmental activities. A comparable trend is apparent in government, where the focus has shifted to policy making, while implementation is left to the private sector.

Public-private partnerships. To finance the growing need for investments in public facilities, many governments seek private investors to expedite programs, often in the form of public-private partnerships (PPP). This leads to overall market growth because investments no longer depend solely on government budgets.

Supply-chain integration. Clients are looking for an integrated and seamless construction process. This includes Design/Build and Design, Build, Finance and Operate (DBFO) among others, whereby a consortium of private-sector companies develops, designs and builds a project and provides the financing and operations management.

Risk participation. Increasingly clients are asking ARCADIS to share in project risks. In these instances, our fee is dependent on our performance. ARCADIS has internal procedures to control the related risks.

Many of these changing client needs are favorable to ARCADIS as more work is outsourced to the market. In addition, we are capable of serving multinational clients internationally, while only a limited number of competitors have this capability. New types of contracts require a broad, multidisciplinary service offering and good risk management. ARCADIS can leverage experience with such contracts internationally.

Present strategic position

Major shift in portfolio accomplished

In mid-2000, we changed our strategy by introducing value creation for shareholders as an important goal in an effort to improve our long-term position. By focusing on three business lines and on our existing home markets, we aimed at higher growth and higher margins. Since then, almost € 200 million in gross revenue has been divested, predominantly non-core activities with lower margins, while more than € 750 million in gross revenue has been added by acquiring companies with higher added value services and more growth potential. This strategy has paid off. In the period 2003 – 2008, gross revenue grew more than 15% per annum, while margins improved from 6.0% in 2003 to 11.3 % in 2008.

ARCADIS' strategic position is strengthened

As a result of the shift in portfolio and focus on three business lines, ARCADIS is now positioned as a premier international professional services firm. The acquisition in 2005 of Blasland, Bouck and Lee (BBL) in the United States brought ARCADIS into a leading position in the global environmental market. In the infrastructure market, we have strong local positions with several specialties at the international level. In the buildings market, a transition has taken place to services with higher added value. Initially the focus was on management services, but in 2007 the next step was made with the acquisition of RTKL, one of the world's leading architectural design and planning firms.

ARCADIS has a top 5 position in many European countries and in Brazil. However, in the United Kingdom and the United States, we have yet to achieve our desired position and in Asia, our position is still modest. We have proven that we are able to generate substantial synergies by internal cooperation. Our name awareness has increased, and we have a good reputation in the labor market; however, significant progress is still possible in both these areas. Despite major investments in acquisitions, our financial position is healthy.

SWOT analysis shows ARCADIS' strong position

The SWOT analysis for ARCADIS as a whole is presented below.

Strengths	Weaknesses
Strong home market positions in Europe, the United States and South America with a diversified portfolio	Limited position in Asia
Clear focus on three business lines with growth potential	Relatively high fixed costs in Europe due to labor-intensive services
Strong client base with many multinational and key national clients	Brand recognition outside the Netherlands
Stable cash flow and healthy balance sheet	
Opportunities	**Threats**
Infrastructure programs to stimulate the economy	Impact of economic downturn on private sector spending in buildings and environment
Climate change & sustainability push demand	Weakening of U.S. dollar (translation risk)
Outsourcing by companies and governments	Limited acquisition financing due to financial crisis
Acceleration of consolidation in our industry	

Strategy: Building Global Leadership

In early 2008, we introduced our revised strategy Building Global Leadership. This strategy spans the period 2008 – 2011 and includes revised strategic ambitions and adjusted financial goals.

Strategic ambitions

Leadership in business lines

ARCADIS' overall ambition is to achieve a leadership position in each of its three business lines — Infrastructure, Environment and Buildings. Client focus, seamless delivery of services across the globe and the "one firm" approach allow us to make the full extent of our knowledge and capabilities available to our clients, and are key elements in achieving our

Continued on next page ▶

ambition. While individual goals and strategies have been defined for each of the business lines that are consistent with the overall ambition, leadership goes beyond the goals for the business lines. It also includes:

Superior growth and profitability. In relative terms, we aim to be in the upper quartile of our peer group. This has resulted in adjusted financial goals that are explained below.
Quality and innovation. We seek to distinguish ourselves through the superior quality of our services and the innovative solutions we provide. Research and development efforts are coordinated at a global level and results are applied across the company.
High-value services. Our focus on higher added value services has greatly contributed to improved margins.
We continue to look for opportunities to outsource or divest lower added value activities.
Employer of choice. We can only be leading when we are able to attract and retain the best people. We aim therefore to be an employer of choice, with an international and inspiring workplace that provides optimal opportunities for personal growth.
Leadership in sustainability. Sustainability is part of our mission and is at the heart of our business. Leadership in this area strengthens our market position, while helping us to attract and retain the right people.
Strong brand recognition. We aim for a brand that differentiates us as a premier international professional services provider in our fields of business.

Implementation

To achieve our goals, tailored strategies have been developed for each of the business lines (see business lines sections starting on page 24). In addition to these, the following measures have been taken to support our ambitions.

Organizational realignment

To successfully implement the strategy, in 2008 a division-type structure reflecting the three business lines was introduced in the United States, the Netherlands and most of the other operating companies. The remaining countries will follow in 2009. The heads of each division have dual reporting lines; primarily to the country CEO and secondly to the global business line director.

For each of the business lines, a Global Business Line Team (GBLT) has been established. These teams drive the implementation of the global business line strategy.

Knowledge management

To share resources and make our knowledge available across boundaries, we are continuously strengthening our knowledge management capabilities. This enables us to facilitate seamless delivery and the ‘one firm’ concept. In 2008 we started expanding Communities of Practices across all Global Business Lines, using a state-of-the-art, intranet-based knowledge management system to which all ARCADIS companies are connected. Led and managed by our global experts, Communities of Practice give our employees access to our knowledge base and allow them to collaborate on technical issues, client matters and best practice.

ICT underpins our knowledge management strategy and our business and is coordinated globally with the appointment in 2008 of a new ICT Corporate Director.

Strengthening of other supporting processes

This includes:
Human Resource Management. As people are critical to the success of our strategy, the Human Resource Management function has been enhanced with dedicated professionals in almost all of the operating companies (see chapter on HR on page 37).
Sustainability. To integrate sustainability into all our projects, each Global Business Line Team is developing best practices. In addition, a global sustainability task force has been formed to prepare a detailed plan to reduce the impact of our operations on the environment (see chapter on Corporate Social Responsibility on page 43).
Brand recognition. In 2008 we sharpened our positioning, also based on the entering of RTKL into ARCADIS. RTKL’s world class brand, based on consistent quality and high-profile projects, enhances ARCADIS’ reputation and visibility.

Acquisitions

Acquisitions remain important

The present economic environment and the conditions of the global financial markets demand that acquisitions be approached prudently. Priorities are driven by our strategy of building and expanding home market positions and by the strategies for each of the business lines. Regarding home markets we seek to further strengthen our position in the United States and the United Kingdom, while expanding in selected European countries, as well as in Asia, the Middle East and India. In Infrastructure we look for acquisitions that help us build a stronger position in the United States and in water and (public) transportation. In Environment, strengthening in Europe and Asia and adding specialized services are the main goals. In Buildings, growing RTKL's premier design and planning practice and expanding project management services are high on the list. We have a preference for larger acquisitions that fulfill several of the aforementioned goals simultaneously.

Clear criteria

In addition to the strategic fit, important criteria for acquisitions are the reputation of a company and the quality of its management. Financially we aim for acquisitions that are earnings accretive, have margins compatible with ARCADIS' goals and are value-enhancing, with a return on investment of 15% or more.

Financial goals

Higher growth targets

Within the framework of the revised strategy, we have raised our growth target for both revenue and earnings per share to 15% (excluding currency impacts). This is based on ARCADIS' improved growth profile due to the portfolio changes, the attractiveness of market conditions in the longer term and the strength of our market positions. The goals are meant as an average over the cycle, so achieving the goals is also dependant on market conditions. The goals are:

- Gross revenue: average annual growth of 15%, at least half of which is organic.
- Operational margin: at least 10% (EBITA as a percentage of net revenue).
- Earnings per share: average annual growth of 15% (based on net income from operations and present financing structure).
- Return on invested capital of 15%. This is net income from operations, excluding interest charges, as a percentage of shareholders' equity plus net interest-bearing debt, calculated as an average over four quarters.

These goals exclude the impact of currency exchange rate differences. Net income from operations is before amortization, and other non-operational items like (material) book gains.

Targets for organic growth and margin for each of the business lines are specified in the chapters on business lines starting on page 24.

Currency risks in the business are generally hedged. Because the currency translation risk has no effect on the business, this risk is not hedged.

Performance in comparison to financial goals

Below are the results of previous years compared to the goals, excluding currency impacts.

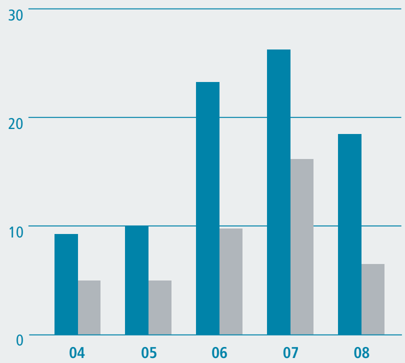
	Goal	2008	2007	2006	2005	2004
Gross revenue	15%	18%	26%	23%	10%	9%[1]
- Organic	7.5%	6%	16%	10%	5%	5%
- Acquisitions	7.5%	12%	10%	13%	5%	4%
Operational margin	10%	11.3 %	10.5%[2]	9.4%	8.2%	6.2%[2]
Earnings per share	15%	17%	28%	50%	40%	9%
Return on invested capital	15%	18.1%	20.1%	20.3%	20.6%	17.2%

1) Excluding book profit on sale of assets
2) Excluding non-recurring items

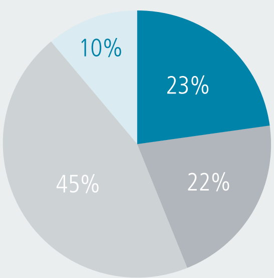
Criteria to maintain healthy balance sheet

In order to maintain a healthy balance sheet, the net debt/ EBITDA ratio should be below 3. This is in line with the bank covenants for our existing loans. Given the present economical conditions, we are more conservative, in order to prevent breaching of covenants. ■

Results and Financing



TOTAL GROSS REVENUE GROWTH
in %
total organic
Excluding currency effect



GROSS REVENUE BY REGION
23% The Netherlands
22% Europe excluding the Netherlands
45% United States
10% Rest of world

Another record year despite economic downturn

2008, ARCADIS completed another year with record results. Gross revenue rose 15% to € 1.7 billion. Organic growth was 6%, close to our target, despite pressure on sales in some markets. Net income from operations (before amortization and non-operational items) was 12% higher at € 70.0 million. Per share, this is € 1.16 against € 1.02 (post stock split) in 2007. This excellent result was achieved through a consistent focus on clients and markets that continue to offer growth prospects and by implementing stringent cost controls as of the beginning of the year. We also benefited from the contribution of acquisitions, most notably RTKL and LFR in the United States. The Infrastructure business performed well across the board, with strong margin improvement enhanced by the sale of small hydropower plants in Brazil. In Environment, margins slightly improved, although growth slowed in the second half of the year as some industrial clients, most notably in the United States, were impacted by the economic crisis. In Buildings, organic growth was maintained at a good level, but margins declined as commercial property markets were impacted by the economic downturn.

Most financial goals achieved

Despite the worsening economy, we achieved almost all of our financial goals:
- Gross revenue growth 15%, excluding currency impact 18%; versus goal of 15%
- Organic growth 6%; versus goal of 7.5%
- Margin 11.3%; versus goal of at least 10%
- Increase in earnings per share 13%, excluding currency impact 17%; versus goal of 15%
- Return on Invested Capital (ROIC) 18.1%; versus goal of 15%.

For the financial goals and definitions of the different items, see page 19.

Dividend € 0.45 per share

ARCADIS proposes to raise its cash dividend to € 0.45 per share from the € 0.41 (post stock split) per share distributed last year, an increase of 10%. This represents 39% of net income from operations. The dividend policy is aimed at a payout ratio of 30% to 40% of net income from operations. This provides an attractive dividend yield for shareholders while setting aside sufficient resources to finance growth.

Revenue and profit

Revenue growth on target

	Revenue in mln		Growth			
	2008	2007	Total	Organic	Acquisitions	Currency
Gross	**€ 1,740**	€ 1,510	15%	6%	12%	-3%
Net	**€ 1,162**	€ 1,004	16%	7%	12%	-3%

The development of gross and net revenue was comparable on an annual basis. Net revenue is the part of gross revenue, produced by ARCADIS' staff. Excluding currency impact, gross revenue increased 18%, well above the target level of 15%. Organic growth was close to the target of 7.5%, which is a strong performance given the market conditions. Most operating companies contributed to organic growth, with the Netherlands, Central Europe, South America and RTKL showing the strongest growth. The 12% growth from acquisitions came mainly from RTKL and LFR in the U.S., and from some smaller acquisitions in Europe, and was partly offset by the divestment of Euroconsult and some smaller entities. The currency impact of minus 3% was largely caused by declines in the U.S. dollar and the British pound.

Geographical mix and portfolio

The geographical mix is relatively stable. The larger portion from the U.S. is principally coming from the acquisition of RTKL (mid 2007) and LFR (early 2008). The change in portfolio composition is also primarily the result of acquisitions. The larger portion in buildings is caused by the acquisition of RTKL and APS (mid 2007). The impact of the acquisition of LFR in environment is largely offset by the decline of the U.S. dollar.

Geographical mix

Gross revenue	2008	2007
Netherlands	**23%**	25%
Other Europe	**22%**	23%
United States	**45%**	43%
Rest of World	**10%**	9%

Portfolio

Gross revenue	2008	2007
Infrastructure	**37%**	41%
Environment	**37%**	36%
Buildings	**26%**	23%

Cost savings driver for margin improvement

Personnel costs increased by 16% to € 801 million (2007: € 693 million), while other business costs rose 12% to € 208 million (2007: € 185 million). The organic increase of personnel costs was 7%. Other business costs increased organically by 4%, which is considerably lower than organic net revenue growth of 7%. This shows that the costs saving program, initiated in the course of 2008 have, paid off and been the major driver for improved margins.

Depreciation and amortization remain level

Depreciation (excluding amortization) rose 14% to € 23.3 million (2007: € 20.4 million), but as a percentage of net revenue, stayed level with 2007 at 2.0%.
Under IFRS, identifiable intangible assets related to acquisitions must be separated from goodwill and amortized over their economic lifetime. For ARCADIS, this mainly relates to the profit included in the backlog of acquired companies. In 2008, amortization stayed at the same level as in 2007: € 12.2 million.

Strong increase in operating income and EBITA

Operating income increased 26% to € 119.6 million (2007: € 95.0 million). ARCADIS uses EBITA (operating income before amortization) to measure the financial performance of operations. This measure has been determined as follows:

In € millions	2008	2007
Operating income reported	**119.6**	95.0
Amortization	**12.2**	12.2
EBITA	**131.8**	107.2
Non recurring items		(1.3)
Recurring EBITA	**131.8**	105.9

In 2007, EBITA included non-recurring items, mainly consisting of a book gain on the sale of an office building. On a recurring basis, EBITA increased by 25% to € 131.8 million (2007: € 105.9 million). Acquisitions contributed 14%, while the currency effect was a negative 3%. The organic increase amounted to 14%. In the fourth quarter of 2008, two small hydropower projects were sold in Brazil. Our strategy of investing in and selling of small hydro power plants in Brazil resulted in an EBITA contribution of € 6.8 million. Excluding this contribution, EBITA increased organically by 8%. EBITA also includes a contribution from the sale of carbon credits from biogas production in Brazil. In 2008, this contribution was € 3.5 million, at a similar level as the € 2.6 million in 2007.

Further improvement of margins

For the fifth year in a row, margin (EBITA as % of net revenue) improved, coming in at 11.3% compared to 10.5% (on a recurring basis) in 2007. Excluding the abovementioned impact of hydro power projects in Brazil, the margin improved to 10.8%. This improvement resulted from our continuous focus on high added value activities and the cost reduction programs implemented in 2008.

Continued on next page

Financing charges higher as a result of acquisitions

On balance, financing charges totalled € 23.6 million, € 15 million more than the € 8.6 million in 2007. The currency and interest rate risks on loans are (partially) hedged using financial derivatives. This impacted financing charges by € 5.9 million, compared to € 0.5 million in 2007. Excluding this impact, financing charges increased to € 17.7 million compared to € 8.1 million in 2007. This increase was the result of investments in acquisitions, organic growth, higher interest rates and exchange rate differences on loans, particularly in Brazil.

Tax rate increased

The effective tax rate of 34.3%, is considerably higher than the 32.8% in 2007. This was mainly caused by shifts in the geographical distribution of taxable income, particularly the larger portion of profits coming from the United States.

Performance associated companies improved

The contribution from associated companies improved from -/- € 0.8 million in 2007 to almost break even in 2008. This resulted from improvements in some Brazilian energy projects that had suffered start-up problems and contract delays in 2007.

Strong increase in minority interest

Minority interest – the part of profits that belongs to the co-owners of the less-than-100%-owned ARCADIS companies – more than doubled to € 5.7 million (2007: € 2.6 million). This was largely the effect of positive developments in Brazil, where ARCADIS owns 50.01% of ARCADIS Logos.

Gains in net income and net income from operations

Net income rose to € 57.3 million or € 0.95 per share compared to € 54.9 million, or € 0.90 per share (post stock split) in 2007. Net income from operations (before amortization and non-operational items) was € 70.0 million, 12% more than the € 62.3 million in 2007. Per share, this is € 1.16 compared to € 1.02 (post stock split) in 2007. The sale of two small hydropower projects in Brazil had a positive impact of € 2.2 million.

Cash flow and balance sheet

Solid cash flow

Net cash from operating activities amounted to € 81 million, slightly above the € 79 million in 2007. The strong increase in EBITDA of more than € 27 million was to a large extent off set by higher working capital needs due to the growth of the business, and higher interest and tax payments.

Investment levels somewhat lower

Investments in (in)tangible assets (excluding acquisitions) totalled € 28 million. This is somewhat lower than last year due to reduced investment in (consolidated) Brazilian energy projects. Investments, related to equipment, hardware, software and office furniture, were in line with last year. The sale of property resulted in a cash inflow of € 1.8 million.

In 2008, the following companies were acquired:

Name	Country	Staff	Gross revenue in € million	Consolidated as of
LFR	U.S.	480	80	February 2008
Meander	Netherlands	7	1	April 2008
Elekol	Poland	40	3	April 2008
VDS	Belgium	35	4	May 2008
SET	Italy	35	9	July 2008
TGH Habitat	Romania	65	3	July 2008
Total acquisitions		**662**	**100**	

The background of these acquisitions is discussed in the business line sections. Investments in acquisitions, including the expansion of our interest in some consolidated companies, amounted to € 39 million (after deduction of cash at closing). Deferred payments for acquisitions completed in earlier years were € 35 million, bringing the total cash outflow related to acquisitions to € 74 million. Acquired goodwill totalled € 29 million and identifiable intangible assets were € 10 million. In addition, € 11 million (2007: € 13 million) was invested in associated companies and other financial non-current assets, mostly related to Brazilian project investments. The sale of Copijn resulted in a cash inflow of € 0.5 million, while divestments of associates and other non-current assets, including the sale of hydropower projects in Brazil, had a positive impact on cash flow of € 11 million.

Shares were split but outstanding amount remains level
The shares were split three-for-one in May 2008. The number of outstanding shares (post split) at year end 2008 was 60.1 million (2007: 60.5 million). To cover obligations related to option plans, 825,000 shares were repurchased, while 424,393 previously repurchased shares were used for the exercising of options. No new share capital was issued. The average number of outstanding shares (used to calculate net income per share) was 60.5 million (2007: 61.0 million – post stock split). For more information on the number of outstanding shares and options and on share purchase plans, please refer to note 17 of the financial statements.

Balance sheet remains healthy
The balance sheet total rose to € 1,058 million (2007: € 922 million). This resulted from organic growth of activities (€ 65 million), acquisitions (€ 95 million) and currency effects (negative € 24 million).

Goodwill increased to € 233 million (2007: € 210 million) as a result of the balance of acquisitions and currency effects. Identifiable intangible assets were € 10 million (2007: € 12 million). As of 2004, goodwill is no longer amortized but subject to impairment testing once a year. In 2008, this test determined that no goodwill loss had occurred, showing the continued value of the cash-generating units.

Due to growth of the business, organically and through acquisitions, net working capital (work in progress plus accounts receivables minus accounts payable and billings in excess of costs) rose by € 20 million. As a percentage of gross revenue (measured at the fourth quarter level times four), net working capital at year end declined from 11.9% in 2007 to 11.2% in 2008, despite the prevailing market conditions.

Cash and cash equivalents totalled € 118 million (2007: € 93 million). Net debt (cash and cash equivalents minus interest-bearing debt) increased to € 184 million (2007: € 155 million), mainly due to investments in new acquisitions financed with debt. Interest-bearing debt also includes the after-payment obligations to former shareholders of acquired companies, totalling € 12 million (2007: € 40 million).

Long-term loans and borrowings rose to € 267 million (2007: € 165 million), while short-term loans and borrowings decreased to € 15 million (2007: € 62 million). At year-end 2008, € 192 million in short-term credit facilities was available. As part of these facilities, banks issued project bonds worth € 65 million (2007: € 62 million).

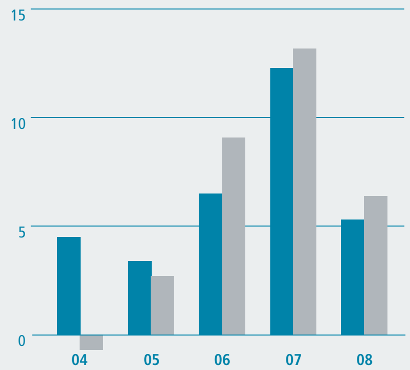
Shareholders' equity was € 208 million, compared to € 188 million at year-end 2007. The table below details the change:

In € million	Effect
Net income over the book-year 2008	57.3
Dividend payment over the book-year 2007	(24.8)
Currency exchange rate differences	(10.4)
Exercising of options	1.6
Temporary purchase of shares to cover option plan obligations	(9.1)
Option costs	6.0
Fiscal effects related to options plans	(0.7)
Total change	**19.9**

Balance sheet ratios remained strong. The net debt to equity ratio at year-end 2008 was 0.9 (2007: 0.8); the net debt to EBITDA ratio was 1.2 (2007: 1.0); the interest coverage ratio was 7 (2007: 14). The loan agreements with banks include covenants for the net debt to EBITDA ratio that should be below 3, measured twice a year, per year end and per end of June. The first repayment on the long term loans is due in the first quarter of 2011.

Shortly after balance sheet date, the swaps that were used as financial instruments to cover against currency and interest rate risks were settled. This yielded a book profit of € 7.5 million in the first quarter 2009. As a result, currencies of assets and liabilities are more in balance and at the same time the Company is also capitalizing on low U.S. interest rates, allowing for lower interest costs going forward. ■

Developments by business line
Infrastructure



INFRASTRUCTURE GROWTH
in %
total organic
Excluding currency effect

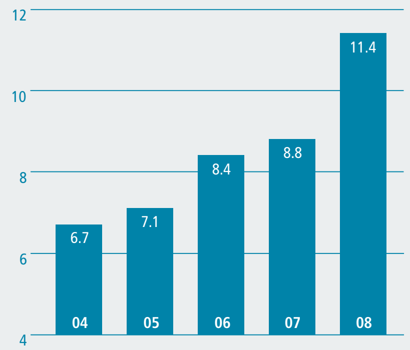
This business line includes services for transportation (traffic management, highways, railroads, waterways, bridges, tunnels); water (water management, water quality, hydraulic engineering); land development (residential, industrial, recreational, mixed-use, urban and rural planning); and energy (hydropower plants, biogas installations, windmill farms). Its contribution to revenues in 2008 was 37% (2007: 41%).

Present position and strategy

Building on local strength
The infrastructure market is predominantly a local market, servicing national, regional or local governments, but also railway companies, utilities, mining firms, developers and contractors. In-depth knowledge of local conditions and client needs is critical for success in this market. ARCADIS has built strong local positions that enable it to anticipate market developments, deliver tailored solutions and leverage its global expertise.

SWOT analysis

Strengths	Weaknesses
Strong local positions and broad service offering	Insufficient recognition internationally
Specialist in rail, water management, large transportation corridors (including bridges and tunnels)	Reputation in water limited to water management
Opportunities	**Threats**
Government investment programs to stimulate economy	Reductions in government spending caused by lower tax revenues
Climate change pushes water management in delta areas	Increasing price competition
Growing demand for clean water and renewable energy	



EBITA-MARGIN INFRASTRUCTURE
in %
Recurring

Ambition: Recognized global player leading in selected segments
Our ambition is to be a recognized global player based on strong home market positions. Our goal is to achieve organic growth of 6% per year and margins of between 8% and 9%. We will achieve our ambition by:

- Building and expanding our strong home market positions through organic growth and acquisitions. Our aim is a top 5 position in our main geographical markets. For the U.S. the goal is a top 10 position. To further improve competitiveness, we increasingly outsource low added value services.

- Building leading positions in focus areas in which ARCADIS has extensive specialist expertise that can be leveraged internationally. These are:
  Public transportation. ARCADIS is an expert in rail infrastructure with a unique combination of civil engineering and rail systems skills. With a strong increase in demand for public transportation and infrastructure providers outsourcing work, many opportunities for growth exist.
  Water management. Our Dutch heritage and levee experience have given us a world class reputation in this field, exemplified by the New Orleans flood protection contracts. Significant market growth is expected as populated deltas seek to counter the effects of climate change. We also want to extend capabilities in water quality services to capitalize on the growing demand for clean water.
  Transportation corridors. ARCADIS has a strong track record in these projects, including bridges and tunnels. The focus is on large, multidisciplinary projects, including design-build and Public-Private Partnership (PPP) schemes.

Implementation of strategy through Global Knowledge Networks

The strategy implementation is driven by the Global Business Line Team for Infrastructure, which as of 2009, is under the leadership of a Global Infrastructure Director. In 2008, Global Knowledge Networks were established for each of the focus areas, to exchange knowledge, develop new technologies and enhance sales and market development.

Developments in 2008

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
646	454	4%	6%	0%	-2%	51.6	11.4%

Amounts in millions of euros

Solid organic growth and strong margin improvement

The limited contribution of acquisitions to growth was offset by the sale of Euroconsult in 2007. Organic growth of 6% was impacted by earlier declines in land development in the United States, offset by a comparable amount from the sale in the fourth quarter of hydro power plants in Brazil. Main contributors to organic growth were the Netherlands, Central Europe, Brazil and Chile. Net revenues grew by 5%, organically by 7%. Margins increased to 11.4% (2007: 8.8%) mainly due to enhanced profitability in the Netherlands, Central Europe and the United States and the sale of hydropower projects in Brazil. Excluding this sale the margin increased to 10.1%.

Dutch market shows stable growth

With 5% organic growth, performance in the Dutch market was solid. Demand remained high in transportation and water. In rail, ARCADIS led the award-winning transfer of the Zwolle - Kampen railway line to a tram-train line. Other large projects included the Rotterdam Metro signaling system upgrade and the light rail network expansion in The Hague. The government has targeted 30 important highways for improvement of traffic flow, with ARCADIS involved in half of these projects. In 2008, financing was arranged for the Coentunnel project, a major DBFO highway tunnel project for which ARCADIS acts as the designer. We also worked on several coastal defense projects and assisted a special government committee that developed a € 100 billion program to protect the country against potential sea level rises. The worsening economy started affecting the municipal market for land development.

Market strong in Central Europe

The market remained upbeat in Central Europe, where ARCADIS saw solid growth through its strong positions in Poland, the Czech Republic and Romania. The Polish government is planning road and rail investments totaling some €28 billion up to 2013, supported by European funding. ARCADIS won several large projects, both for rail and roads. The acquisition of Elekol, a specialist rail engineering company, further strengthened our position.

The French market remained positive, with many PPP initiatives for roads and high speed rail. In Belgium we enhanced our leading position by acquiring VDS, a small infrastructure specialist. Revenues declined slightly due to delays in the start up of some large projects. The German market improved somewhat but remained highly competitive. In the U.K. we expanded activities by shifting project management capacity from the property market into the still-growing infrastructure market.

Continued on next page

Strong growth in U.S. water market

Due to the credit crisis the U.S. land development market collapsed, impacting U.S. infrastructure revenue negatively by 7%. Offsetting this was strong growth in water management and modest growth in transportation. Under the $200 million New Orleans framework contracts with the U.S. Army Corps of Engineers, over $70 million in task orders were secured in 2008. In addition we will advise on the cost effectiveness and environmental viability of diverting Mississippi River water in the vicinity of Violet, Louisiana to generate marsh growth as part of the Louisiana Coastal Protection and Restoration Program. In transportation, work on several large long-term projects continued, while important new contracts were won, including a traffic signaling project in Georgia, aimed at mitigating congestion and emission levels.

Mining and energy continue to drive growth in South America

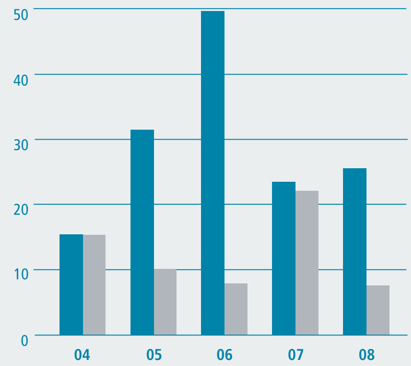
In Brazil and Chile we benefited from mining investments. In Chile we assist in mine closures and design tailing deposits, including leaching treatment. In view of growing Brazilian energy demand, ARCADIS Logos develops a portfolio of small and medium-sized hydro power projects in partnership with other companies, with equity stakes of usually between 20% and 30%. In 2008, important work was done for Retiro Baixo, a mid-sized hydro power project in which ARCADIS Logos holds 25.5%. Two projects already in operation were sold, boosting revenue and profit in the fourth quarter. Through its joint venture Biogas, ARCADIS Logos has stakes in two biogas projects near Sao Paulo. In early 2008, a concession was secured for a third landfill gas project, near Rio de Janeiro. These projects deliver carbon credits, which are sold to interested parties.

Outlook

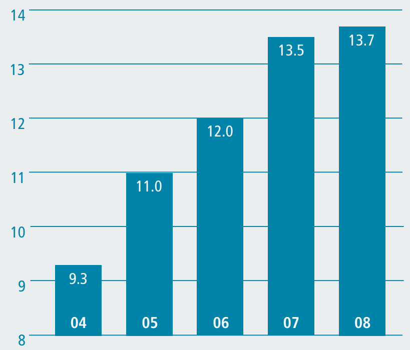
Despite the economic downturn and challenging market environment, the global outlook for infrastructure is favorable. Infrastructure budgets are usually based on long-term investment programs. In addition, we expect governments to increase and/or accelerate infrastructure spending to stimulate the economy, like in the United States, where the new administration is pushing a stimulus package that includes an estimated over $125 billion in infrastructure spending. In many European countries, governments are also looking at infrastructure investments to drive the economy through the downturn and create long-term benefits. Climate change and its potential impact drive the markets for water management and renewable energy, and both are areas in which ARCADIS is well positioned.

In 2008, infrastructure backlog increased considerably, giving a good starting position for 2009. Funding for New Orleans flood protection and similar programs in other parts of the U.S. will continue. As of the second half of the year we expect to benefit from the Obama administration's stimulus package. In the Netherlands, a € 4.5 billion program has been announced to further improve railways while at the same time, the capacity of highways will be increased to reduce congestion. In Central Europe, we expect road and railway investments to stay high, backed by European funding. In France and Belgium we are involved in several large PPP initiatives and although private financing is under pressure, governments are seeking new ways to move these projects forward. Due to the worsening economy we expect the very strong growth in South America to slow somewhat, although demand for energy will remain high while water and road infrastructure projects are also expected to generate growth. ■

Developments by business line
Environment



ENVIRONMENT GROWTH
in %
total organic
Excluding currency effect



EBITA-MARGIN ENVIRONMENT
in %
Recurring

This business line includes activities that protect the environment and enhance sustainability. The largest activity involves the cleanup of legacy issues related to soil and ground water pollution. ARCADIS also assists clients with environmental assessments, site closures and reuse, product stewardship issues, climate change mitigation – including carbon footprint minimization, energy efficiency and renewable energy – health & safety issues and services for noise abatement, solid waste disposal and the preservation of nature and the natural landscape. In 2008 these activities represented 37% of revenues (2007: 36%).

Present position and strategy

ARCADIS is a leader in environment

Legacy issues related to soil and groundwater contamination determine a major part of the environmental market. In that field we are within the global top 3. In environmental services to private-sector companies, we are the leading company in the world. Our competitive strength is based on our global network that enables us to serve multinational clients internationally; on our advanced, cost-effective remediation technology; on our GRiP® program for guaranteed solutions; and on our health & safety culture.

SWOT analysis

Strengths	Weaknesses
International footprint with home-country strengths	Position in Asia and the Middle East
Strong multinational and key national client base	Gaps in network where we rely on strategic partners
Cost-effective remediation technology and GRiP®	
Health & Safety culture	
Opportunities	**Threats**
Increased regulation and enforcement	Less environmental spending by industrial clients caused by the economic downturn
Vendor reduction by multinational clients looking for global service providers	
Redevelopment of contaminated industrial sites	
Services related to climate change and sustainability	

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Ambition: Global leadership in Environment

Our ambition is to expand our position as the world's leading provider of environmental services to private-sector clients. Our organic growth goal is 12% per year; the margin target is 12% to 13%. We plan to achieve our ambitions by:

- A clear, relentless focus on multinational and key national clients, predominantly private-sector clients, but also important public-sector clients.
- Operating as one firm, sharing clients and knowledge across borders while seamlessly delivering an increasing array of services.
- Expanding our leadership position as a major provider of performance based remediation (GRiP®) for federal agencies
- Expanding services, especially in Strategic Environmental Consultancy and Deactivation, Decommissioning, Decontamination and Demolition (D4), with a continued investment in Site Evaluation and Remediation capabilities.
- Strengthening our geographic presence in Europe and Brazil while expanding into Asia.
- Continued development and sharing of innovative technologies.

Implementation of strategy

Since early 2008, the Global Business Line Team for Environment, led by a global director, has been responsible for strategy implementation. The focus is on developing our client portfolio, delivering a global seamless service and managing and sharing our resources across operating companies. Besides Remediation Technology in the United States, new Centers of Excellence are being developed to extend expertise in other areas, such as D4 and product stewardship. Initiatives have been taken to expand operations in the Middle East and Far East.

Developments in 2008

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
643	379	19%	8%	17%	-6%	51.8	13.7%

Amounts in millions of euros

Organic growth impacted by economic downturn

After the strong organic growth of 22% in 2007 and 15% in the first half of 2008, organic growth in the second half fell to close to zero. This resulted from several large projects reaching completion and from the global economic downturn starting to impact discretionary spending by private sector clients, most notably in the Automotive and Chemical industries in the U.S. Demand for environmental due diligence declined as merger & acquisition activity dropped significantly. Net revenue was somewhat less impacted and continued to grow organically 3 – 4 % in the second half compared to 14% in the first half. On an annual basis net revenue grew 21%, of which 9% was organic. Organic growth came mainly from the Netherlands, Belgium, U.K., Brazil and in the first half year from the U.S. Despite worsening market conditions, margins improved slightly to 13.7% (2007: 13.5%).

Acquisitions strengthen U.S. and European positions

In early 2008, environmental firm LFR (revenues $127 million, 480 employees) joined ARCADIS, boosting its presence in California, one of the largest environmental markets in the U.S. LFR offers multiple synergies and has added capabilities in industrial hygiene, air quality, environmental compliance and geotechnical engineering. In July, the Italian environmental consultancy SET (revenues € 9 million, 35 employees) was acquired. ARCADIS is now able to assist multinational clients in Italy, while offering SET's Italian clients access to its global network.

Vendor reduction offers opportunities

Our client-focused approach was successful in 2008, although growth for the 60 accounts in our Multinational Clients Program weakened. A positive trend is the move towards vendor reduction, driven by increasing environmental stewardship and the need to reduce costs. Clients are looking for providers capable of efficiently delivering consistent quality throughout an international network. A good example is the major contract ARCADIS signed in 2008 with AkzoNobel to provide environmental services globally as one of only two providers.

Performance based remediation picking up in the U.S.

Organic revenue growth in the U.S. environmental market totaled 6 – 7% with the second half of the year leveling off. Several private sector clients that were seriously impacted by the economic crisis reduced environmental spending. On the other hand the federal market for performance-based remediation picked up, resulting in several major GRiP®

contracts. LFR has a similar program called Guaranteed Site Solutions (GSS)™ that capitalizes on ARCADIS' risk management procedures and advanced remediation technology. The program won a multi-million dollar contract for remediation of the Wharves facility in Vancouver, Canada. Order intake for performance-based contracts was $74 million, resulting in U.S. backlog for GRiP®/GSS of $355 million (2007: $230 million). Total environmental backlog in the U.S. was under pressure and declined somewhat.

Also interest in GRiP® in Europe
Interest in GRiP® solutions in Europe continues to increase. In the Netherlands this led to a performance-based remediation project, with a contract value of more than € 9 million.

Increased demand for D4 services
Demand for Deactivation, Decommissioning, Decontamination and Demolition (D4) services for older industrial sites saw growth driven by numerous facility closures. This follows on the shift of manufacturing overseas and by a consolidation of production in newer, more efficient locations. ARCADIS helps industrial corporations optimize their production site management and the planning for shedding excess assets.

Product stewardship work continues to grow
REACH (the European Registration, Evaluation and Authorisation of Chemicals program) and its global counterpart GHS, continued to generate work. ARCADIS facilitates compliance with the human health, environmental and sustainability aspects of a company's products and services related to these regulations. A good example of this is the case where the depth and breadth of our interdisciplinary global team secured a three-year contract to provide REACH- and GHS-related services for a large U.S.-based chemical firm.

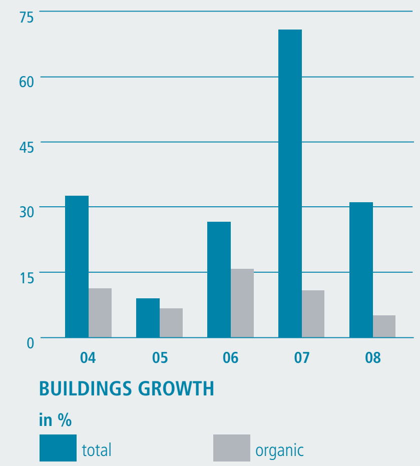
Climate change generates work
ARCADIS' strong client base means it is well positioned to expand in sustainability and climate change consulting aimed at assessing and reducing environmental impact. This includes calculations of an organization's carbon footprint, and documenting its use of natural resources and energy. Government requirements in this area are driving growth in Energy Related Audits and Energy Performance Certificates in both the public and private sectors. We also work for power companies upgrading their networks to reduce losses or installing wind or solar energy systems to improve their footprints.

Outlook

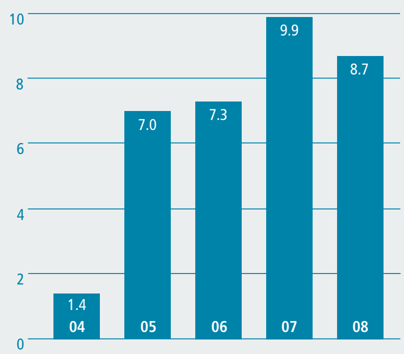
In the short term, the economic crisis is impacting demand for environmental services from the private sector. Nevertheless, sustainability, climate change and enforcement of regulatory requirements continue to create a solid foundation for our environmental business. Much of our remediation work is long-term, regulatory driven and protects asset values. Eliminating or reducing liabilities on the balance sheet remains an important driver. Already since early 2008 we shifted our sales efforts towards sectors with continued high demand such as oil and gas companies and utilities. Many organizations have vendor reduction programs in place to get more consistent quality across the globe and reduce costs. This gives us a clear competitive advantage as does our advanced, cost-effective remediation technology that helps clients reduce their environmental liabilities at very competitive prices. Clients are also looking to outsource environmental work. Carbon footprint work and energy savings schemes are expected to yield further growth, also because they provide cost-saving opportunities. An increase in work may come from clients looking to develop or dispose of parts of their asset portfolios, driving the provision of D4 services.

The new U.S. administration has put environmental protection and climate change higher on the agenda which will impact the environmental market positively, both in the public and private sector. Interest in GRiP® is on the rise, not only with the U.S. Army, but also with private sector clients within the U.S. and in Europe. Government stimulus programs will increase demand for environmental services, both direct and indirect as most infrastructure investments require environmental work. Investments in energy production facilities and distribution networks will also generate environmental work. Overall, we are positive about the environmental market and believe we can gain market share in the coming period. ■

Developments by business line
Buildings



BUILDINGS GROWTH
in %
Excluding currency effect



EBITA-MARGIN BUILDINGS
in %
Recurring

Activities in this business line relate to buildings in which people live, work, shop, relax or otherwise spend time. Our services include architectural design and master planning, management services, consultancy and specialized engineering. Projects we work on are inner city (re)developments, office buildings, industrial sites, data centers, hotels, resorts and other leisure facilities, shopping centers, hospitals, schools, museums, public buildings or a mixed use of these functions. Contribution to 2008 revenues was 26% (2007: 23%).

Present position and strategy

Transition to services higher in the value chain

The buildings market is largely determined by real estate investments. Clients include private investors and developers (commercial real estate), institutions (health, education), end-users (all types of buildings) and governments (public buildings). Over the past years, we have transitioned to services with higher added value to improve profitability. Initially, the focus was on expanding management and consultancy services, while reducing detailed engineering. In 2007, we took the next step with the acquisition of RTKL, which added world-class design and planning capabilities, allowing us to build a leadership position in the buildings market and to benefit more extensively from property investments across the world.

SWOT analysis

Strengths	Weaknesses
Strong project management across countries	Position in Asia and Middle East
Global brand in architecture/planning with RTKL	Limited number of facility management clients
Independent position in facility management	
Opportunities	**Threats**
Demand for integrated services, including sustainability	Sensitivity to economic cycles
Corporate clients seeking global partners	Decline in commercial property investments
Organizations outsourcing facility management	

Ambition: leadership based on differentiating value

Our ambition is to be recognized as a leading company in architectural design, master planning and management services for buildings. Our organic growth

goal is 8% per year; the margin target is 10 to 11%. We will achieve our ambition by differentiating ourselves through design excellence, successful delivery and global reach.
Design excellence stands for high-profile design and superior functionality, created by the best. It will be achieved by growing RTKL's design and master planning activities and leveraging them across the Company.
Successful delivery means on time, within budget and according to a globally consistent project execution process that meets the high standards of our growing international client base. It will be achieved through our network of project and program management companies. Successful delivery is also key to our facility management business, which is expected to grow strongly by adding large clients and expanding beyond the Netherlands.
Global reach translates to seamless international delivery and implies expanding both the RTKL business and our project management capabilities geographically.

Implementation of strategy

Strategy implementation is driven by the Global Business Line Team for Buildings. The focus is on expanding the architectural design and project management businesses by leveraging relationships with key customers. Communities have been created to offer clients the best sustainability solutions and to jointly work on projects (data centers, health). A focused initiative has been developed to accelerate market penetration in the Middle East and Asia.

Developments in 2008

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
451	329	28%	5%	26%	-3%	28.5	8.7%

Amounts in millions of euros

Economic down turn pressures revenues and margins

Growth through acquisitions resulted from RTKL and APS, both acquired in mid 2007. Despite the worsening economy, organic growth was 5%, mainly coming from Belgium, Germany and France, while RTKL and the management and consultancy services in the Netherlands also contributed well. U.K. revenues fell as a result of a decline in the commercial real estate market. In the U.S., project management revenues decreased as some large projects were finished and new projects saw delays. Total net revenue grew 26% of which 4% organically. Margins declined to 8.7% (2007: 9.9%), caused by the more difficult market conditions, in the U.K., and by some project losses in the Netherlands.

RTKL did well, but backlog decreased

Although market conditions deteriorated, RTKL had a record year. On a stand alone basis revenues grew by 15%, while margins further improved. Anticipating the downturn, RTKL began to shift sales efforts, already in late 2007, towards non-commercial markets in the U.S. (healthcare and government) and international markets, particularly the Middle East and Far East. As a result, the backlog for workplace and healthcare was relatively stable. In the U.S. commercial markets, new project initiations decreased while several existing projects were delayed or mothballed. Order intake in the international markets could compensate for this, but not sufficiently. On balance, RTKL's backlog declined and measures have been taken to adjust capacity. A major event was the opening of the U.S. Capitol Visitor Center for which RTKL undertook the architectural design.

European market challenging in the U.K.

In the U.K., market conditions deteriorated early in the year, resulting in declining revenues. This was partly offset by shifting capacity to infrastructure work, and by aggressively expanding in the Middle East. Notwithstanding these efforts, the rapid commercial market decline led to consultations on staff reductions in December. On the other hand, Dutch project management and consultancy services, which are largely for public clients, performed well. Also in Belgium, Germany and France, conditions remained stable, with commercial work tapering off in the fourth quarter. In Belgium, industrial support services were hit in the last quarter, as steel and car manufacturers reduced seconded technical staff.

Strong expansion in the Middle East

In late 2007 a focused effort started to capitalize on growth opportunities in the Middle East, using ARCADIS APS' presence and RTKL's experience in that region. This resulted in substantial revenue growth, partly offsetting the declines in the U.S. and U.K. commercial markets. One of the many exciting opportunities to emerge is the Octavian,

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a top-of-the-line business office concept in Dubai, for which ARCADIS APS performs project management. RTKL worked on Mirdif City Center in Dubai, the region's first eco-friendly retail center and on a new 30-acre mixed-use development in Aqaba, Jordan. As from the second half of 2008, the market in Dubai is softening, but other parts of the Middle East are still doing well.

Sustainability a major theme in Buildings
The demand for "green" buildings has become a major trend. From project conception to completion, RTKL implements sustainable design practices ranging from the use of environmentally friendly products to LEED® certification. In France, we worked on SOLARIS, a 31,000 sq meter office building that will produce more energy than it needs. In Belgium we worked on a carbon-neutral police station, while in the U.K. we are aiming in several projects for an Excellent BREEAM rating – the highest sustainability ranking a building can get.

Facility management benefits from outsourcing
Facility management services are offered through ARCADIS AQUMEN (AAFM), a joint venture with U.K. firm Carillion. It capitalizes on the trend in major organizations to outsource non-core activities. Early 2008, ARCADIS AQUMEN won a five-year contract with Philips, including sites in the Netherlands and Belgium, representing a considerable expansion of the previous contract. A five-year contract, starting January 2009, was signed with Van Lanschot Bankiers, the first such contract in the financial sector.

International work on data centers
The ever increasing need for capacity drives demand for data centers. ARCADIS is well positioned to assist international operators with their global investment programs. Important work took place on a large data center for a Belgian client in Hungary and on the Norwich Union Data Centre, one of the largest and most advanced in the U.K.

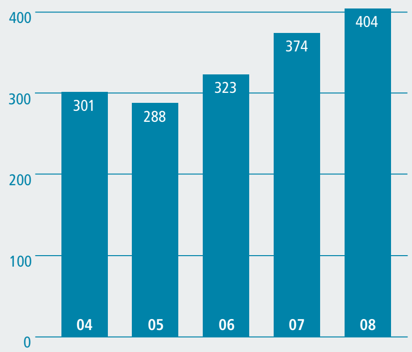
Outlook

We expect most of the 2008 trends to continue into 2009. The credit crisis has negatively impacted the commercial property markets, most notably in the U.S. and Western Europe, and this is not expected to improve before 2010. RTKL will continue to focus on the non-commercial markets in the U.S. and on international markets. In the U.S., healthcare and public sector markets still offer ample opportunities, while RTKL, with its experience in high-level security public buildings, also expects to benefit from the government stimulus package. Given the current project pipeline, order intake in international markets is expected to improve. Nevertheless, RTKL's revenues are expected to decline compared to the high level achieved in 2008.

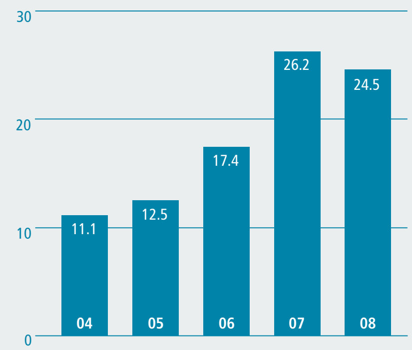
In project management we aim to utilize our capabilities in segments and geographies less impacted by the credit crisis. Our exposure to the commercial property market is largest in the U.K. where we will continue shifting capacity to infrastructure and the Middle East. The credit crisis will also lead to new services such as consultancy for improving returns on asset portfolios, or for the recovery of distressed projects. Demand for 'green buildings' services, energy efficiency advice and public building projects (education and healthcare) is expected to remain strong. Our U.S. project management activities are largely public sector focused and expect to benefit from the stimulus package that will include the education market where we have a strong presence.

Finally, we expect facility management to grow on the back of the new contracts for both Philips and Van Lanschot, but also because interest in outsourcing of facility management is strongly growing as many organizations urgently seek cost reduction opportunities. ■

Developments by region



GROSS REVENUE THE NETHERLANDS
in € million



EBITA THE NETHERLANDS
in € million
Recurring

The Netherlands

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
405	273	8%	8%	0%	0%	24.5	8.9%

Amounts in millions of euros

Solid market conditions

Market conditions in the Netherlands were solid, resulting in organic growth of 8%. In infrastructure, representing more than 60% of activities in the Dutch market, demand remained high. The introduction of 'high frequency' rail transportation as well as programs aimed at reducing congestion, are yielding a lot of work for which ARCADIS is well positioned. The water market also contributed to growth, partly driven by concerns about the impact of climate change. With the acquisition of Meander, a small water consultancy firm, we strengthened our capabilities in river management. In the second half year, the municipal market for land development weakened. Growth in environment was high, partly because of strong demand for environmental impact assessments. In buildings, our project management and consultancy business which is largely focused on governments and institutional clients, performed well. The design and engineering activities however, showed a slight decline in net revenues. Facility management developed favorably on the back of the new contracts for Philips and Van Lanschot. Copijn, a € 6 million design and contracting firm, was divested as it no longer fit ARCADIS' strategy.

Profitability measured by EBITA decreased by 7%, mainly due to some project losses in buildings. As a result, margin dropped to 9.0% compared to 10.2% in 2007.

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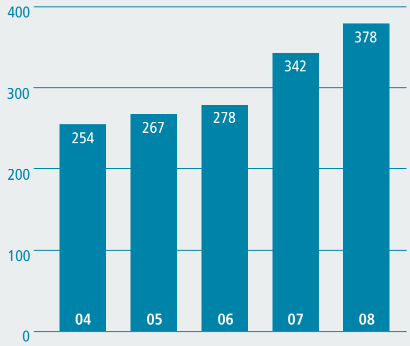
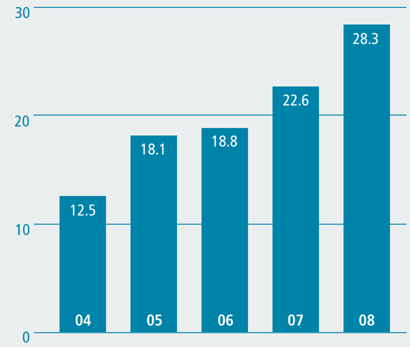


GROSS REVENUE EUROPE
EXCLUDING THE NETHERLANDS
in € million



EBITA EUROPE
EXCLUDING THE NETHERLANDS
in € million
Recurring

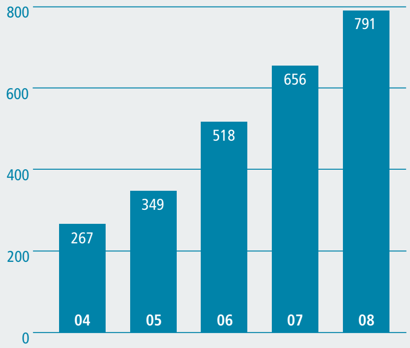
Europe excluding the Netherlands

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
378	300	11%	3%	10%	-2%	28.3	9.5%

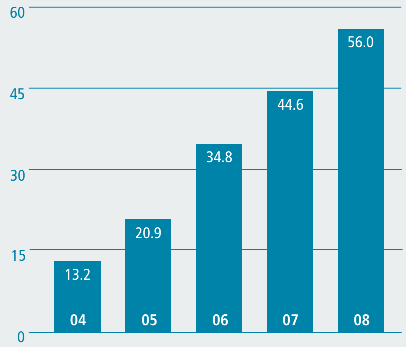
Amounts in millions of euros

Strong growth in Central Europe, margins improved
Several smaller acquisitions strengthened our position in the European market. This included a railroad design firm in Poland, an infrastructure consultancy in Belgium, an environmental firm in Italy, and a design firm in Romania. These new companies, in addition to the project management and environmental firm acquired in the U.K. in 2007 contributed 10% to growth. The 2% negative currency effect was mainly caused by weakness in the British pound.
Poland, the Czech Republic and Romania all experienced considerable growth in both rail and road infrastructure activities through European Union backed investment programs. Belgium saw solid organic growth, although in the fourth quarter, growth in support services for industrial customers began to slow. In Germany, the infrastructure market remained competitive, and environment and buildings developed well, resulting in stable revenues. France had solid organic growth based on high investments in infrastructure, while in buildings the Company benefited from projects in Saudi Arabia. In the U.K., organic growth in environment was strong, but in buildings revenues dropped due to the rapidly deteriorating commercial property market.

Despite the more challenging market conditions, particularly in the U.K., EBITA increased by 19%. Margin improved significantly to 9.5% compared to 8.7% in 2007. Improved profitability in Central Europe, Germany and France was offset by declining profits in the U.K. Acquisitions had a positive impact on margin.



GROSS REVENUE UNITED STATES
in € million



EBITA UNITED STATES
in € million
Recurring

United States

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
791	497	20%	4%	22%	-6%	56.0	11.3%

Amounts in millions of euros

Profitability up despite economic woes

Strong growth from acquisitions came from LFR, the environmental consultancy company, acquired early 2008, and from architecture and urban planning firm RTKL, acquired mid-2007. Given the economic conditions, organic growth was with 4% in gross and 5% in net revenue at a good level. In infrastructure, the strong decline in land development was compensated by growth in transportation and water that together grew by more than 10%. Especially in the water management market, growth was strong, backed by task orders from the New Orleans contract and by additional contracts that were partly driven by climate change concerns. In environment, the first half year was strong, but growth dropped in the second half year, as a result from the economic downturn impacting discretionary spending of some large industrial clients. The interest for performance-based remediation is clearly on the rise, both in the public and the private sector. In its first year as part of ARCADIS, LFR performed well. The project and program management business, which is largely focused on the public sector, suffered some delays in project start ups, but has a strong backlog. RTKL continued to perform well throughout the year. Order intake was impacted by the downturn in commercial property, which could partly be compensated in healthcare and workplace.

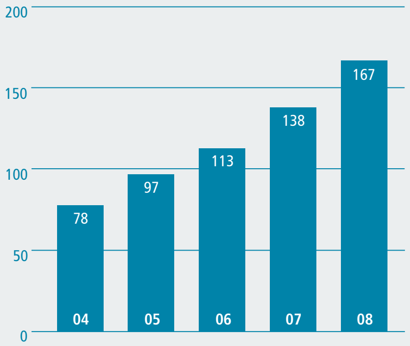
Despite the impact of the worsening economy, EBITA grew by 26% while margins improved to 11.3% (2007: 10.9%). This resulted from strong performance of RTKL, a good contribution from LFR and the positive impact of cost reduction measures that were initiated at the beginning of 2008.

Continued on next page

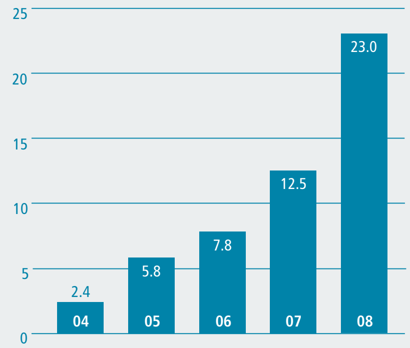
Rest of world

Revenue		Growth of gross revenue				EBITA	Margin
Gross	Net	Total	Organic	Acquisitions	Currency		
167	92	20%	21%	0%	-1%	23.0	25.0%

Amounts in millions of euros



GROSS REVENUE REST OF WORLD
in € million



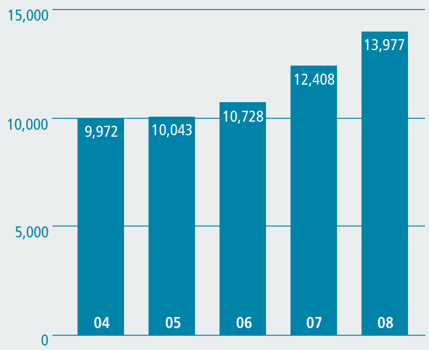
EBITA REST OF WORLD
in € million
Recurring

Strong growth in revenue and profitability

On balance the effect of acquisitions and divestments was limited, as contributions from APS (acquired mid 2007) and Idesol - specialized in mining services in Chile - (acquired in late 2007), were offset by the sale of Euroconsult (early 2007). The high level of organic growth reflects the favorable market conditions in Brazil and Chile as well as growing business in the Middle East. In both Brazil and Chile, infrastructure and environmental services did well. In Brazil, ARCADIS Logos is developing a portfolio of small hydropower projects of which two were sold in the fourth quarter of 2008. Excluding this impact, organic growth was 13%.

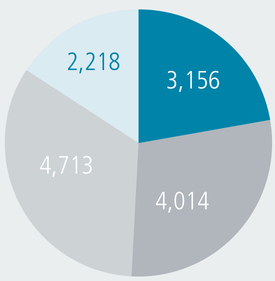
EBITA grew by 82%, partly because of the sale of hydropower projects that contributed € 6.8 million. Excluding this impact, EBITA rose 28%. Margin improved to 25.0% (2007: 19.1%) or 19.6% excluding the impact of the hydropower projects.

Human Resources Management



AVERAGE NUMBER OF EMPLOYEES

Including temporary staff



GEOGRAPHICAL SPREAD PERSONNEL

- 3,156 The Netherlands
- 4,014 Europe excluding the Netherlands
- 4,713 United States
- 2,218 Rest of world

Including temporary staff

The engagement, commitment and professional skills of our people largely determine the success of our Company. To entice the best people to join us and stay, they must feel valued, supported and encouraged to develop. Therefore we invest in the continuing personal and professional development of our employees.

Our approach

ARCADIS' human resources policy is aimed at attracting, engaging and developing excellent people in all of our operations by:

- offering people the opportunity to work on innovative, challenging projects
- encouraging long-term relationships with clients who recognise the added value that ARCADIS provides
- providing a wide variety of personal and professional development opportunities, involving on-the-job and formal training
- respecting that employees look for a healthy work-life balance
- fostering a culture that meets the expectations of high level professionals, including open, two-way communication
- allowing employees to share in ARCADIS' success, including financial benefits
- providing a healthy and safe work environment
- creating a diverse workforce at all levels throughout the organization

At the heart of our global human resources policy are our core values: integrity, entrepreneurship and agility. These values, embedded in ARCADIS' General Business Principles, have an impact on all aspects of human resources management.

Recruitment

In 2008, we strengthened our focus on recruiting high-performing, motivated staff. Our success in attracting excellent people is partly based on the strong profile ARCADIS has in the labour market. In the Netherlands, for example, the Company belongs to the top 25 best employers among private sector firms. Key elements in our recruitment strengths are the opportunities offered to employees, including working on a variety of challenging projects, with the potential to make a positive contribution to society. Other attractions are the international make-up of staff, a stimulating and dynamic working environment and opportunities to grow and develop. Many people are drawn to ARCADIS as it is a well-established company, with a strong reputation and good growth prospects. A new global talent brand program has been developed as a tool for operating companies to use in their recruitment efforts.

Continued on next page

This includes branding materials, an advertising format and a global career website with video statements from employees about the pleasure of working at ARCADIS.

Engagement

Recruitment of the best people is just the first step. We have to engage and retain them. Key factors are a professional work environment, varied opportunities for development, the potential to make a valuable contribution, and high-quality leadership. Paying attention to people and letting them feel that their contribution is appreciated is an important element for retention. An on-line engagement toolkit was introduced, providing managers with simple tools to increase the engagement of their staff.

In May 2008, ARCADIS launched the Quest program, which facilitates one-week internal transfers of employees, meant to exchange knowledge and experience across borders and build internal networks. Partly funded by the Lovinklaan Foundation, the Quest program stimulates internal collaboration and knowledge sharing as a basis for synergy. In 2008, 25 employees participated and in 2009 the plan is that 40 people will take part.

Also in 2008, the Global Knowledge Networks Learn & Exchange Program was launched, which aims to further improve the exchange of knowledge within business lines. The program consists of monthly web events, accessible on the intranet as pod casts.

Leadership development

In 2008, the focus on succession management, talent identification and leadership development was continued with full force. Having the best people in key positions throughout the organization, now and in the future, is critical to achieve our ambitions. Key positions include high-level roles in operating companies and global business lines such as general management positions, top specialists, top project managers and global account management roles.

The ARCADIS Leadership Model is now used throughout the organization to select, assess and develop current and future leaders. In 2008 a start was made with the Talent Challenge, a program where top potentials from all over the world get the opportunity to benchmark their capabilities and potential against the ARCADIS Leadership Model and to discuss their aspirations. The Talent Challenge gives a better view on the global talent pool and helps to facilitate and accelerate the development of the identified talent.

In 2008, the tenth edition of the Advanced Management Program was held. Participants, selected by local management, must have the ambition and potential to grow into a key position. Program objectives are to raise awareness, understanding and ownership of the ARCADIS strategy, provide skills and motivation to execute the strategy, and help participants take the next step in using their talents and realizing leadership aspirations.

The European Network Program, initiated in 2007, continued. This program aims to explore new business opportunities and develop networking skills, by having a multidisciplinary team work over a period of several months on a business plan for a real life challenge. 75 people from various European operating companies participated.

Key data

The total number of employees at year-end 2008 increased to 13,171 (2007: 12,305). Including temporary staff, capacity at year-end 2008 increased by 5% to 14,101 (2007: 13,391). Absenteeism remained at the same level as in 2007: 1.9%. Flexibility (percentage of staff working under temporary contracts or temping agencies) in Europe was 14%.

Employee share purchase program

In 2001, together with the Lovinklaan Foundation, an employee share purchase program was introduced that allows employees to purchase ARCADIS shares at a discount from the Lovinklaan Foundation, ARCADIS' largest shareholder, representing the employees. The program is meant to stimulate share ownership among employees and to increase their involvement in the Company. On the occasion of its 25th anniversary, the Lovinklaan Foundation introduced in 2008 a special action, including the possibility for employees to receive gift shares. This action that continues into 2009 has had a very positive impact on participation in the program. In 2008, 638,843 shares were distributed to employees under the program, while by the end of 2008 more than 4000 employees participated in the program. ■

Risk management

ARCADIS' approach to risk management

Risk management is key element of business processes
Risk-taking is an intrinsic component of entrepreneurship, one of ARCADIS' core values. It means maximizing business opportunities within the framework of our strategy, while recognizing, assessing and minimizing the risks involved. A structured and transparent risk management process facilitates this in an informed, controlled and transparent manner. As a result of the increased size and complexity of projects, changing market conditions and client behavior, and more stringent regulations and reporting requirements, the importance of risk management has substantially grown.

Introduction of Enterprise Risk Management
In recent years, ARCADIS has taken important steps to develop and implement a control framework to manage risks, initially based on the Sarbanes-Oxley Act and after delisting in the United States, transferred to an ARCADIS control framework. In 2008, a next step was taken by initiating a global enterprise risk management process, which involves a structured, consistent and transparent approach to identify, control and mitigate significant risks that may affect the achievement of our objectives. This process will be completed in 2009 and will lead to a further streamlining of the internal control framework. The outcome will be discussed with the Audit Committee and the Supervisory Board.

Overview of risks
The risks that ARCADIS is facing in the pursuit of its strategy include strategic, market, operational, compliance, financial, and financial reporting risks. These risks are outlined in the section on risk and risk management of our website at: www.arcadis-global.com/Investors/Governance/Risks+and+risk+management/.

Risk appetite in relation to strategy
ARCADIS aims at limiting its risk exposure. Project risks are usually linked to the contract type under which services are provided. An overview of contract types is shown at the aforementioned section of ARCADIS' website. Our strategy is focused on providing high added value professional services in three market segments, based on a strong client-focused approach. This allows performing most of our business under contract terms that limit our liabilities. ARCADIS is involved in turnkey contracting projects, with usually a higher risk profile, but under the premise that we have the technical and project management skills to control the related risks. Our policy is not to take equity stakes in projects and only by exception and for specific reasons we deviate from this policy. Although our policy is to avoid and minimize risks, it can not be excluded that in certain cases risks occur that seriously impact the Company and its performance.

Main risks and how these are managed

We have identified five main risks related to our strategy. Although these are considered the most relevant, other risks might have a similar or greater impact on the Company.

Market risks
Markets in which ARCADIS operates may decline, temporarily or structurally, and changes in market conditions may lead to increased competition. These risks can be caused by cyclical downturns, changes in political priorities or in legislation and regulations, political instability, consolidation of clients and changes in tendering procedures. Within ARCADIS, entrepreneurship is anchored deep in the organization, with many people having regular contact with clients. That enables to anticipate on changes in market conditions at an early stage. At a strategic level, Global Business Line Teams guide the development and implementation of corporate strategy in each of the business lines. This ensures timely adjustments to strategic and long term developments.

Project risks
ARCADIS works on thousands of projects annually. Although in most cases project risks are limited, projects may have serious cost overruns; errors or omissions may lead to substantial claims; contractual conditions may cause considerable liabilities; and staff involved may be seriously injured in executing projects. Risk management involves project approval procedures, including a go/no go system and review of contract conditions; regular project reviews; selection, training and procedures for project management; quality management systems; procedures for claims reporting and management; a global insurance policy; and health and safety management. Project risks and claims are assessed on

a quarterly basis, and using the valuation principles under IFRS, provisions are taken to cover those risks.

Capacity risks
A decrease in workload can lead to staff underutilization. Experience indicates that strong market downturns might lead to a 15% decrease in revenue within one year for a particular business in a country. This could have a serious impact on margin and profitability. Risk management includes: monitoring order intake and billability; 10 to 15% of staff under flexible contracts, particularly in Europe (in the United States, adjusting staff levels is easier); and on a strategic level: portfolio management for a good balance in geography, business lines and client categories in order to spread market and strategic risks.

Risks related to acquisitions
Growth through acquisitions is part of ARCADIS' strategy. Acquisitions involve risks, such as balance sheet misrepresentations, unforeseen claims, lagging performance, integration risks and retention of key people. Risk management includes: central management of acquisition processes; assessment of management quality and reputation; due diligence, including review of business and human resources conditions; representations and warranties; escrows to cover guarantees; employment and non-compete contracts; and dedicated post-acquisition management. Occasionally after payments are used, but only for a limited period.

Financial risks
Risks and risk management with regard to financial issues are extensively reported in note 32 to the financial statements on page 94.

Risk management and internal control

Management processes
In addition to the risk management tools mentioned in the paragraph on main risks, regular communication between the different levels of management is important for early identification and addressing of (potential) risks. Internal approval procedures and control systems are used to stimulate and maintain risk awareness and to systematically address risks. The ARCADIS General Business Principles give guidelines for business decisions. Integrity issues and dilemmas are discussed with management. To manage health and safety risks, a global policy and management system are in place. These systems and programs are part of the entity level controls and monitored through internal audits. The aforementioned section of the website provides an overview of risk management processes.

From SOX to ARCADIS Control Framework
As ARCADIS was until June 2007 listed at the NASDAQ stock exchange, the Company had to comply with section 404 of the Sarbanes-Oxley Act (SOX). By the end of 2006, ARCADIS reported to be SOX compliant. The implementation of SOX, which was based on the COSO framework, substantially enhanced internal control and risk management. Although focused on risks related to financial reporting, the control framework also included controls related to risks in business processes. After delisting in the United States, a process was started to rationalize the SOX control framework by transferring it to a less bureaucratic ARCADIS control framework, focused on best practices regarding key business processes, IT areas and entity level controls. Throughout 2008, considerable time and resources were invested in further development and implementation of the ARCADIS control framework, including refining the system of entity level controls. Progress was regularly discussed with the Audit Committee.

Management statements

Assessment of internal control
The Executive Board has reviewed the effectiveness of internal risk management and control systems, based upon:
- Reports of operating company management on their testing of entity level controls, process level controls and general computer controls. These reports were evaluated by internal audit and discussed with management. Areas of further improvement were identified. In addition, operating company management signed a Letter of Representation.
- Reports of internal audit on audits performed throughout the year. Findings and measures to address issues were discussed with local management, the Executive Board and the Audit Committee.
- Management letters from the external auditor with his findings and remarks regarding internal control in the operating companies.

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The Executive Board concluded that good progress was made on the implementation of the ARCADIS control framework and that the issues identified did not materially impact the consolidated accounts of ARCADIS NV. This conclusion as well as the review of internal risk management and control systems has been discussed with the external auditor, the Audit Committee and the Supervisory Board.

In control statement
The Executive Board is responsible for the design and functioning of the internal risk management and control systems. Although such systems are intended to optimally control risks, they can never, however well designed or functioning, provide absolute certainty that human errors, unforeseen circumstances, material losses, fraud or infringements of laws or regulations will not occur. In addition, the efforts related to risk management and internal control systems should be balanced with the costs of their implementation and maintenance.

Based on the approach as outlined above, the Executive Board believes to the best of its knowledge that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2008.

Responsibility statement
In accordance with article 5:25c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Executive Board confirms that to the best of its knowledge:

- the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of ARCADIS and its consolidated companies,
- the annual report gives a true and fair view of the position as per December 31, 2008 and the developments during the financial year of ARCADIS and its group companies included in the annual financial statements and
- the annual report describes the principal risks ARCADIS is facing.

The names and function of the Executive Board members are mentioned at the end of the report by the Executive Board, on page 55.

Corporate Social Responsibility

At ARCADIS we are committed to operating our business in a social responsible and sustainable way. To underline this commitment, we have integrated our existing policies into a global policy for Corporate Social Responsibility in 2008. This policy is anchored in ARCADIS' General Business Principles, which describe our responsibilities and commitments towards society, clients, employees and shareholders, including our commitment to sustainable working practices, in our own operations and in the work we do for clients. We encourage all employees to share these commitments and sign our integrity code. Equally important is the attitude of our people as reflected in our mission: passionately contributing to a balanced and sustainable development of the human habitat, in open dialogue with all stakeholders.

Our Corporate Social Responsibility Policy is meant to give our stakeholders a clear understanding of our standards for business conduct and behaviours. Its policies apply throughout ARCADIS for all directors and employees, govern our approach to all our activities, and include:

- Corporate governance (see separate chapter in this annual report)
- General Business Principles
- Health and safety
- Environmental sustainability
- Community involvement

ARCADIS supports the U.N. Global Compact in its objectives and principles with regards to anti-corruption, human rights, labor standards and environmental stewardship. More information on the U.N. Global Compact can be found at: www.unglobalcompact.org

ARCADIS' General Business Principles

Integrity as a core value

The General Business Principles provide direction for our decisions and actions across the world. We want to conduct business in an honest and transparent manner, in line with our commitment to integrity, one of our core values. Integrity is a fulfilment of our high standards of responsibility with respect to the laws and cultures of the countries in which we operate, the way we do business with our customers and how we deal with our staff. For the full text of the ARCADIS General Business Principles please visit our website: www.arcadis-global.com/about+US/corporate+social+responsibility

Compliance with local laws and respect for local cultures

In our Business Principles, we commit to comply with national laws and respect the culture of the countries in which we operate. We adjust to local situations by building strong local companies and a proper approach in coping with dilemmas within the bounds of applicable law and responsible conduct. We support the principle of free enterprise and fair competition and observe applicable competition laws and regulations. We promote, defend and support our legitimate business interests in countries where we operate with due regard to the law and the interests of society.

Customer selection and contracting principles

In our Business Principles, we commit to being a reliable partner for our clients, and to carrying out our services with professional integrity, while not jeopardizing the interests of society, employees and shareholders. We offer services under contracting terms that do not interfere with our independent professional judgement and objectivity and provide business solutions aimed at creating optimal value for clients. We focus on the continuous improvement of services through sustained investment in our knowledge base and development of employee competences. We are transparent with clients about conflicts of interest that could emerge during the execution of our services.

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Employment practices and principles

In our Business Principles, we commit to valuing our employees as a key resource. An atmosphere of good employee communication and involvement is crucial, and an employee's personal development is encouraged. Within ARCADIS, every employee has an equal opportunity for personal recognition, advancement, career development and compensation, regardless of personal background or beliefs. The same policy applies to recruitment of employees. No form of discrimination or harassment is tolerated. The nature of our business is such that we are rarely faced with human rights issues. Nevertheless, we always strive to ensure that fundamental human rights are respected in our operations.

Dealing with dilemmas

The integrity code cannot possibly provide a tailored solution for every dilemma we may face in our day-to-day practices. An active integrity policy means recognizing dilemmas and taking responsibility for solving them. Employees are therefore encouraged to discuss dilemmas with each other and with their management.

Monitoring and accountability

Dilemma's and integrity issues are monitored in regular meetings with the operating companies. As we had several violations in 2008, we will implement in 2009 a program to again increase awareness of the Business Principles. The management of each operating company certifies compliance with the Business Principles by signing a Letter of Representation. Employees are not held responsible for the loss of work resulting from compliance with the Business Principles. ARCADIS has also introduced a whistle blower procedure, which ensures that employees will not suffer negative consequences from reporting violations. A breach of the Business Principle can lead to sanctions, including termination of employment.

Health and Safety

Health and safety are part of company culture

In our Business Principles, we commit to providing a healthy and safe work environment for all our employees. To that end, we have a firm-wide health and safety vision and policy in place, using a proactive and preventative behavior-based approach. Health and safety should be an integral part of our company culture and be reflected in the behavior of our employees. Our goal is to protect our staff from any potential injury or illness. To achieve this, in 2007 a global Health and Safety management system was implemented, based on internationally recognized standards.

Health and safety is also an integral part of the solutions we provide to our clients, and is a key differentiator for ARCADIS. Clients tell us that solid health and safety programs that involve continuous improvement, strong leadership and employee engagement are an increasingly important factor for them.

Key metrics improved

Over the last five years, ARCADIS' incident rates improved consistently. Taken globally, we were again able to improve our performance in 2008 as follows:

- Total Recordable Case Frequency (TRCF) reduced 38% to 0.38 (2007: 0.61).
- Lost Time Case Frequency (LTCF), a measure of the seriousness of an injury or illness, dropped by 32% to 0.17 (2007: 0.25).
- Additionally, by the end of 2008, all of the ARCADIS operating companies reported TRCF's below the publicly available US benchmark for the Architecture and Engineering Industry.

Objectives for 2009

In 2009, global health and safety objectives will focus on:

- 10% reduction in TRCF and LTCF compared to 2008.
- Improvement of near miss identification, reporting, and safety sharing.
- Drive consistent Health and Safety stewardship.

For more information about our Health & Safety policy and performance please see the relevant section of our website: www.arcadis-global.com/About+Us/Health+and+Safety/

Environmental sustainability

ARCADIS recognizes the principles of sustainable development and acknowledges the challenge of meeting human needs for natural resources, industrial products, energy, food, transportation, shelter and effective waste management, while conserving and protecting environmental quality and natural resources for the future.

Providing sustainable solutions

Sustainability is integral part of projects

By far, the largest impact of our work is through our projects for clients. We consider sustainability to be an integral part of our responsibility. Much of the work we do has a direct positive impact on the environment. In the environmental business line, we do a lot of clean-up of environmental legacies and help clients reduce their emissions. In infrastructure, activities like clean water supply, waste water treatment, renewable energy and public transportation, are directly contributing to a more sustainable world. In other projects our aim is to integrate energy and resource efficiency into our design and implementation processes, while minimizing potential impacts on the environment.

Clients usually expect us to provide them with information about the environmental considerations of their projects and how any adverse effects can be minimized, taking into account the cost impact. In what is likely to be an unusual situation, we may take appropriate action or decline to be associated with a project, if a client is unwilling to support adequate efforts to evaluate environmental issues or to mitigate adverse effects.

Minimizing our own carbon footprint

Global Sustainability Program implemented

During 2008 we implemented a global Sustainability Program that includes global policies for five focus areas:

- Transportation, ground and air
- Energy and water usage in our offices, including space efficiency and office selection
- Paper usage and type
- Waste reduction and disposal or recycling
- Selection of purchased materials and products

In each of these areas, our goal is to minimize our environmental impact while meeting our business needs. Implementation is the responsibility of operating company management, with the Corporate Director for Environment overseeing the process.

Carbon footprint established

Under our Sustainability Program, we collected information from across our global operations for a number of sustainability metrics, with the following outcome for 2008 (transport refers to business related transport, excluding commuting):

- Auto transport: 8660 km/FTE
- Air transport: 10,700 km/FTE
- Office energy use: 4500 kWh/FTE
- Paper use: 48 kg/FTE
- Post-consumer paper use: 48%

These metrics are consistent with published information regarding the services industry, with the understanding that project travel is an integral component of our service offering.

The various energy uses can be converted to our carbon footprint (in metric tons of carbon dioxide equivalents), as follows:

- Auto transport: 2.37 tons /fte
- Air transport: 2.86 tons /fte
- Office energy use: 1.47 tons /fte
- Total: 6.7 tons /fte

Our public transit footprint is negligible. It should be noted however, that public transport in several countries significantly reduces our auto and air transport metrics by creating an off-set for those modes of transportation.

Objectives for 2009

The goal for 2009 is to reduce our carbon footprint by at least 10% while further improving the measurement of the selected metrics. The focus for reduction will be on air and auto transport which determine the largest component of our carbon footprint. To achieve this goal we are implementing numerous measures, including extending video conferencing to major offices across the globe.

Talking the talk, walking the walk

In all ARCADIS' operating companies, initiatives are being taken to improve internal sustainability. In Chile, employees undertook a Sustainability Journey, strategizing on how to cut paper and plastics use and stimulate public transportation and bicycles for commuting. In Brazil, low-energy equipment

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is now standard. In the Netherlands, all employees received a national rail card, while low-carbon emitting lease cars were promoted. In France, video conferencing saved over 850 business trips. RTKL established a Sustainability Leadership Award to recognize employee achievements. In the U.S., an Environmental Stewardship Initiative guided savings programs for many environmental aspects, which also helped reduce costs. In Hasselt, Belgium our new office that we co-designed is carbon neutral.

Community involvement

ARCADIS recognizes that it plays a role in the global community in providing support for programs addressing societal needs and seeks to sponsor community involvement projects on a regular basis. ARCADIS companies will make charitable contributions only in accordance with applicable laws, and such contributions will not be used as subterfuge for bribery. At the same time, employees are encouraged to co-contribute to funding community initiatives and, in some countries, may take a leave-of-absence to engage in community activities, should they so wish.

Community engagement in 2008

We supported various medical, social and educational programs in 2008. In the Netherlands, we participated in the Young Leaders for Nature program, supporting a debate between captains of industry about sustainability. We also became a founding member of the Dutch Green Building Council. In Belgium, we sponsored the climate change program of the national engineering institute. In the Czech Republic, we supported the physiotherapy of children afflicted with poliomyelitis, and the Prague Jedlička Institute for the Physically Handicapped Children. In Poland, we sponsored a scholarship program for geology students with the Institute of Geology of the University of Wroclaw. In the United States, we have actively supported several charitable causes, including the American Cancer Society. In addition, we supported U.S. community activities and cultural developments. The Company also has its own art collection, to encourage emerging artists by purchasing modern art. ■

Outlook 2009

The rapid deterioration of economic conditions is unprecedented. The extent to which this affects our activities is uncertain and differs for each of the markets in which we are active.

The **infrastructure market** is solid. Budgets are often based on long term investment programs. Moreover, governments in the United States and Europe intend to accelerate infrastructure investments to stimulate the economy. The stimulus package of the U.S. government is estimated to generate more than $125 billion in investments in our field of business. Due to climate change, attention for water management is growing, as is shown by the new Dutch Delta Plan. The New Orleans contract with more than $70 million in task orders provided a good basis in the rapidly expanding water market. In the Netherlands € 4.5 billion will be invested in the further improvement of rail in the coming years, while at the same time the capacity of the road network will be expanded. In Central Europe, investments in infrastructure are expected to remain high, supported by European financing. The strong growth in South America may soften somewhat.

In the **environmental market** regulation and the drive towards sustainability provide a healthy foundation. In the short term the economic crisis may negatively affect demand for environmental services from private industry. However, many of our environmental remediation projects are long term, based on regulation, and add value to assets. Starting early 2008 we switched focus to sectors where demand remains at a good level, like oil and gas industries and utility companies. Demand for cost effective solutions based on our advanced technology, as well as vendor reduction and outsourcing of environmental work by companies, provide an opportunity to increase our market share. Interest in GRiP® is on the rise, with the U.S. DOD but also with industrial clients in the U.S. and Europe. Energy is an important theme: carbon emission reduction, energy efficiency and (green) energy projects generate work.

The **buildings market** has been affected most by the credit crisis, especially the commercial property market. RTKL and the project management services in the U.K. were hit most. RTKL continues its focus on non-commercial projects in the U.S. and projects in international markets, while in the U.K. services are directed towards infrastructure and the Middle East. While successful, these initiatives may not be enough to compensate entirely for the decline in commercial property. The market for government buildings, schools, hospitals etc. continues to offer ample opportunities, also because stimulus programs contain considerable amounts for these areas. We may benefit from this in multiple countries, most certainly in the Netherlands and the U.S. where our project management services are mainly aimed at (semi-) public clients. As many organizations are looking for cost reductions, demand for facility management will increase.

In 2008 derivatives used for hedging interest rate and currency risks had a negative effect on financing charges of € 5.9 million. Early January 2009 these derivatives were unwound. This yielded a book profit of € 7.5 million that will be included in the first quarter 2009 results.

ARCADIS has a robust portfolio of activities with a good spread geographically and towards market segments and clients. The backlog is healthy and grew slightly in 2008 especially as a result of high order intake in infrastructure. In all three business lines we benefit from government stimulus packages. The focus on further cost savings, intensified market development efforts and preserving our margins remains in place. We continue to look for acquisition opportunities to realize our strategic goals. Even though the short term outlook is mixed, themes like sustainability, climate change, urban renewal, mobility and energy offer good longer term prospects. Given the uncertainties in the market, it is too early to provide a tangible outlook for 2009. ■

Arnhem, the Netherlands, February 27, 2009

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

Report by the Supervisory Board

2008 financial statements

This annual report, including the 2008 financial statements, has been drawn up by the Executive Board. KPMG Accountants N.V. has audited the financial statements; the auditor's report and certification can be found on page 107. The Supervisory Board recommends the General Meeting of Shareholders to adopt the 2008 financial statements.

The Audit Committee discussed the financial statements in detail in a meeting with the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the auditor and also had a discussion with the auditor, without management being present. In addition, the complete Supervisory and Executive Boards discussed the annual report, including the financial statements, in the presence of the auditor. The auditor's report and the quality of internal risk management and control systems were first discussed in the Audit Committee and afterwards reviewed by the full Supervisory Board.

We agree with the Executive Board's proposal to distribute a dividend of € 0.45 per share, to be paid in cash. The General Meeting of Shareholders will be asked to release the members of the Executive Board from liability for their management during 2008 and the members of the Supervisory Board from liability for their supervision over such management.

The members of the Supervisory and Executive boards have signed the 2008 financial statements pursuant to their statutory obligation under art. 2:101 (2) of the Dutch Civil Code. The members of the Executive Board have also signed under art. 5:25c (2) (c) of the Financial Markets Supervision Act *(Wet op het financieel toezicht).*

Supervisory Board Meetings

The Supervisory Board had seven meetings with the Executive Board. Two meetings were preceded by a private meeting with no Executive Board members present.
The Chairman had regular contact with the CEO in between meetings, and occasionally with other Executive Board members. Supervisory Board members were rarely absent from either the full board meetings or any of the committee meetings.

In the meetings with the Executive Board, a number of recurring items were discussed, such as financial performance, developments in operating companies, important project wins, claims and potential risks, working capital and cash flow. Press releases related to the quarterly results were discussed prior to publication.

In January an extra meeting, in which U.S. management also participated, was held by conference call to discuss the acquisition of LFR Group Inc. After discussion about the strategic fit and potential synergies, the financial case, due diligence outcomes, risks involved, main transaction terms and financing, we approved this acquisition, which we consider a valuable addition to ARCADIS' environmental business.

At the end of February, in the presence of the external auditor, we discussed the 2007 annual report and financial statements, as well as the external auditor's report and management letter. We agreed with the financial statements and approved the dividend proposal. We reviewed legal claims and the Executive Board's assessment on internal risk management and control systems and discussed an integrity issue in one of the operating companies. We approved the amendment of the articles of association regarding the stock split and some other amendments, and the related agenda for an extraordinary shareholders meeting on 31 March. Furthermore, we approved the granting of bonuses to members of the Executive Board and senior management and a proposal to adjust Supervisory Board remuneration. Finally, the infrastructure director of the Netherlands gave a presentation on developments in the Dutch infrastructure market.

In April, we met in Baltimore (U.S.), to visit RTKL, the architectural design and planning company that was acquired in 2007. In a private meeting, we evaluated the composition of our board. We discussed and approved the recommendations of the Selection and Remuneration committee on the remuneration policy for the Executive Board. We also agreed with the agenda for the annual General Meeting of

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Shareholders on 7 May 2008. Considerable time was spent on acquisition strategy and potential opportunities. Based on a presentation by the Executive Board, we discussed strategy implementation for each of the business lines. After the meeting, RTKL's management briefed us on their activities and developments in the relevant markets, and we visited three projects, among which was the impressive visitor center of Capitol Hill (Washington DC).

In May, the first quarter results were discussed. The granting of performance-based shares and options to members of the Executive Board and senior management and the granting of performance-based options to key staff were approved. Based on a presentation by the corporate director human resources we reviewed talent management and succession planning. The Dutch practice director for water management gave a presentation on the New Orleans project in the U.S.

In August, in the presence of the external auditor, the second quarter results and the half-year review report of the auditor were discussed. As part of a regular process, we discussed the evaluation of acquisitions completed several years ago. The managing director of ARCADIS AYH informed us on developments in the UK market.

In November, we discussed the third quarter results and paid attention to contingency planning to deal with the potential impact of the economic downturn. We reviewed the financing structure of the Company and the potential risks related to project investments in Brazil. The director Corporate Communications gave a presentation on positioning and communication strategy.

In December, we evaluated in a private meeting our own functioning, including board composition and functioning of the committees. This was based on filling in a questionnaire in advance, with the vice Chairman receiving comments on the Chairman. We also evaluated the functioning of the Executive Board and its individual members. We approved plan 2009 after extensive discussions on potential scenarios, contingency plans and measures to monitor developments closely. In view of the revised strategy, we discussed the extension of strategic management information. Based on a presentation by the corporate director human resources we reviewed progress on key staff assessment and top potential program.

Result and Strategy

Although the economic downturn has also affected ARCADIS' business, the Company continued its strong performance in 2008, with increasing revenues and profits in all three business lines, supported by good contributions from recent acquisitions. We are especially pleased that margins again improved, partly resulting from early anticipation on the economic downturn by reducing costs. We also appreciate the strong focus of management on working capital and cash flow and consider ARCADIS' balance sheet being healthy.

In our discussions with the Executive Board we spent much time on the implementation of the revised strategy that was introduced by the end of 2007. This strategy aims at building leadership positions in three business lines, by growth of high-added value services, based on strong home market positions. We fully support this strategy and consider the introduction of global business lines with global teams to drive the implementation of strategy, an important next step in the development of the Company.

Corporate governance

ARCADIS complies with the Dutch Code on Corporate Governance, introduced in 2003. In the chapter on Corporate Governance we have given our view on the amendments to the Code as presented by the Monitoring Committee in December 2008. For the remuneration policy for the Executive Board, we refer to the Remuneration Report on page 59.

The Supervisory Board meets the requirement of the Code that no more than one member be non-independent. Mr. Rijnhard W.F. van Tets qualifies as non-independent under the Code because until April 2007 he was employed by ABN-AMRO Bank. However, as he has not been involved in any operational activities since 2002, the Supervisory Board considers him as independent. The Supervisory Board also complies with the rule that its members do not hold more than five supervisory board positions at Dutch stock-listed companies. During 2008, no transactions involving conflicts of interest for Executive or Supervisory Board members, which were material to the Company, occurred.

Committees of the Supervisory Board

Audit Committee

This committee met four times. All meetings were attended by the CEO, CFO and the external auditor. The committee met twice with both the internal and the external auditor individually without management being present. In a private meeting, the performance, independence, audit scope and fee of the external auditor were discussed. Also the performance of the committee itself and the independence and financial literacy of its members were evaluated.

The Audit Committee discussed the full year 2007 financial statements and the external auditor's report and management letter and reviewed the Executive Board's report on internal risk management and control systems, and the statement on internal control included in the annual report. Every quarter, the quarterly results were discussed, including working capital developments and cash flow. Press releases were also reviewed. At the half year the report from the external auditor was discussed. In each meeting, updates were given on claims, certain project risks and integrity matters and in the presence of the internal auditor, the reports on internal audits were discussed. The Audit Committee approved the 2008 internal audit plan and monitored the internal audit function. Also the financing structure and the financing arrangements with banks were discussed.

The Audit Committee further reviewed the Directives to the ARCADIS General Business Principles, the whistleblower policy and the expenses of Executive and Supervisory board members as well as compliance with the Policy on Auditor Independence.

In consultation with the Executive Board, the Audit Committee evaluated the functioning of the external auditor and reported its findings to the Supervisory Board. As from the 2008 audit, KPMG introduced a new lead audit partner. The audit plan 2008 and fee proposal were discussed with KPMG and both were approved.

Due to the termination of ARCADIS' listing on Nasdaq and of its reporting obligations with the U.S. Securities and Exchange Commission, the requirements of the Sarbanes-Oxley Act (SOX) were no longer applicable. The Audit Committee charter was adjusted to reflect this new situation. It was further decided to shift to an ARCADIS Control Framework (ACF) with more focus on the key risk areas for ARCADIS, without some of the bureaucracy related to SOX. In each meeting the Audit Committee monitored progress of implementation.

Selection and Remuneration Committee

This committee held four meetings, usually in the presence of the CEO and the Corporate Director of Human Resources. Topics discussed included the granting of bonuses to the Executive Board and senior management based on the 2007 performance, the granting of performance-based shares and options to the Executive Board and senior management and the granting of performance-based options to key staff. Based on the 2009 plan and the renewed remuneration policy, the performance criteria for 2009 bonuses of the Executive Board and senior management were discussed and established. The committee also prepared the performance evaluation of Executive Board members for discussion in the Supervisory Board.

The review of the remuneration policy for the Executive Board was completed in February 2008. The adjusted policy was approved by the Supervisory Board in April and adopted by the General meeting of Shareholders in May 2008. Also the remuneration of the Supervisory Board was reviewed based on a bench mark analysis. This resulted in a proposal to adjust the remuneration effective July 1, 2008, which was accepted by the General meeting of Shareholders in May 2008. For the remuneration report, please refer to page 59.

Further, the committee discussed the composition, task distribution and succession planning of the Executive Board and reviewed the assessment of key staff and the Top Potential Program. In view of the upcoming vacancies, the composition and desired profile of the Supervisory Board was discussed. This resulted in the conclusion to look for a non Dutch, female candidate, with experience in Asia and in the services industry.

Composition Supervisory Board

At the General Meeting of Shareholders on 7 May 2008, the terms of Mr. Thomas Cohn and Mr. Jan Peelen expired.

Continued on next page ▶

Mr. Peelen was re-appointed for his third four-year term. Mr. Cohn was not available for reappointment and we thank him for his contribution, especially as chairman of the Audit Committee. To fill the vacancy, Mr. Maarten Schönfeld, former CFO of Stork NV, was appointed as a new member of the Supervisory Board. He became Chairman of the Audit Committee and also acts as financial expert within the committee. Otherwise the composition of the committees remained unchanged.

As of the close of the General Meeting of Shareholders to be held on 7 May 2009, the term of Mr. G.R. Nethercutt will expire. Mr. Nethercutt is available for re-appointment.

For an overview of the current composition of the Supervisory Board and its committees and for information about the members, please refer to page 54.

Word of thanks

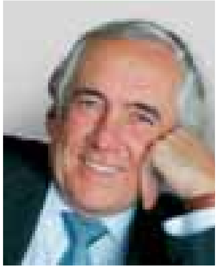
We want to compliment ARCADIS' management and people on the excellent results achieved in 2008 and thank them for their efforts and contribution. The business environment has rapidly changed, which has created additional challenges. We are convinced that the commitment and entrepreneurial spirit of ARCADIS' people are the basis for continued success, also under these circumstances. ■

Arnhem, the Netherlands, February 27, 2009
On behalf of the Supervisory Board
Rijnhard W.F. van Tets, Chairman

Information on Members of the Supervisory

Supervisory Board


Rijnhard van Tets


Carlos Espinosa de Los Monteros


George Nethercutt


Jan Peelen


Maarten Schönfeld


Gerrit Ybema

Rijnhard W.F. van Tets MSc. (1947) - chairman

Dutch nationality, term 2002-2010

Audit Committee, Selection and Remuneration Committee (Chairman)

Current position:
Managing Partner of Laaken Asset Management

Previous positions:
Banque Européenne de Credit (Brussels) and Société Générale (Paris, 1973-1975), Sogen Swiss and First Boston Corporation (New York, 1975-1983). Member of the Executive Board of ABN AMRO Bank (1988-2002). Advisor to the Executive Board of ABN AMRO Bank (2002-2007).

Non-executive board functions:
• Chairman of the Supervisory Board of Euronext N.V. • Chairman of the Supervisory Board of Euronext Amsterdam N.V. • Member of the Supervisory Board of NYSE Euronext Inc. • Chairman Supervisory Board Equity Trust SARL • Member of the Board of Petrofac Plc. • Member Supervisory Board International Flavors & Fragrances I.F.F. (The Netherlands) Holding B.V.

Carlos Espinosa de Los Monteros (1944)

Spanish nationality, term 1998-2010

Selection and Remuneration Committee

Current position:
Chairman and CEO DaimlerCrysler España (since 1990),
Deputy Chairman for Inditex S.A. (ZARA)

Previous positions:
Chairman IBERIA Airlines (1983-1985).

Non-executive board functions:
• Member Supervisory Board Acciona S.A. • Chairman La Fraternidad • Schindler España S.A.

George R. Nethercutt, Jr. (1944)

U.S. nationality, term 2005-2009

Audit Committee

Previous positions:
Member of the United States House of Representatives (1995-2005). During that time, he served on the Appropriations Committee and the Defense, Interior and Agriculture Subcommittees, as well as on the Science Committee and the Energy and Space Subcommittees. Practiced law in the private sector, focusing on corporate, estate and probate and adoption law (1977-1994). Worked in the US Senate in Washington, D.C., concentrating on the oil and gas, natural resources, mining and trading affairs (1972-1977).

Other functions:
• Member of the Board of Directors of Hecla Mining Company • Member of the Board of Directors of The Washington Policy Center • Member of the Board of Directors of Juvenile Diabetes Research Foundation International • Chairman of the Permanent Joint Board on Defense, US/Canada • Chairman of the Board of Directors of The George Nethercutt Foundation • Member of the Advisory Board of Antelum Partners

Jan Peelen MSc. (1940)

Dutch nationality, term 2000-2012

Selection and Remuneration Committee

Previous positions:
Member of the Executive Committee of Unilever (1996-2000); several management positions within Unilever or subsidiary companies thereof (since 1966).

Non-executive board functions:
• Member of the Supervisory Board of Albron BV • Member of the Supervisory Board of Royal Friesland Foods NV

Other functions:
• Member of the Monitoring Board of the Netherlands Genomics Initiative

Maarten Schönfeld (1949)

Dutch Nationality, term 2008-2012

Audit Committee

Current positions:
Vice-Chairman of the Executive Board of Stork B.V.

Previous positions:
Several international management positions within Royal Dutch Shell Plc. (1977-2001; USA, Argentina, Portugal, Switzerland, Germany and the Netherlands). Worked in Malawi, Africa for the financial administration of the United Nations Development Program (1974-1976).

Non-executive board functions:
• Sanquin Blood Supply Foundation • Technical University Delft • AFM (member committee Financial Reporting) • Vereniging Effecten Uitgevende Ondernemingen (VEUO) • Member of the Curatorium Post Graduate Controlling School at the VU University Amsterdam • HBKMD, Hogeschool van Beeldende Kunsten, Muziek en Dans in Den Haag

Gerrit Ybema MSc. (1945)

Dutch nationality, term 2003-2011

Selection and Remuneration Committee

Previous positions:
Several functions at the local authority and at provincial level. Member of the Dutch Parliament (1989-1998). Chairman of the Standing Committee of Finance (1994). During membership in Dutch Parliament also a member of several inquiry committees. State Secretary for Economic Affairs (1998-2002).

Non-executive board functions:
• Chairman of the Supervisory Board of Ventus Group B.V. • Member of the Supervisory Board of n.v. NUON • Member of the Supervisory Board of CORDIS Europe N.V.

Other functions:
• Chairman of the Monitoring Board Zorggroep Noorderbreedte • Chairman of the Monitoring Board of Noordelijke Hogeschool Leeuwarden (NHL) • Chairman of the Monitoring Board of West Holland Foreign Investment Agency (WFIA) • Chairman of the Fair Wear Foundation • Chairman of the Frisian Harbour days Foundation • Chairman of the Consultative Organ Frisian Language and Culture • Chairman of the Guarantee Committee of the VBO Real Estate Agents Certification Foundation (SCVM) • Chairman of the Dutch Foundation of Cinema Operators (NVB) • Chairman of the Health Innovation Forum Foundation (ZIF) • Member Monitoring Board ROC Friese Poort

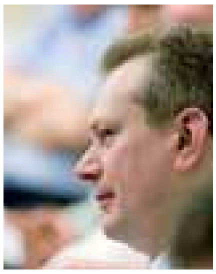
and Executive Boards

Executive Board


Harrie Noy


Michiel Jaski


Ben van der Klift


Friedrich Schneider

Harrie L.J. Noy, MEng. (1951)

Dutch nationality

Current position:
Chairman of the Executive Board since 2000.

Previous positions:
Has worked for ARCADIS in various management positions throughout his career, most recently as a member of the Executive Board.

Non-executive board functions:
• Member of the Supervisory Board of NV Nederlandse Gasunie

Other functions:
• Board member of the PSIB Foundation
• Member of the Advisory Board of Euronext
• Board member of VEUO (The Dutch Association of Listed Companies) • Board member of the Management Studies (SMS) Foundation • Board member of VNO-NCW
• Chairman of the Supervisory Board of the College of Arnhem-Nijmegen • Chairman of the Supervisory Board of the Vilente Foundation

C. Michiel Jaski, MEng. (1959)

Dutch nationality

Current position:
Member of the Executive Board since 2000.

Previous positions:
Before joining ARCADIS, he held various management positions at Shell and Philips.

Other functions:
• Chairman Monitoring Board Foundation Delta (primary education) • Member Recommending Board Leaders for Nature (IUCN NL) • Board member STT (Foundation Toekomstbeeld der Techniek) • Member Advisory Board University Fund Delft • Board member Dutch-German Chamber of Commerce • Member Wageningen Ambassadors • Member Advisory Board Foundation The National Park De Hoge Veluwe
• Member Supervisory Board Synbra Holding bv

Ben A. van der Klift, MSc. (1959)

Dutch nationality

Current position:
Chief Financial Officer since 2006.

Previous positions:
Before joining ARCADIS, he held various financial positions at DHV and PRC Bouwcentrum. In August 2004, he joined ARCADIS N.V.; since January 1, 2005, he has been the Corporate Director of Finance.

Other functions:
• Board member of the Foundation for the ARCADIS Nederland Pension Fund

Friedrich M.T. Schneider, MA. PhD. (1962)

German nationality

Current position:
Member of the Executive Board since 2006.

Previous positions:
Before joining ARCADIS, he held various management positions at Rheinhold & Mahla, Bilfinger Berger, Bentec and Preussag.

1. **Harrie L.J. Noy, MEng (1951), Dutch nationality**
   Chairman of the Executive Board since 2000
2. **C. Michiel Jaski, MEng (1959), Dutch nationality**
   Member of the Executive Board since 2000
3. **Ben A. van der Klift, MSc (1959), Dutch nationality**
   Chief Financial Officer since 2006
4. **Friedrich M.T. Schneider, MA, PhD (1962), German nationality**
   Member of the Executive Board since 2006
5. **Anja M. van Bergen-van Kruijsbergen, LLM (1961), Dutch nationality**
   Company Secretary/General Counsel since 1996
6. **Craig E. Eisen, MSc (1951), U.S. nationality**
   Director of Mergers and Acquisitions since 2002
7. **Robert K. Goldman (1957), U.S. nationality**
   Global Director Environment since 2007
8. **Tom W. Haak, MSc (1956), Dutch nationality**
   Director of Human Resources since 2006
9. **Yann Leblais, MEng (1952), French nationality**
   Global Director Infrastructure since 2009

Executive Board

Staff Directors

1	3	6
2	4	7
		8
5		9







Company Secretary


10. **Marek Adamek, MSc (1960), Polish nationality**
CEO ARCADIS Polska Sp.zo.o. since 2004

11. **Hernán Bezamat Cuadra, Civ. Eng. (1954), Chilean nationality**
CEO ARCADIS Geotecnica Consultores SA since 2007

12. **Steven B. Blake, MSc (1956), U.S. nationality**
CEO ARCADIS U.S., Inc. since 2003

13. **Gary Coates,BSc (1951), U.S. nationality**
President Environment ARCADIS U.S., Inc. since 2008

14. **Stephanie Hottenhuis MSc (1965), Dutch nationality**
CEO ARCADIS Deutschland since 2008

15. **Dave Hudson, AIA (1948), U.S. nationality**
CEO RTKL Associates Inc. since 1996

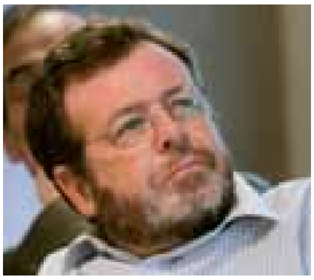
16. **Rob Mooren,MSc (1956), Dutch nationality**
CEO ARCADIS Nederland since 2009

17. **Marc van Put, MEng (1963), Belgian nationality**
CEO ARCADIS Belgium since 2008

18. **Manoel da Silva, MSc (1953), Brazilian nationality**
CEO ARCADIS Logos Ltda. since 2008

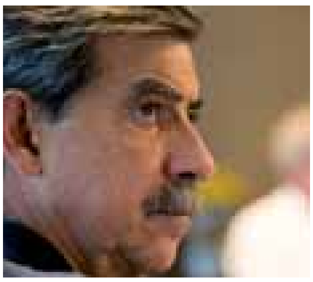
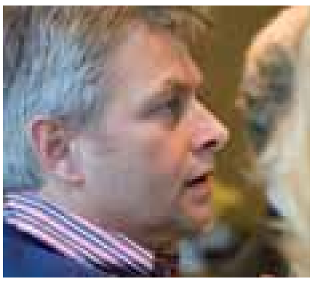
19. **Peter Vince, MRICS (1958), British nationality**
CEO ARCADIS AYH plc. since 2003

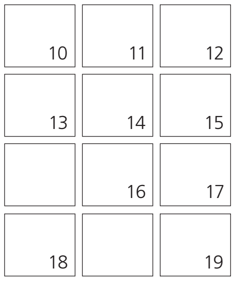
Other members Senior Management Committee







Remuneration Report

This report has been prepared by the Selection and Remuneration Committee of the Supervisory Board. In early 2008 both the remuneration of the Executive Board and of the Supervisory Board were reviewed. In its meeting on May 7, 2008, the General Meeting of Shareholders (GMS) adopted the revised remuneration policy for the Executive Board and the revised remuneration for the members of the Supervisory Board.

Remuneration Executive Board

Remuneration policy

Labor market reference group adjusted
Compensation of the Executive Board members is determined by the Supervisory Board, on the Selection and Remuneration Committee's advice, within the framework of the remuneration policy as adopted by the GMS. This policy is aimed at attracting, motivating and retaining qualified management for an international company of ARCADIS' size and complexity. The Selection and Remuneration Committee reviews the remuneration policy every three years to verify its market conformity. The policy was set by the GMS in 2005 and reviewed in 2008, without adjusting the structure of the remuneration package. An external advisor assisted by providing a benchmark analysis, against a slightly adjusted labor market reference group, consisting of Dutch companies, as well as a number of European consultancy and engineering companies, both of comparable size and complexity. The adjustments to the labor market reference group have resulted from the increased size and changed positioning of ARCADIS, while U.S. companies are no longer included. The new labor market reference group consists of: USG People (NL), Heymans (NL), Imtech (NL), Draka (NL), Fugro (NL), Boskalis (NL), , Grontmij (NL), Ordina (NL), Atkins (UK), Pöyry (Fin), WSP (U.K.), RPS (UK), Sweco (S) and White Young Green (UK).

Compensation in line with median level of reference group
The remuneration package for Executive Board members consists of the following elements: a fixed base salary, a short-term variable remuneration (cash bonus), a long-term variable remuneration (shares and options) and a pension plan and other fringe benefits. Variable remuneration is an important component of the total package and is based on performance criteria that are aimed at value creation in the short and longer term. The remuneration policy aims at compensation that is in line with the median level for the different elements of primarily the Dutch part of the selected labor market reference group. Based on the 2008 review of the remuneration policy, changes have been made to the fixed base salary and the long-term variable remuneration. The other elements have not been changed.

Fixed base salary

Base salary adjusted
The 2007 base salary appeared to be clearly below the median level of the Dutch part of the labor market reference group. Based on the median level of the reference group, a target level for base salary has been set, maintaining the existing difference between the CEO and the members of the Executive Board (CEO salary 1/3 higher). To bring base salary to the target level, the GMS has agreed to increase base salary in two steps of 10% each, in 2008 and 2009. Per July 1, 2008 base salary has been increased by 12%, including inflation, according to the table below.

	2007 base salary[1]	Target level[2]	2008 base salary[1]
CEO	€ 372,159	€ 450,000	€ 416,818
Member EB	€ 278,367	€ 337,500	€ 311,711

[1] Base salary as per July, 1 of the year mentioned
[2] Target level is based on 2007 price level.

Although using a reference group may drive executive remuneration up, the Supervisory Board considers the aforementioned salary adjustments justifiable in view of the increased size and changed positioning of the Company.

Short-term variable remuneration: bonus

This element of the remuneration has not been changed. It may vary from 0% to 60% of fixed base salary, with 40% (the target bonus) being applicable when targets are achieved. Financial targets are related to the Company's financial goals and determine 75% of the bonus. It concerns: earnings per share (EPS), excluding currency impacts, and return on invested capital (ROIC), both as defined in the financial goals (see page 19). Non-financial targets are set for each Executive Board member individually and relate to specific goals to be achieved, usually of a more strategic nature. These targets determine the remaining 25% and cannot be overachieved. The targets are preset annually by the Supervisory Board.

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The bonus percentage is determined using the following table:

Criterion	Weight	Cash bonus as % of base salary		
		Minimum	At target	Maximum
EPS	45%	0%	18%	30%
ROIC	30%	0%	12%	20%
Discretionary criteria	25%	0%	10%	10%
Total	**100%**	**0%**	**40%**	**60%**

Targets for 2008 and performance against these targets were as follows:

- The EPS target was based on 2008 budget. Minimum and maximum are achieved at -10% and +10% compared to target. With 2008 EPS at € 1.16 the target was overachieved by 4%, resulting in 23% of base salary for this target.
- The ROIC target is in principle 15% but is annually reviewed based on the budget. For 2008 the target was set at 16%, with minimum being achieved at 12%, maximum at 20%. As 2008 ROIC was at 18.1%, 16% of base salary was achieved for this target.
- Non-financial targets are tuned to the specific responsibilities of individual Executive Board members. Based on performance, the bonus varied from 7% to 10% of base salary.

This resulted in bonuses varying between 46% and 49% of base salary.

Long-term variable remuneration: shares and options

In order to stimulate long-term value creation, the remuneration policy includes the granting each year of performance-based shares and options. These vest and become unconditional after three years dependant on the Company's relative performance against a peer group of comparable, listed companies. Performance is measured as *Total Shareholder Return* (TSR), defined as share price increase, including reinvested dividends. This stimulates creating shareholder value on the longer term. As from 2008 the peer group and TSR measurement have been adjusted, while the number of shares and options to be granted has been reset.

Peer group and vesting

At the end of each three-year cycle, ARCADIS' performance is determined against the companies in the peer group. ARCADIS' ranking determines whether and to what extent the originally granted options and shares vest and become unconditional. The tables show the old and new peer group as well as the old and new vesting scheme.

Performance measurement

For the shares and options granted in the period 2005-2007, performance is based on the average TSR at the end of the three-year period. For the shares and options granted in the period 2008-2010, performance will be based on the average TSR over the three-year period. This prevents incidents such as temporary sentiments or take-over rumors related to specific companies, having a strong impact on relative performance.

Peer group	
For 2005-2007[1]	For 2008-2010[1]
ARCADIS (NL)	ARCADIS (NL)
Alten (Fr)	Atkins (UK)
Atkins (UK)	Grontmij (NL)
Grontmij (NL)	Pöyry (Fin)
Pöyry (Fin)	Sweco (Sw)
Sweco (Sw)	WYG (UK)
WSP (UK)	WSP (UK)
Tetra Tech (US)	Aecom (US)
TRC (US)	Jacobs (US)
URS (US)	Tetra Tech (US)
	URS (US)

Vesting for 2005-2007[1]		Vesting for 2008-2010[1]	
Position	Vesting	Position	Vesting
1	150%	1	150%
2	133%	2	133%
3	117%	3	117%
4	100%	4	100%
5	83%	5	83%
6	67%	6	67%
7	50%	7	50%
8	0%	8	0%
9	0%	9	0%
10	0%	10	0%
		11	0%
Expected:[2]	70%	Expected:[2]	64%

[1] The years mentioned refer to the years of granting of conditional shares and options.
[2] Expected vesting percentage, assuming each position having equal chance.

Number of shares and options

In 2005, the numbers of performance shares and options granted each year were fixed for three years (2005-2007) and approved by the GMS in 2005. For the two Executive Board members that were appointed in 2006, the numbers were adjusted downward somewhat because of the strong increase in ARCADIS' share price since 2005.

In 2008, the numbers of conditional shares and options to be granted have been reset to bring the value of the long-term incentive in line with the percentage of base salary that is aimed for, using the average ARCADIS share price in the first quarter of 2008 of € 13.33 and an expected vesting percentage of 63.6% (equal chance for each position in ranking after three years). The numbers of conditional shares and options to be granted each year are fixed for three years (2008-2010) and were approved by the GMS in 2008.

The exercise price for options granted is the closing price of the ARCADIS share on the first trading day after the GMS on which the shares are quoted ex-dividend. Options are valid for a 10-year period. Except for paying income tax on vested shares, shares must be retained for a period of at least two years after vesting or at least until termination of employment when this is shorter.

The numbers (after the 1:3 split in May 2008) are as follows:

	Target LTI as % of base	To be granted in 2008-2010		Vesting of shares		Vesting of options	
		Shares	Options	Min	Max	Min	Max
CEO	50%	18,000	36,000	0	27,000	0	54,000
Member EB	40%	10,800	21,600	0	16,200	0	32,400

Vested shares and options

In May 2008, the shares and options that were granted in May 2005 became unconditional at 133% of the originally granted numbers. This was due to ARCADIS' strong performance in the period 2004-2007 resulting in the second place among the peer group.
Over the period 2005-2008 ARCADIS ended in the fourth place among the peer group, showing that the Company continued its good performance. Therefore the shares and options that were granted in May 2006 will become unconditional in May 2009 at 100% of the originally granted numbers. The table on page 62 shows the data related to shares and options.

Policy in case of a take over

In the event of a take over of ARCADIS, the treatment of shares and options granted to the Executive Board (and all other staff) will be determined by the Supervisory Board, upon advice by the Selection and Remuneration Committee, taking into account the share price in the period preceding the disclosure of an offer as well as all other relevant circumstances at that moment. This means that the exercise price of outstanding options and the number of unvested conditional shares can be adjusted to correct for (part of) the increase in share price caused by the offer. Unvested shares and options will vest proportionally to the number of months of the three-year vesting period that elapsed since the grant date.

Pensions, other benefits, contracts

Pensions

Executive Board members participate in the ARCADIS Netherlands pension plan. This is a collective defined contribution plan with the premium based on the ambition of a pension payment that, under certain conditions, is comparable to an average pay scheme with a retirement age of 63 years. The contribution from the participants is 6% of the pension basis. Mr. Schneider, who is a German citizen, receives compensation for the limited tax deductibility of his own contribution to the pension fund.

Other benefits

Executive Board members receive a fixed allowance for expenses, as well as other customary fringe benefits including the use of a company car. They may also participate in the Employee Stock Purchase Plan to purchase up to a maximum of € 400 per month of ARCADIS shares from the Lovinklaan Foundation at a discount.

Employment contracts and severance pay

Messrs. Noy and Jaski have been appointed for an indefinite period. Their contracts do not contain severance pay provisions. For Executive Board members appointed after the introduction of the Dutch Corporate Governance Code, a four-year term and a maximum severance pay of one year's base salary will be agreed. This has been done with the Executive Board members appointed in 2006, Messrs. van der Klift and Schneider. Contracts of Executive Board members do no contain provisions for the event of the termination of employment resulting from a change in control.

Overview of remuneration

For information on remuneration and share and option ownership of Executive Board members, please refer to page 104 of this annual report.

Evaluation of remuneration policy

Since the adoption of the changes in the remuneration policy by the GMS in May 2008, the Monitoring Committee Corporate Governance (the Frijns committee) has issued its report which contains additional best practices regarding executive remuneration. Based upon advice of the Selection and Remuneration Committee, the Supervisory Board has evaluated these additional best practices, resulting in the following preliminary conclusions:

- The remuneration policy as described before is aligned with the strategy and the financial goals of the Company and its related risks. It includes a good balance between fixed and variable and between short and long-term remuneration and is (relatively) simple and understandable. When introducing the revised remuneration policy in 2005, the maximum short-term cash bonus was adjusted downward from 200% to 150% of the target bonus, while at the same time the long-term incentive was upgraded to also include performance shares.
- The remuneration for Executive Board members is in reasonable proportion to that for the next level in the organization. ARCADIS' Senior Management Committee members and other operating company directors, have a remuneration structure comparable to the Executive Board.
- A scenario analysis that was made with respect to the potential outcomes of the variable remuneration components gives no cause to adjust the remuneration policy.
- The Supervisory Board recognizes that conditionally awarded variable remuneration components could produce unfair results due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved. In such case the Supervisory Board will use its judgment to make adjustments (downwards or upwards) to the value of these variable remuneration components, taking into account the relevant circumstances (ultimum remedium clause).
- The Supervisory Board will use its best efforts – taking into account the relevant circumstances – to recover from the Executive Board members any variable remuneration awarded on the basis of incorrect financial or other data (claw back clause).

Continued on next page

In view of the economic crisis, the Executive Board has proposed to renounce any increase in base salary in 2009, including the 10% increase already agreed to by the GMS. The Supervisory Board has accepted this proposal wholeheartedly.

Remuneration Supervisory Board

The GMS determines the remuneration of Supervisory Board members. As this was last done in 2004, remuneration was reviewed in 2008, taking into account a benchmark analysis of remuneration at companies that are part of the Amsterdam Midkap Index (AMX). In view of the outcome of this analysis and the increased responsibilities of Supervisory Board Members, it was proposed to the GMS to increase remuneration. The GMS accepted the proposal in its May, 2008 meeting, resulting in the following remuneration as per July 1, 2008:

	Chairman	Member
Yearly fixed remuneration	€ 45,000	€ 30,000
Yearly fixed cost compensation	€ 3,000	€ 2,000
Membership AAC	€ 7,500	€ 5,000
Membership ASRC	€ 5,000	€ 5,000

In addition, non-Dutch members receive an attendance fee per physical meeting of € 2,000 for European members and $ 4,000 for members from the United States.

Remuneration is not dependent on Company results. Supervisory Board members are not eligible to receive shares or options as part of their remuneration. Possible share ownership of ARCADIS shares by a Supervisory Board member is meant as a long-term investment.

For information on remuneration and share ownership of Supervisory Board members, please refer to page 49 of this annual report.

Other information

The Company has not granted any loans, advances or guarantees to Executive and Supervisory Board members. In 2005, ARCADIS NV provided Executive Board members an indemnification for all costs and expenses from and against any claim, action or lawsuit related to actions and/or omissions in their function as Executive Board members. As approved by the GMS in 2005, a similar indemnification was provided to Supervisory Board members.

On behalf of the Selection and Remuneration Committee
Rijnhard W.F. van Tets, Chairman

Name	Granting					Vesting			Lock up
	Date	Type	Number	Share price	Value	Date	Vesting %	Number	until
H.L.J. Noy	May-05	shares	30.000	5,98	113	May-08	133%	39.999	May-10
		options	75.000	5,98	93		133%	99.999	n.a.
	May-06	shares	30.000	12,38	233	May-09	100%	30.000	May-11
		options	75.000	12,38	216		100%	75.000	n.a.
	May-07	shares	30.000	19,89	375	May-10			May-12
		options	75.000	19,89	250				n.a.
	May-08	shares	18.000	13,03	147	May-11			May-13
		options	36.000	13,03	71				n.a.
C.M. Jaski	May-05	shares	21.000	5,98	79	May-08	133%	27.999	May-10
		options	45.000	5,98	56		133%	59.999	n.a.
	May-06	shares	21.000	12,38	163	May-09	100%	21.000	May-11
		options	45.000	12,38	129		100%	45.000	n.a.
	May-07	shares	21.000	19,89	262	May-10			May-12
		options	45.000	19,89	150				n.a.
	May-08	shares	10.800	13,03	88	May-11			May-13
		options	21.600	13,03	42				n.a.
B.A. van der Klift	May-06	shares	15.000	12,38	117	May-09	100%	15.000	May-11
		options	37.500	12,38	108		100%	37.500	n.a.
	May-07	shares	15.000	19,89	187	May-10			May-12
		options	37.500	19,89	125				n.a.
	May-08	shares	10.800	13,03	88	May-11			May-13
		options	21.600	13,03	42				n.a.
F.M.T. Schneider	May-06	shares	15.000	12,38	117	May-09	100%	15.000	May-11
		options	37.500	12,38	108		100%	37.500	n.a.
	May-07	shares	15.000	19,89	187	May-10			May-12
		options	37.500	19,89	125				n.a.
	May-08	shares	10.800	13,03	88	May-11			May-13
		options	21.600	13,03	42				n.a.

n.a. = not applicable.

Corporate Governance

Integrity, transparency, accountability and proper supervision are key components of good corporate governance. ARCADIS is committed to the principles and best practices of the Dutch Corporate Governance Code (the "Code") that became effective in 2003, with a few deviations. At the General Meeting of Shareholders (GMS) on May 12, 2004, the way in which ARCADIS applies the Code, was discussed and accepted. This means that ARCADIS is in compliance with the Code. Since that date, no changes have been made to the corporate governance structure. Material changes in the Company's corporate governance structure and its compliance with the Code will be submitted to the GMS for consideration.

The Monitoring Committee Corporate Governance ('the Committee Frijns') has presented in December 2008 an amended Code which will be effective as of the financial year 2009. At the end of this chapter, the Supervisory Board and Executive Board give a preliminary reaction to the adjustments included in the amended Code. The annual report for 2009 will include a chapter on the main principles of ARCADIS' corporate governance structure and its compliance with the amended Code, to be discussed as a separate agenda item at the GMS in 2010. Any reference hereafter to the Code refers to the Code of 2003, unless otherwise mentioned.

As ARCADIS de-listed from the Nasdaq Stock Exchange in June 2007 and deregistration with the U.S. Securities and Exchange Commission became effective as of September 2008, the Company is no longer subject to the Nasdaq rules nor the provisions of the Sarbanes-Oxley Act.

An overview of ARCADIS' corporate governance structure and an explanation of ARCADIS' departures from the principles and best practices of the Code are provided below. For more detailed information, see the website at: www.arcadis-global.com/About+Us/Governance/.

Organizational structure

ARCADIS NV is a public limited company ("naamloze vennootschap") under Dutch law. The company is managed by the Executive Board under supervision of the Supervisory Board. Since 2003, ARCADIS is an international holding company according to Dutch regulations. This means that shareholder rights are not limited by the Dutch structure regime and Executive Board members and Supervisory Board members are appointed and dismissed by the GMS.

Based on a proposal by the Executive Board, and with prior Supervisory Board and ARCADIS Priority Foundation approval, the GMS can amend the Articles of Association. Such a decision requires a majority of at least three-fourths of the votes in a meeting where at least three-fourths of the outstanding capital is represented. If such a quorum is not present, a second meeting is needed, during which amendments can be passed with at least three-fourths of the votes, regardless of the capital represented.

Executive Board

The Executive Board manages the Company and is responsible for achieving the Company's goals and objectives, strategy and policy and results. The Supervisory Board determines the number of Executive Board members, who are appointed by the GMS. For every appointment, the Supervisory Board is entitled to make a nomination. The GMS may only defeat a binding nomination by a resolution passed by at least a two-thirds majority of the votes, representing more than one-half of the outstanding capital. On a non-binding nomination, the GMS decides by simple majority. The GMS can suspend or dismiss an Executive Board member. Such a decision, other than proposed by the Supervisory Board, requires at least a two-thirds majority of the votes, representing more than one-half of the outstanding capital.

The Supervisory Board appoints a chairman from among the members of the Executive Board and determines in consultation with the Executive Board the distribution of tasks. The present composition of the Executive Board and information about its members are provided on page 55 of this report. The Executive Board members hold no supervisory board positions at other stock-listed companies.

Supervisory Board

The Supervisory Board supervises and advises the Executive Board in performing its management tasks and supervises the overall development of the Company and its affiliates. In doing so, the Supervisory Board is guided by the interests of the Company and its stakeholders. The Supervisory Board consists of at least three members (currently six) who are appointed by the GMS in the same way as Executive Board members are appointed, provided that defeating a binding nomination requires at least two-thirds of the votes, representing more than one-third of the outstanding capital. The GMS can suspend or dismiss a member of the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires a majority of at least two-thirds of the votes, representing at least one-third of the outstanding capital.

The Supervisory Board appoints one of its members as chairman. Members are appointed for a maximum of four years and are eligible for reappointment for two additional four-year terms up to a maximum 12-year term of office. The Supervisory Board has established from its members two committees — an Audit Committee and a Selection and Remuneration Committee — that prepare the decisions of the Supervisory Board. The tasks and procedures of the committees are outlined in charters, which can be accessed on our website.

The present composition of the Supervisory Board and information about its members are provided on page 54 of this report.

General Meeting of Shareholders

A GMS is held at least once a year. Meetings may be convened by the Executive Board or the Supervisory Board and can also be held at the request of shareholders jointly representing at least 10% of the Company's outstanding capital. Shareholders who represent currently at least 1% (percentage will change when Dutch law is adjusted) of the Company's outstanding capital may submit, at least 60 days prior to the meeting, a proposal to place items on the agenda. Each shareholder is entitled to attend a GMS in person or be represented by written proxy and to exercise voting rights with due observance of the provisions in the Articles of Association. Each share of outstanding capital stock is entitled to one vote. Resolutions are adopted by a simple majority of votes unless the Articles of Association or the law mandates otherwise.

ARCADIS advocates active shareholder participation at shareholders' meetings. Since 2007 the Articles of Association allow for communication and voting by electronic means.

For an overview of the powers of the GMS, as well as the Articles of Association of the Company, please see the website at: www.arcadis-global.com/About+Us/Governance/.

Share capital

ARCADIS has ordinary shares, cumulative financing preference shares, priority shares and cumulative preferred (protective) shares. For a further explanation on the capital structure, please refer to note 17 to the Financial Statements. Priority shares and cumulative preferred shares have an impact on the governance of the Company.

Priority shares
The 200 priority shares, held by the ARCADIS Priority Foundation (Stichting Prioriteit ARCADIS N.V.), give the right of prior approval for important decisions such as the issuance, acquisition or disposal of shares; amendments to the Articles of Association; dissolution or filing for bankruptcy; cooperative ventures of far-reaching significance; and major divestments and acquisitions. The board of the Foundation is composed of 10 members from the Executive and Supervisory Boards and 10 members from ARCADIS' international employee base. Decisions require a majority of at least 60% of the votes, implying that a certain level of employee support is needed for far-reaching decisions. For more information, please see note 17 to the Financial Statements.

Cumulative Preferred Shares
In the event of an unfriendly or hostile takeover attempt, these shares are intended to prevent major changes in the control of the Company without due consideration of the interests of the Company and all stakeholders involved. For this purpose, ARCADIS and the ARCADIS Preferred Stock Foundation (Stichting Preferente Aandelen ARCADIS NV) have entered into an option agreement. For more information, please see note 17 to the Financial Statements.

Regulation concerning securities
ARCADIS has a regulation concerning the ownership of and transactions in securities, which applies to all employees unless the regulation provides otherwise. This regulation prohibits Executive and Supervisory Board members executing transactions in the securities of certain other listed companies, regardless of having any inside information.

Financial reporting and role of auditors

Before being presented to the GMS for adoption, the Company's annual financial statements as prepared by the Executive Board must be examined by an external registered auditor. The external auditor is appointed each year by the GMS, based on a nomination from the Supervisory Board that takes into account the advice of the Audit Committee and the Executive Board. The external auditor's assignment, including his remuneration, is approved by the Supervisory Board on the recommendation of the Audit Committee and after consultation with the Executive Board.

Prior to publication, the quarterly financial statements and quarterly reports are discussed with the Audit Committee, in the presence of the external auditor, in preparation for consideration by the Supervisory Board. The external auditor attends the meetings of the Supervisory Board in which the annual and half-year financial statements are to be approved and the audit report of the external auditor with respect thereto is discussed.

The ARCADIS Policy on Auditor Independence contains rules and procedures for the engagement of the external auditor, in order to ensure his independence. According to these procedures the Audit Committee needs to approve all audit, audit related and permitted non-audit services to be provided by the external auditor. For the fees paid to KPMG Accountants N.V. and the distribution between audit related and non-audit services, see note 46 to the Financial Statements.

Continued on next page ▶

The Audit Committee evaluates annually the functioning of the external auditor, in consultation with the Executive Board and the outcome is discussed in the Supervisory Board. The evaluation also includes the desirability of rotating the external auditor partners. ARCADIS changed partners in 2001, 2006 and 2008.

ARCADIS has an internal audit function which operates under the responsibility of the Executive Board. The external auditor and the Audit Committee are involved in drawing up the annual work plan of the internal auditor. Findings of the internal auditor are discussed with the Audit Committee in the presence of the external auditor.

Compliance with Dutch Corporate Governance code

ARCADIS complies with the Code by either applying its principles and best practices or by explaining the deviations. Principles and best practices are applied with the exception of the following for the reasons as set out below:

- **II.1.1:** The maximum four-year term of office will not be observed for the members of the Executive Board who were appointed in 1994 and 2000 for an indefinite period. This complies with the preamble to the Code that indicates that existing contracts may be respected. For Executive Board members to be (re)appointed after the Code became effective, the four-year term will be applied. This has also been done for the two members appointed to the Executive Board in 2006.
- **II.2.7:** The contracts of the two Executive Board members, appointed prior to the introduction of the Code, do not contain (maximum) severance pay provisions. Consequently, in the event of involuntary dismissal, the severance payment will be determined by taking into account applicable laws and regulations; the grounds for dismissal; the level of remuneration; and the legal position of the individual as determined, inter alia, by length of service at the Company. For Executive Board members to be (re)appointed after the Code became effective, a maximum severance payment consistent with the Code will be included in their contracts. This has also been done for the two members appointed to the Executive Board in 2006.
- **III.5:** ARCADIS does not have a separate remuneration committee and selection and appointment committee but combines both committees in the Selection and Remuneration Committee, consistent with the practice established in 1998. The current size of the Supervisory Board, the allocation of responsibilities among its members and the fact that the current committee is functioning satisfactorily, justify this deviation. The Chairman of the Supervisory Board also chairs this committee, which we consider necessary given the selection and nomination task of this committee. According to the Code, the Supervisory Board Chairman can be chairman of the Selection and Appointment Committee but not of the Remuneration Committee. Thus, in this respect ARCADIS deviates from best practice provision III.5.11.
- **IV.1.1:** The General Meeting of Shareholders (GMS) can cancel the binding nature of nominations for the appointment or dismissal of an Executive Board member or Supervisory Board member only with a qualified majority. When the Articles of Association were amended in 2003 to abandon the statutory structure regime of the Company, this rule was established in view of the percentage of share ownership of the Lovinklaan Foundation. It was further stated that nominations to the Executive Board would normally be binding, whereas nominations to the Supervisory Board would, under normal circumstances, be non-binding. The GMS approved this practice explicitly by approving the amendments in their 2003 meeting.

Preliminary remarks regarding amended code

The Supervisory Board and Executive Board have discussed the amended Code as presented by the Committee Frijns. This results in the following preliminary remarks regarding important adjustments to the Code:

- Executive remuneration. The Supervisory Board, based upon advice of the Selection and Remuneration Committee has evaluated the adjusted principles and best practices regarding executive remuneration and their potential consequences for the remuneration policy for the Executive Board members. The preliminary conclusions are included in the Remuneration report that is part of this annual report (see page 59). The Remuneration report has been extended in view of the requirements of the amended Code.
- Risk management. In 2009, an Enterprise Risk Management process will be implemented, including a systematic (re) assessment of potential risks. Based on the outcome, risk management procedures will be reviewed and where necessary, adjusted. In the annual report 2009 results will be reported. (see also chapter on Risk Management, page 40).
- Corporate Social Responsibility. ARCADIS has a Corporate Social Responsibility Policy that has been discussed with the Supervisory Board and is published on its website. This policy is explained in a separate chapter of this annual report (see page 43).
- (General Meeting of) Shareholders. Several provisions of the amended Code are already common practice at ARCADIS. In addition, the Company shall give share-holders and other persons entitled to vote, the possibility of issuing voting proxies or voting instructions, to an independent third party prior to the GMS, as from 2009. The Company shall also formulate a policy on bilateral contacts with shareholders and publish this on its website.
- Other subjects. The profile for the Supervisory Board shall be adjusted to include an objective related to diversity. The Report of the Supervisory Board (see page 49) describes how the evaluation of its functioning, including that of its committees and members, has taken place. The Supervisory Board has a vice-chairman, who replaces the Chairman on occasion and acts as contact concerning the functioning of the Chairman. ■

Financial Statements 2008

Consolidated balance sheet at December 31 before allocation of profit

Assets	Note	2008	2007
Non-current assets			
Intangible assets	7	**249,263**	226,906
Property, plant & equipment	8	**66,467**	63,869
Investments in associates	9	**15,682**	20,046*
Other investments	10	**204**	970*
Other non-current assets	11	**14,801**	7,009
Deferred tax assets	20	**12,226**	14,073
Derivatives	13	**3,816**	-
Total non-current assets		**362,459**	332,873
Current assets			
Inventories	12	**771**	676
Derivatives	13	**236**	-
(Un)billed receivables	14	**538,539**	464,844
Other current assets	15	**32,023**	27,520
Corporate tax assets		**6,461**	3,152
Cash and cash equivalents	16	**117,875**	92,608
Total current assets		**695,905**	588,800
Total assets		**1,058,364**	921,673

Equity and liabilities			
Shareholders' equity			
Share capital		**1,239**	1,030
Share premium		**36,193**	36,402
Cumulative translation reserve		**(40,213)**	(29,829)
Retained earnings		**153,036**	125,260
Net income		**57,330**	54,852
Total equity attributable to equity holders of the Company		**207,585**	187,715
Minority interest		**12,344**	11,483
Total equity	17	**219,929**	199,198
Non-current liabilities			
Provisions	19	**26,665**	15,661
Deferred tax liabilities	20	**6,034**	14,693
Loans and borrowings	21	**266,784**	165,153
Derivatives	13	**16,881**	21,188
Total non-current liabilities		**316,364**	216,695
Current liabilities			
Billing in excess of cost	14	**182,653**	142,896
Corporate tax liabilities		**18,671**	17,190
Current portion of loans and borrowings	21	**4,886**	36,468
Current portion of provisions	19	**4,375**	13,000
Derivatives	13	**145**	-
Accounts payable		**133,235**	119,538
Accrued expenses		**12,250**	16,394
Bank overdrafts and short term borrowings		**9,821**	24,761
Other current liabilities	22	**156,035**	135,533
Total current liabilities		**522,071**	505,780
Total liabilities		**838,435**	722,475
Total equity and liabilities		**1,058,364**	921,673

* Adjusted for comparison reasons

The notes on page 72 to 99 are an integral part of these consolidated financial statements

Consolidated statement of income for the year ended December 31

	Note	2008	2007
Revenues		**1,722,139**	1,497,516
Change in work in progress		**17,810**	12,722
Gross revenue		**1,739,949**	1,510,238
Materials, services of third parties and subcontractors		**(578,011)**	(505,785)
Net revenue		**1,161,938**	1,004,453
Personnel costs	*25*	**(801,203)**	(693,334)
Other operational costs	*25*	**(207,575)**	(185,156)
Depreciation and amortization	*7,8*	**(23,266)**	(20,405)
Amortization other intangible assets	*7*	**(12,202)**	(12,224)
Other income	*26*	**1,947**	1,635
Total operational costs		**(1,042,299)**	(909,484)
Operating income		**119,639**	94,969
Finance income	*27*	**6,388**	22,289
Finance expenses	*27*	**(38,097)**	(15,536)
Fair value change of derivatives	*13,27*	**8,074**	(15,370)
Net finance expense		**(23,635)**	(8,617)
Income from associates		**(47)**	(822)
Profit before income tax		**95,957**	85,530
Income taxes	*28*	**(32,937)**	(28,032)
Profit for the period		**63,020**	57,498
Attributable to:			
Equity holders of the company (net income)		**57,330**	54,852
Minority interest		**5,690**	2,646
Profit for the period		**63,020**	57,498
In euros:			
Basic earnings per share	*18*	**0.95**	0.90
Diluted earnings per share	*18*	**0.94**	0.87

Net income from operations		2008	2007
Profit for the period attributable to equity holders of the company (net income)		**57,330**	54,852
Net effect of financial instruments [1]		**4,455**	400
Option costs UK share save scheme [2]		**160**	116
Non-recurring income, net of taxes [3]			(961)
Amortization identifiable intangible assets, net of taxes		**8,069**	7,886
Net income from operations		**70,014**	62,293
Net income from operations per share (in euros)			
Basic[4]	*18*	**1.16**	1.02
Diluted[4]	*18*	**1.15**	0.99

[1] Net effect of financial instruments: The currency translation adjustment of the $350 million loan and the fair value change of the swaps, after taxes (2007: $200 million loan).
[2] The UK share save scheme is controlled by the Lovinklaan Foundation and the company has no influence on this scheme. Accordingly, the company does consider the related share based payments expenses that need to be recorded under IFRS as a non-operational expense.
[3] Non-recurring income in 2007 relates to the book gain on the sale of assets in France, net of movement costs related to this sale.
[4] The figures were adjusted for the 3:1 stock split. See note 17 for more information.

The notes on page 72 to 99 are an integral part of these consolidated financial statements

Consolidated statement of cash flows for the year ended December 31

Cash flows from operating activities	Note	2008	2007
Profit for the period		**63,020**	57,498
Adjustments for:			
Income from associates		**47**	822
Taxes on income	*28*	**32,937**	28,032
Net finance expense	*27*	**23,635**	8,617
Depreciation and amortization	*7,8*	**35,468**	32,629
		155,107	127,598
Share-based compensation	*17,24*	**5,969**	4,195
Dividend received		**564**	156
Sale of activities, net of cost		**(1,027)**	(3,284)
Interest received		**6,316**	7,533
Interest paid		**(21,774)**	(15,202)
Corporate tax paid		**(38,725)**	(28,319)
Change in inventories		**(237)**	(268)
Change in receivables		**(56,996)**	(43,319)
Change in deferred taxes		**(9,389)**	(10,887)
Change in provisions		**1,771**	(1,461)
Change in billing in excess of costs		**29,524**	20,807
Change in current liabilities		**9,408**	21,347
Net cash from operating activities		**80,511**	78,896
Cash flows from investing activities			
Investments in (in)tangible assets	*7,8*	**(28,368)**	(33,326)
Divestments of (in)tangible assets	*7,8*	**1,788**	14,183
Investments in consolidated companies	*6*	**(73,670)**	(85,290)
Divestments of consolidated companies	*6*	**475**	(2,408)
Investments in associates and other investments	*9,10*	**(5,861)**	(9,773)
Divestments of associates and other investments	*9,10*	**6,228**	2,308
Investments in other non-current assets		**(5,285)**	(2,939)
Divestments of other non-current assets		**4,443**	1,724
Net cash used in investing activities		**(100,250)**	(115,521)
Cash flows from financing activities			
Options exercised	*17*	**1,624**	2,215
Purchase of own shares	*17*	**(9,113)**	(19,770)
New long-term loans and borrowings		**108,715**	78,553
Repayment of long-term loans and borrowings		**(15,011)**	(6,419)
New short-term borrowings		**372**	1,478
Repayment of short-term borrowings		**(202)**	(279)
Dividend paid		**(26,013)**	(22,453)
Other changes in equity		**-**	871
Net cash from financing activities		**60,372**	34,196
Net change in cash and cash equivalents less bank overdrafts		**40,633**	(2,429)
Exchange rate differences		**(677)**	(4,255)
Cash and cash equivalents less bank overdrafts at January 1	*16*	**71,720**	78,404
Cash and cash equivalents less bank overdrafts at December 31	*16*	**111,676**	71,720

The notes on page 72 to 99 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

	Attributable to equity holders of the parent company						
	Share capital	Share premium	Cumulative translation reserve	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance at January 1, 2007	1,030	36,402	(7,659)	159,108	188,881	11,836	200,717
Exchange rate differences			(22,170)		(22,170)	704	(21,466)
Taxes related to share-based payments				(74)	(74)		(74)
Income directly recognized in equity			(22,170)	(74)	(22,244)	704	(21,540)
Profit for the period				54,852	54,852	2,646	57,498
Total income/(expenses) for the period			(22,170)	54,778	32,608	3,350	35,958
Share-based payments				4,195	4,195		4,195
Dividends to shareholders				(20,414)	(20,414)	(2,039)	(22,453)
Own shares purchased for granted options				(19,770)	(19,770)		(19,770)
Share options exercised				2,215	2,215		2,215
Expansion ownership						(1,664)	(1,664)
Balance at December 31, 2007	**1,030**	**36,402**	**(29,829)**	**180,112**	**187,715**	**11,483**	**199,198**
Exchange rate differences			**(10,384)**		**(10,384)**	**(2,775)**	**(13,159)**
Taxes related to share-based payments				**(714)**	**(714)**		**(714)**
Income directly recognized in equity			**(10,384)**	**(714)**	**(11,098)**	**(2,775)**	**(13,873)**
Profit for the period				**57,330**	**57,330**	**5,690**	**63,020**
Total income/(expenses) for the period			**(10,384)**	**56,616**	**46,232**	**2,915**	**49,147**
Share-based payments				**5,969**	**5,969**		**5,969**
Dividends to shareholders				**(24,842)**	**(24,842)**	**(1,171)**	**(26,013)**
Increase nominal value and stock split	**209**	**(209)**			**-**		**-**
Own shares purchased for granted options				**(9,113)**	**(9,113)**		**(9,113)**
Share options exercised				**1,624**	**1,624**		**1,624**
Expansion ownership						**(883)**	**(883)**
Balance at December 31, 2008	**1,239**	**36,193**	**(40,213)**	**210,366**	**207,585**	**12,344**	**219,929**

The notes on page 72 to 99 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 Reporting Entity

ARCADIS NV is a public company organized under Dutch law. Its principal office is located at: Nieuwe Stationsstraat 10, 6811 KS, Arnhem, the Netherlands. Phone: +31-26-3778911.

ARCADIS NV and its consolidated subsidiaries ("ARCADIS"or the "Company"), is an international provider of comprehensive knowledge-based consulting services in the areas of infrastructure, environment and buildings.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in conformity with the Dutch Civil Code, Book 2, Title 9.

The consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board on February 27, 2009. The financial statements as presented in this report are subject to adoption by the General Meeting of Shareholders, to be held on May 7, 2009.

The consolidated financial statements have been prepared on historical cost basis, unless stated otherwise in the significant accounting policies. Exceptions to the historical cost basis include derivative financial instruments and share-based payment arrangements, which are measured at fair value.

The consolidated financial statements are presented in euros, which is the Company's reporting currency. All amounts shown in the financial statements are in thousands of euros unless otherwise stated.

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. The key accounting estimates and judgements in preparing the consolidated financial statements are explained in note 3. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

The accounting policies detailed below have been applied consistently to all periods presented in these consolidated financial statements, and by all subsidiaries. Certain comparative amounts have been reclassified to conform with current's year presentation. This includes the presentation of loans to associates as part of the investment in the associates, and the inclusion of bank overdrafts in cash and cash equivalents for cash flow purposes.

Basis of consolidation

The consolidated financial statements include the accounts of ARCADIS NV and its subsidiaries. Subsidiaries are companies over which ARCADIS NV has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operation decisions. The consolidated financial statements include the Company's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. The calculation is based on the ARCADIS' accounting principles.

Associates are those entities in which ARCADIS has significant influence, but no control over the financial and operating policies. Significant influence is presumed to exist when ARCADIS holds between 20 and 50 percent of the voting power of the entity. The consolidated financial statements include the Company's share of the income and expenses of the associates, whereby calculation is based on ARCADIS' accounting principles.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of entities using the foreign exchange rate at transaction date. The functional currency of the foreign entities in general is the local currency. Assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity using the exchange rates at balance sheet date. Exchange rate differences are included in the statement of income.

Foreign operations

The statements of income of foreign operations are translated into euros using the foreign exchange rates at transaction date, approximating average exchange rates. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates at the reporting date.
Foreign currency differences are recognized directly in equity. Since January 1, 2004, the Company's date of transition to IFRSs, such differences have been recognized in the cumulative translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the cumulative translation reserve is transferred to the statement of income.

Business combinations

The Company uses the purchase accounting method in accounting for acquisitions. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of the cost of acquisition over the fair value of ARCADIS' share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Financial Instruments

Non-derivative Financial Instruments

Financial instruments include trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. These non-derivative financial instruments are initially recognized at fair value. Subsequently, these are measured at amortized cost, using the effective interest method, less any impairment losses.

Derivative Financial Instruments

Only for specific purposes the Company uses derivative financial instruments to hedge the exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognized initially at fair value. Attributable transaction costs are recognized in the statement of income when incurred. The gain or loss on re-measurement to fair value of the interest rate swaps is recognized immediately in the statement of income under financing expenses. The fair value changes of forward exchange contracts are recognized in operating income. The values of the derivatives are recognized on the balance sheet as derivatives, which can be classified as current or non-current, depending on the maturity of the contracts.

The Company does not apply hedge accounting.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. All acquisitions are accounted for by applying the purchase accounting method. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in the statement of income. Goodwill has an indefinite useful life and is annually tested for impairment. Goodwill is measured at cost less any accumulated impairment losses. Goodwill in respect of equity accounted associates is included in the carrying amount of the investment.

Goodwill is only recognized for acquisitions on or after January 1, 2003, since the Company elected as part of its transition to IFRS to restate only those business combinations that occurred on or after January 1, 2003.

Software

Software is measured at cost less accumulated amortization and impairment losses. Software has a finite life and is amortized on a straight-line basis over the estimated useful life, which is 3 to 5 years.

Subsequent costs are recognized in the carrying amount of software only when it increases the future economic benefits. All other expenditures are recognized in the statement of income as incurred.

Other intangible assets

Other intangible assets, mainly consisting of expected profits in the backlog of the acquired companies at the moment of acquisition, are measured at cost less accumulated amortization and impairment losses. These other intangibles are amortized over the estimated useful life, which varies from 0.5 to 5 years. At initial recognition, the backlog is recognized at the fair value at the moment of acquisition.

Amortization is recognized in the statement of income on a straight-line basis over the estimated useful lives of intangible assets. The amortization methods and useful lives, as well as residual values, are reassessed annually.

Property, plant & equipment

Property, plant & equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are recognized in the carrying amount of property, plant & equipment if it is probable that future economic benefits will be obtained. The costs of day-to-day servicing of property, plant & equipment are expensed as incurred.

Depreciation is recognized in the statement of income on a straight-line basis over the estimated useful lives. The estimated useful life of buildings ranges from 30 to 40 years, for furniture and fixtures this varies from 3 to 8 years. Land is not depreciated. Depreciation methods and useful lives, as well as residual values, are reassessed annually.

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

Gains and losses on the sale of an item of property, plant & equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognized net within other income in the statement of income.

Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as financial 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 such leased assets are not recognized on the Company's balance sheet.

Investments in associates and jointly controlled entities

Associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Goodwill identified on the acquisition of the associate is included in the carrying amount of the investment.

The consolidated financial statements include ARCADIS' share of the income and expenses of the associates, whereby the calculation is based on the ARCADIS accounting principles. When the share of losses exceeds the interest in an associate, the carrying amount is reduced to zero, and recognition of further losses is discontinued unless ARCADIS has an obligation or has made payments on behalf of the company.

Jointly controlled companies are proportionally consolidated, whereby the calculation is based on the ARCADIS accounting principles.

Loans to associates and joint ventures are carried at amortized cost less any impairment losses.

Other investments

Other investments include the investments in companies in which ARCADIS has no significant influence. These are measured at cost less impairment losses.

Deferred taxes

Deferred tax assets and liabilities are recognized on the balance sheet, providing for temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on enacted or substantially enacted tax rates and tax laws at reporting date. Deferred tax assets are only recognized when it is probable that there will be future fiscal profits against which to settle the temporary differences or not-yet-compensated fiscal losses. 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 realized. Deferred taxes are not discounted. Deferred taxes are not recognized for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit, and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

For share-based payments, the deferred tax is determined based on the manner in which the award is expected to be settled and in accordance with applicable tax legislation. The information used in estimating the deductions available in future periods is consistent with the information used to determine the share-based payment expense. If the estimated future tax deduction exceeds the amount of the related cumulative share-based payment expense, the excess of the associated income tax is recognized directly in equity.

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

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(Un)billed receivables

Unbilled receivables represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Unbilled receivables are measured at cost plus profit recognized to date less progress billings and a provision for foreseeable losses. Cost includes all expenditures related directly to specific projects and direct attributable overhead incurred in the Company's contract activities based on normal operating capacity. Billed receivables are measured at amortized cost less any impairment losses. If payments received from customers exceed the income recognized, the difference is presented as deferred income (billings in excess of cost) in the balance sheet.

Other receivables

Other receivables are measured at amortized cost less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. For cash flow purposes bankoverdrafts are included in cash and cash equivalents.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction of equity, net of any tax effects.

Priority shares and preference shares are classified as equity since these are non-redeemable, or only redeemable at the Company's option. Dividends on these shares are recognized as distributions within equity upon approval by the Company's shareholders.

Repurchase of shares

When share capital is repurchased in order to prevent dilution as a result of the share option plan, the consideration paid, including directly attributable costs net of any tax effects, is deducted from equity.

Dividends

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

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at net present value, taking into account the timing of the cash outflows. The discount rate reflects the current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Pensions

Most pension plans within ARCADIS qualify as a defined contribution plan. Obligations for contributions to defined contribution plans are recognized as a cost in the statement of income as incurred.

In some countries, minor plans exist that qualify as defined benefit plans. For these minor defined benefit plans, a provision is created, based on actuarial calculations. The net obligation related to these defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The estimated benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of income 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 recognized immediately in the statement of income.

Actuarial gains and losses are recognized to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets. That portion is recognized in the statement of income over the expected average remaining working lives of the employees participating in the plan.

Other long-term employee benefits

The Company's net obligation for long-term service 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. The obligation is calculated using the projected unit credit method and is discounted to its present value of any related assets that are deducted. Any actuarial gains or losses are recognized in the statement of income in the period in which they arise.

Share-based payments

Within ARCADIS, equity-settled, share-based compensation plans exist. The grant date fair value of share-based payments under the ARCADIS long-term incentive plan is recognized as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options and shares.
The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of the granted options is determined using the binomial model taking into account the effect of the applications. The cost charged will be adjusted for the actual number of share-based incentives that are cancelled. The vesting and exercise of shares may be conditional on the satisfaction of performance conditions or on continued employment, or both, as set by the Supervisory Board.

Loans and borrowings

Interest-bearing debts are measured at amortized cost, in which the difference between the proceeds and the final repayment amount is charged to the statement of income over the duration of the debts. The portion of long-term debt that has to be repaid within one year after the balance sheet date is presented as the current portion of long-term debt under current liabilities.

Impairment

The carrying amounts of the assets of ARCADIS, other than work in progress and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

The recoverable amount is the greater of the net selling price and value in use. In assessing the value in use, estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized with regard to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss of goodwill cannot be reversed. Regarding other assets, an impairment loss can be 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 amortization, if no impairment loss had been recognized.

Revenue

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the statement of income in proportion to the percentage of completion of the contract.

The percentage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statement of income.

The balances of the projects for which no confirmation of order has been received at balance sheet date are recognized in the statement of income.

Advance investments that can be identified separately, measured reliably and are attributable to design, build, finance and operate contracts are accounted for as contract costs only when it is probable that the contract will be obtained. Advance investments in the development of a contract that do not meet these criteria are expensed. It is only considered probable that a design, build, finance and operate contract will be obtained upon receipt of a contract signed by the client.

Services

Revenue from services rendered is recognized in the statement of income in proportion to the percentage of completion of the transaction at reporting date.

Other revenues

Other revenues relate to activities which are not included under construction contracts and services, for example sale of licenses, and assets specifically related to project work. These revenues are recognized once the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with those items.

Carbon credits

The number of carbon credits produced is formally confirmed by verification reports from external parties. Only after these verification reports have been issued, the exact number of carbon credits that can be delivered to other parties is known. Revenue from the production of carbon credits is recognized at the moment all risks and rewards have been transferred to the buyer. Normally this is the case once the verification reports have been issued and formal delivery by crediting the buyer's account for carbon credits took place.

Change in work in progress

The invoicing of projects in progress in most instances does not equal the project costs and project results at the balance sheet date. The difference between these amounts at year end, compared to the amount at the beginning of the year, is shown separately as part of gross revenue.

Materials, services of third parties and subcontractors

Under materials, services of third parties and subcontracts project-related costs of materials and services charged by third parties, including the costs of subcontractors, are recognized.

Sale of investments

When the sale of a subsidiary classified as a continued operation, a jointly controlled entity or an associate leads to a gain, this gain is recognized separately as part of other income. A loss is recorded under other operational costs. In some instances, the sale of associates is considered to be part of the normal business strategy. This is specifically for associates related to energy-projects within ARCADIS Logos. If this is the case, the net capital gain is recognized as revenue.

Operational costs

All employee-related cost as well as non-project-related out-of-pocket expenses, are recognized as operational cost as incurred.

Net finance expense

The net finance expense comprises finance income, finance expense and the fair value change of derivatives. Finance income and finance expenses are recognized in the statement of income as it accrues, using the effective interest method.

Income from associates

ARCADIS' share in earnings from associates is recognized in the statement of income. For investments at cost in which ARCADIS does not have significant influence, only dividends received are included in income.

Income taxes

Income taxes comprise both current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using enacted or substantially enacted tax rates at the reporting date, and any adjustments to tax payable related to previous years.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding the temporarily repurchased shares used to cover option plans. Diluted earnings per share is calculated using the weighted average number of shares and options outstanding during the period, as far as the exercise price of these options is lower than the share price.

Cash flow statement

The cash flow statements have been prepared using the indirect method. Cash flows in foreign currencies have been translated at average exchange rates. Exchange rate differences on cash items are shown separately in the cash flow statements. Receipts and payments with respect to income tax are included in the cash flow from operating activities. Interest payments and receipts are included in cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the statement of cash flows in the same category as those of the hedged item.

Segment reporting

ARCADIS early adopted IFRS 8, “Operating Segments”, introducing the management approach to segment reporting. The operating segment reporting follows the internal reporting used by the chief decision-maker to manage the business, assess the performance and to allocate the resources. The Company is operated on a geographic basis and considers those geographical areas with economic and operating similarities to be separate primary operating segments. The Company mainly operates in a local-to-local market; therefore risks and rates of returns are reflected predominately by the geographical market. Management reporting systems, legal structures and consolidation are largely based on geographic segments. The differentiation in the type of services provided by the various group companies is limited. These services extend in general to consulting, engineering and project management services.

Performance is mainly measured based on EBITA (earnings before interest, tax, and amortization of identifiable intangible assets). Management believes this is the most relevant measure in evaluating the operating results of the segments.

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.

Determination of fair values and management judgements

Property, Plant & Equipment

Measurement of property, plant & equipment involves the use of estimates for determining the fair value of property, plant & equipment acquired in a business combination. The fair value of property, plant & equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between willing parties in an arm's length transaction. The market value of items of plant, equipment, fixtures and furniture is based on the market prices for similar items.

Intangible assets

Measurement of intangible assets acquired in a business combination involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits in the backlog of the acquired companies at the moment of acquisition. The fair value is based on discounted cash flows expected to be received from these identifiable intangible assets.

Impairments of property, plant & equipment and intangible assets

The determination of impairments of property, plant & equipment and intangible assets involves the use of estimates. The recoverable amount and the fair values are determined by discounting the estimated future cash flows to present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of the fair value for the assets requires management to make significant judgements, specifically for the estimation of cash flows.

(Un)billed receivables
The fair value of (un)billed receivables is estimated as the present value of future cash flows, discounted at the applicable market rate of interest at the reporting date.

Derivatives
The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counter-parties, and is based on broker quotes. The fair value of forward exchange contracts is based on the quoted market price at the balance sheet date, being the present value of the quoted forward price. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract, using market interest rates.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the company specific market rate of interest at reporting date.

Share-based payment transactions
The fair value of share-based payment transactions is measured using a binomial model. Measurement inputs include the share price on measurement date, exercise price of the instrument, the expected volatility, weighted average expected life of the instrument and the risk-free interest rate.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2008, and have not been applied in preparing these consolidated financial statements. The Company assessed that the following standard might be applicable and could have an impact on the consolidated financial statements:

Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised standard is applicable for 2009 consolidated financial statements. The Company's consolidated financial statements will not be impacted by the new regulations.

IFRIC 13 *Customer Loyalty Programs* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs under which the customer can redeem credits for awards, such as free or discounted goods or services. The Company does not have such programs, and thus IFRIC 13, which becomes effective for 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

Revised IAS 1 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for 2009 financial statements, is expected to have a major impact on the presentation of the consolidated financial statements. The Company will introduce the statement of comprehensive income in its 2009 consolidated financial statements.

Amendment to IFRS 2 *Share-based Payments – Vesting Conditions and cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in the grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendment to IFRS 2 will become mandatory for the 2009 consolidated financial statements, with retrospective application. The new standard is not expected to have a significant impact on the consolidated financial statements.

IFRIC 15 *Agreements for the Construction of Real Estate* concludes that revenues for real estate construction projects has to be recognized using the completed contract method in many cases, except for specific situations where the percentage of completion method of revenue recognition can be applied. This is the case when a contract relates to the sale of assets, but during the construction of these assets revenue recognition criteria are met on a continuous basis (in relation to the completed part of the project). IFRIC 15, which becomes mandatory for the Group's 2009 consolidated financial statements, with retrospective application, is not expected to have a significant impact on the consolidated financial statements.

Revised IFRS 3 *Business Combinations* incorporates the following changes that are likely to be relevant to the Company:
- The definition of a business has been broadened, which will probably result in more acquisitions being treated as a business combination.
- Contingent consideration will be measured at fair value, with subsequent changes recognized in the statement of income.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in the statement of income.

Revised IFRS 3, which becomes mandatory for the Company's 2010 consolidated financial statements, will be applied prospectively and therefore will have no impact on prior periods included in the 2010 financial statements.

Amended IAS 27 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Company loses control of a subsidiary, any interest retained will be measured at fair value with the gain or loss recognized in the statement of income. The amendment is mandatory for the 2010 financial statements, and is not expected to have a significant impact.
Next to the changes mentioned above, there are other changes to existing standards that are not yet effective, but are not expected to have a material impact on the consolidated financial statements of ARCADIS.

4 Segment information

Presented below is the segment information based on the Company's reporting structure. The segments are based on the operational companies. Inter-segment pricing is determined on an arm's length basis.
The company has 4 reportable segments, which are based on the reporting structure of the Company to the Board of Management. The information management uses to monitor progress and for decision making about operational matters is at operating company level. Based on qualitative and quantitative measures the operating company information is aggregated, adding up operating companies which are active in a similar economic environment.
This results in geographical segmenting, as disclosed below.

The most important performance measure is EBITA, as management believes this is key in evaluating the results of the segments relative to other entities that operate within the same industry.

Operating companies are active in three main area's: infrastructure, environment and buildings. In infrastructure ARCADIS provides consultancy, design and construction management for rural and urban infrastructure. The environmental activities range from soil and groundwater contamination investigation and remediation to consultancy on corporate energy and waste management issues, environmental policies for companies and governments, environmental impact assessments and carbon footprint reduction. ARCADIS' buildings activities comprise the planning, design, development and project and cost management of buildings, as well as the facility management related to these buildings after completion.

	The Netherlands		Europe excluding the Netherlands		United States		Rest of World		Eliminations		Total Segments		Corporate and unallocated amounts		Total Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External gross revenue	**404.2**	373.6	**361.0**	331.0	**817.3**	669.5	**157.4**	136.1			**1,739.9**	1,510.2			**1,739.9**	1,510.2
Intersegment	**2.5**	2.2	**2.7**	5.2	**0.3**	0.7	**0.2**	0.1	**(5.7)**	(8.2)	**-**	-			**-**	-
Total revenue	**406.7**	375.8	**363.7**	336.2	**817.6**	670.2	**157.6**	136.2	**(5.7)**	(8.2)	**1,739.9**	1,510.2			**1,739.9**	1,510.2
Materials, third parties and sub-contracting	**134.6**	120.3	**77.8**	69.2	**297.5**	252.4	**73.8**	72.0	**(5.7)**	(8.2)	**578.0**	505.7			**578.0**	505.7
Net revenue	**272.1**	255.5	**285.9**	267.0	**520.1**	417.8	**83.8**	64.2			**1,161.9**	1,004.5			**1,161.9**	1,004.5
Operating costs	**242.4**	222.8	**255.3**	238.7	**446.0**	362.8	**59.3**	49.8			**1,003.0**	874.1	**5.7**	4.4	**1,008.7**	878.5
Other income	**1.6**		**0.3**	1.6							**1.9**	1.6			**1.9**	1.6
Depreciation	**5.4**	5.4	**5.3**	5.2	**10.5**	8.6	**1.8**	1.0			**23.0**	20.2	**0.3**	0.2	**23.3**	20.4
EBITA	**25.9**	27.3	**25.6**	24.7	**63.6**	46.4	**22.7**	13.4			**137.8**	111.8	**(6.0)**	(4.6)	**131.8**	107.2
Amortization identifiable intangible assets	**0.5**	1.0	**3.8**	4.0	**7.0**	6.2	**0.9**	1.0			**12.2**	12.2			**12.2**	12.2
Operating income	**25.4**	26.3	**21.8**	20.7	**56.6**	40.2	**21.8**	12.4			**125.6**	99.6	**(6.0)**	(4.6)	**119.6**	95.0
Finance expense	**(0.9)**	0.1	**(2.1)**	(1.7)	**(18.4)**	(5.6)	**(4.9)**	(1.8)			**(26.3)**	(9.0)	**2.7**	0.4	**(23.6)**	(8.6)
Segment profit before tax	**24.5**	26.4	**19.7**	19.0	**38.2**	34.6	**16.9**	10.6			**99.3**	90.6	**(3.3)**	(4.2)	**96.0**	86.4
Income from associates	**(0.1)**	-	**0.2**	0.5	**-**	-	**(0.2)**	(1.3)			**(0.1)**	(0.8)			**(0.1)**	(0.8)
Taxes	**(6.2)**	(6.6)	**(6.4)**	(6.5)	**(15.8)**	(13.1)	**(5.1)**	(4.3)			**(33.5)**	(30.5)	**0.6**	2.4	**(32.9)**	(28.1)
Profit for the period	**18.2**	19.8	**13.5**	13.0	**22.4**	21.5	**11.6**	5.0			**65.7**	59.3	**(2.7)**	(1.8)	**63.0**	57.5
Minority interest	**0.1**	-	**(0.3)**	(0.2)	**-**	-	**(5.5)**	(2.4)			**(5.7)**	(2.6)			**(5.7)**	(2.6)
Net income	**18.3**	19.8	**13.2**	12.8	**22.4**	21.5	**6.1**	2.6			**60.0**	56.7	**(2.7)**	(1.8)	**57.3**	54.9
EBITA on recurring basis	**25.9**	27.3	**25.6**	23.4	**63.6**	46.4	**22.7**	13.4			**137.8**	110.5	**(6.0)**	(4.6)	**131.8**	105.9
Net income from operations	**18.9**	20.4	**16.1**	14.7	**34.4**	25.6	**7.0**	3.4			**76.4**	64.1	**(6.4)**	(1.8)	**70.0**	62.3
Total assets	**201.7**	181.4	**269.5**	252.1	**475.6**	378.3	**66.7**	78.9			**1,013.5**	890.7	**44.9**	31.0	**1,058.4**	921.7
Investments in associates	**1.3**	1.2	**0.7**	0.6	**0.1**	0.1	**13.6**	18.1			**15.7**	20.0			**15.7**	20.0
Other financial assets	**0.3**	1.1	**1.4**	1.3	**9.1**	1.0	**4.3**	4.9			**15.1**	8.3	**3.7**	(0.3)	**18.8**	8.0
Total liabilities	**149.6**	128.6	**127.0**	180.7	**507.5**	337.0	**39.1**	54.4			**823.2**	700.7	**15.2**	21.8	**838.4**	722.5
Total capital expenditures	**7.1**	7.3	**6.9**	6.7	**9.8**	11.0	**4.5**	8.2			**28.3**	33.2	**0.1**	0.1	**28.4**	33.3
Total number of employees	**2,778**	2,771	**3,789**	3,393	**4,847**	4,703	**1,700**	1,387			**13,114**	12,254	**57**	51	**13,171**	12,305

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

	Net revenues by origin		Non-current assets	
	2008	2007	2008	2007
The Netherlands	**273.1**	255.3	**74.0**	52.0
Europe excluding the Netherlands	**299.9**	277.2	**71.8**	90.4
United States	**496.8**	408.3	**183.3**	148.0
Rest of World	**92.1**	63.7	**33.4**	42.5
Total	**1,161.9**	1,004.5	**362.5**	332.9

5 Group companies

In accordance with articles 379 and 414, Book 2 of the Dutch Civil Code, the list of subsidiaries and associates is filed with the Chamber of Commerce in Arnhem.

Consolidated interests

The main consolidated companies are listed below, stating the country in which they are domiciled, if outside the Netherlands, and the percentage of ownership.

ARCADIS Nederland Holding BV, (100%) *Arnhem*
ARCADIS Aqumen Facility Management BV, (50%) *Arnhem*
PRC Holding BV, (100%) *Bodegraven*
ARCADIS U.S. Inc., (100%) *Denver, Colorado, United States*
RTKL Associates Inc., (100%) *Baltimore, Maryland, United States*
ARCADIS Belgium Holding NV, (100%) *Deurne, Belgium*
ARCADIS Deutschland GmbH, (100%) *Darmstadt, Germany*
ARCADIS Holding France S.A.S., (100%) *Paris, France*
ARCADIS AYH Plc, (100%) *London, United Kingdom*
ARCADIS Geragthy & Miller International Ltd., (100%) *Newmarket, United Kingdom*
ARCADIS Sp. z.o.o., (100%) *Warsaw, Poland*
ARCADIS CZ a.s., (100%) *Prague, Czech Republic*
ARCADIS SET S.r.l., (100%) *Appiano sulla Strada del Vino, Italy*
ARCADIS Geotecnica SA, (100%) *Santiago, Chile*
ARCADIS Logos Ltda., (50% + 1 share) *São Paulo, Brazil*

6 Changes in consolidated interests

During 2008, the following changes in consolidated interests took place:

On January 31, 2008, ARCADIS acquired 100% of the shares of LFR Inc., a U.S.-based environmental services company.
On April 1, 2008, ARCADIS acquired 100% of the shares of the Dutch company Meander Advies en Onderzoek BV, active in water-management, with a strong focus on river projects.
On April 2, 2008, ARCADIS acquired 100% of the shares of Elekol, a Polish company active in railway infrastructure and transportation.
On May 15, 2008, ARCADIS acquired 100% of the shares of the Belgian engineering firm Luc Van de Sype bvba (VDS), specialized in infrastructure projects.
On June 3, 2008, ARCADIS acquired 50% of the shares of the Romanian company TGH S.r.l., while the remaining 50% of the shares were acquired on October 21, 2008.
On July 7, 2008, ARCADIS acquired 100% of the shares of SET S.r.l., an Italian company specialized in environmental consulting services.
On August 4, 2008, ARCADIS divested Copijn Utrecht Holding BV, the design and contracting firm specialized in green amenities projects.

The acquisitions contributed € 83.7 million to annual gross revenue in 2008. The contribution to the consolidated profit for the period amounted to € 4.6 million, which is excluding financing expenses related to these acquisitions and after net amortization of identifiable intangible assets of € 2.4 million. If the acquisitions had occurred on January 1, 2008, management estimates that the consolidated gross revenue would have been € 100.0 million and the consolidated profit for the period, excluding financing expenses related to the acquisitions and after amortization of identifiable intangible assets, would have been € 5.0 million.

The total investment in acquisitions in 2008 was € 66.8 million, including goodwill of € 32.4 million.
Additionally an adjustment to the goodwill related to changes in purchase price considerations for earlier acquisitions of € 2.9 million was recognized.

The total change in goodwill was assigned to our geographic segments as follows:

Goodwill per geographic segment	
The Netherlands	149
Europe excluding the Netherlands	7,443
United States	21,999
Rest of world	(143)
Total goodwill paid	**29,448**

Of the € 66.8 million invested in acquisitions in 2008, up to € 0.5 million will be paid after 2008 and is consequently recorded as a liability.

No equity instruments were issued with respect to the financing of the 2008 acquisitions.

For some acquisitions the purchase accounting is included on a provisional basis, due to the fact that the underlying details for the determination of fair value of the assets and liabilities at acquisition date were not completely available before the issue of this annual report.

The acquisitions and disposal of interests had the following effect on assets and liabilities.

	Acquisitions	Divestments	Total
Assets			
Non-current assets			
Intangible assets	10,258	(5)	10,253
Property, plant & equipment	1,756	(132)	1,624
Investments in associates	1		1
Other investments	3	-	3
Other non-current assets	338		338
Deferred tax assets	3,027		3,027
Total non-current assets	**15,383**	**(137)**	**15,246**
Current assets			
Inventories	4	(15)	(11)
(Un)billed receivables	20,707	126	20,833
Other current assets	1,357	(46)	1,311
Corporate tax asset	162		162
Cash and cash equivalents	27,355		27,355
Total current assets	**49,585**	**65**	**49,650**
Total assets	**64,968**	**(72)**	**64,896**
Equity and liabilities			
Minority interest	**(528)**		**(528)**
Non-current liabilities			
Provisions	1,306	(12)	1,294
Deferred tax liabilities	4,094		4,094
Loans and borrowings	126		126
Total non-current liabilities	**5,526**	**(12)**	**5,514**
Current liabilities			
Billing in excess of cost	7,231		7,231
Corporate tax liabilities	(1,578)		(1,578)
Trade and other liabilities	19,849	(60)	19,789
Total current liabilities	**25,502**	**(60)**	**25,442**
Total equity and liabilities	**30,500**	**(72)**	**30,428**
Total net value	**34,468**		**34,468**
Recorded goodwill / (book gain)	32,360	(475)	31,885
Consideration related to 2008 transactions	**66,828**	**(475)**	**66,353**
After-payments unpaid	(525)		(525)
Cash (acquired) / disposed	(27,351)		(27,351)
Net cash outflow related to 2008 transactions	**38,952**	**(475)**	**38,477**
Change in goodwill due to adjustments after-payments	(2,912)		(2,912)
Adjustments on after-payments related to earlier transactions	2,965		2,965
After-payments paid related to earlier transactions	34,665		34,665
Net cash outflow / (inflow)	**73,670**	**(475)**	**73,195**

7 Intangible assets

	Goodwill	Other Intangible assets	Software	Total
Cost				
Balance at January 1, 2007	139,433	24,708	22,986	187,127
Acquisitions through business combinations	85,027	14,807	1,534	101,368
Investments	-	-	3,639	3,639
Divestments	-	-	(28)	(28)
Disposals	-	-	(3,078)	(3,078)
Exchange rate differences	(14,970)	(2,441)	(792)	(18,203)
Other changes	(448)	(1,519)	115	(1,852)
Balance at December 31, 2007	209,042	35,555	24,376	268,973
Balance at January 1, 2008	**209,042**	**35,555**	**24,376**	**268,973**
Acquisitions through business combinations	**29,448**	**10,226**	**32**	**39,706**
Investments	**-**	**-**	**3,884**	**3,884**
Divestments	**-**	**-**	**(71)**	**(71)**
Disposals	**-**	**(7,337)**	**(835)**	**(8,172)**
Exchange rate differences	**(4,638)**	**(1,255)**	**(174)**	**(6,067)**
Other changes	**(375)**	**13**	**(65)**	**(427)**
Balance at December 31, 2008	**233,477**	**37,202**	**27,147**	**297,826**
Amortization and depreciation				
Balance at January 1, 2007	-	14,311	18,646	32,957
Amortization charge for the year	-	12,224	3,213	15,437
Disposals	-	-	(2,986)	(2,986)
Exchange rate differences	-	(1,561)	(599)	(2,160)
Other changes	-	(1,207)	26	(1,181)
Balance at December 31, 2007	-	23,767	18,300	42,067
Balance at January 1, 2008	-	**23,767**	**18,300**	**42,067**
Amortization charge for the year	-	**12,202**	**3,637**	**15,839**
Divestments			**(66)**	**(66)**
Disposals	-	**(7,337)**	**(809)**	**(8,146)**
Exchange rate differences	-	**(793)**	**20**	**(773)**
Other changes	-	**(325)**	**(33)**	**(358)**
Balance at December 31, 2008	**-**	**27,514**	**21,049**	**48,563**
Carrying amounts				
At January 1, 2007	139,433	10,397	4,340	154,170
At December 31, 2007	209,042	11,788	6,076	226,906
At January 1, 2008	209,042	11,788	6,076	226,906
At December 31, 2008	**233,477**	**9,688**	**6,098**	**249,263**

During 2008 and 2007, no changes were made in the useful lives, amortization methods and the residual values of the intangible assets.

The total goodwill capitalized was assigned to our geographic segments as follows:

	2008	2007
The Netherlands	**22,286**	22,513
Europe excluding the Netherlands	**62,615**	66,291
United States	**143,612**	113,902
Rest of world	**4,964**	6,336
Total goodwill	**233,477**	209,042

The goodwill in the United States relates to two cash-generating units, being RTKL and ARCADIS US, while the goodwill in Europe mainly relates to cash-generating units in the UK.

The amortization charge is recognized in the following line items in the statement of income:

	2008	2007
Amortization identifiable intangible assets	**12,202**	12,224
Depreciation and amortization	**3,637**	3,213

Impairment testing for cash-generating units containing goodwill

The impairment test compares the carrying value of the cash-generating units with the recoverable amounts.
The cash-generating unit is the lowest level within ARCADIS at which goodwill is monitored for internal management purposes. The recoverable value is determined based on a calculation of the value in use and compared to recent multiples of comparable activities on the stock exchange. Those calculations use cash flow projections based on actual operating results and the three-year strategic plan as approved by the Executive Board. Projections are extrapolated beyond this three-year period using an appropriate perpetual growth rate that is consistent with the long-term average market growth rate and that typically does not exceed 3% (2007: 3%) in our calculations. The estimated post-tax cash flows are discounted to their present value using a post-tax weighted average cost of capital (WACC). The post-tax WACC used is 8% (2007: 8%), and where applicable, a surcharge is added for specific country risks.

The key assumptions used in the predictions are:
- Revenue growth: based on actual experience and market analysis.
- Margin development: based on actual experience and management's long-term projections.
- WACC: based on the company specific rates of return demanded from investors in the company and based on the current leverage of the company.

The impairment test for cash-generating units containing goodwill performed in 2008 showed that the recoverable amount for each cash-generating unit exceeded the carrying amount; hence, the test did not result in impairment.

8 Property, plant & equipment

	Land and buildings	Furniture and fixtures	Total
Cost			
Balance at January 1, 2007	27,997	104,452	132,449
Acquisitions through business combinations	34	11,742	11,776
Investments	6,504	23,183	29,687
Divestments	(123)	(3,285)	(3,408)
Disposals	(14,913)	(13,339)	(28,252)
Exchange rate differences	(281)	(5,847)	(6,128)
Other changes	(5,981)	6,338	357
Balance at December 31, 2007	13,237	123,244	136,481
Balance at January 1, 2008	**13,237**	**123,244**	**136,481**
Acquisitions through business combinations	-	**1,756**	**1,756**
Investments	**1,633**	**22,851**	**24,484**
Divestments	**(207)**	**(917)**	**(1,124)**
Disposals	**(615)**	**(10,357)**	**(10,972)**
Exchange rate differences	**(2,139)**	**(1,451)**	**(3,590)**
Other changes	**942**	**(1,551)**	**(609)**
Balance at December 31, 2008	**12,851**	**133,575**	**146,426**
Depreciation			
Balance at January 1, 2007	7,751	69,692	77,443
Depreciation charge for the year	653	16,539	17,192
Divestments	-	(2,719)	(2,719)
Disposals	(3,797)	(12,250)	(16,047)
Exchange rate differences	(105)	(3,510)	(3,615)
Other changes	(1,681)	2,039	358
Balance at December 31, 2007	2,821	69,791	72,612
Balance at January 1, 2008	**2,821**	**69,791**	**72,612**
Depreciation charge for the year	**808**	**18,821**	**19,629**
Divestments	**(180)**	**(812)**	**(992)**
Disposals	**(112)**	**(9,651)**	**(9,763)**
Exchange rate differences	**(288)**	**(763)**	**(1,051)**
Other changes	**(42)**	**(434)**	**(476)**
Balance at December 31, 2008	**3,007**	**76,952**	**79,959**
Carrying amounts			
At January 1, 2007	20,246	34,760	55,006
At December 31, 2007	10,416	53,453	63,869
At January 1, 2008	10,416	53,453	63,869
At December 31, 2008	**9,844**	**56,623**	**66,467**

During 2008, no changes were made in the useful lives, depreciation methods and the residual values of the property, plant & equipment.

At December 31, 2008, the carrying amount of tangible fixed assets financed by financial lease, was € 0.5 million (2007: € 1.1 million). Both at December 31, 2008 and December 31, 2007, no properties were registered as security for bank loans.

9 Investments in associates

Summary of financial information on the main equity-accounted associates on a 100% basis, in millions:

Associates	% of equity	Assets		Liabilities		Equity		Gross Revenue		Net income	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Hidropower Energia	16.0*		27.8		16.9		10.9	**3.6**	4.1		0.1
Retiro Baixo Energetica	25.5	**83.3**	54.5	**43.4**	17.9	**39.9**	36.6	**-**	-	**-**	-
Tupan Energia Eletrica	16.0*		35.1		28.6		6.5	**-**	-		-
Geodynamique	42.7	**1.8**	1.7	**0.5**	0.6	**1.3**	1.1	**1.8**	1.7	**0.4**	0.3
PIE-RP Termelétrica S.A.	25.0		22.9		18.0		4.9		11.6		(2.7)
Breitener Energética S.A.	5.5*	**142.8**	190.6	**95.8**	147.2	**47.0**	43.4	**109.0**	93.1	**(3.5)**	(12.2)
Operaciones Relave S.A.	24.8	**0.8**		**0.2**		**0.6**		**3.1**		**0.1**	
VOF De Ruyterkade	50.0	**0.7**	0.8	**0.7**	0.8	**-**	-	**1.7**	1.6		-
VOF EMC Starc	35.0	**2.0**	2.2	**0.6**	1.1	**1.4**	1.1	**-**	-	**0.4**	(0.3)
VOF X-pact	12.0*	**0.6**	6.3	**0.1**	1.4	**0.5**	4.9	**0.6**	4.1	**0.2**	1.1
		232.0	341.9	**141.3**	232.5	**90.7**	109.4	**119.8**	116.2	**(2.4)**	(13.7)

* These companies are measured using the equity method, as ARCADIS has significant influence because the Company is represented on the board of directors and participates in policy making.

	2008	2007*
Balance at January 1	**20,046**	6,072
Equity share in income	**(47)**	(822)
Investments	**6,262**	10,866
Divestments	**(6,685)**	(666)
Disposals	**-**	-
Received dividends	**(564)**	(150)
Other changes and exchange rate differences	**(3,330)**	4,746
Balance at December 31	**15,682**	20,046

* see note 10: loans to equity-accounted associates were reclassified from other investments to investments in associates. The 2007 figures have been adjusted accordingly.

10 Other investments

	2008	2007*
Investments measured at amortized cost		
Balance at January 1	**970**	5,357
Investments		28
Acquisitions/Divestments	**(329)**	(110)
Disposals	**-**	
Other changes and exchange rate differences	**(437)**	(4,305)
Balance at December 31	**204**	970

* see note 9: loans to equity-accounted associates were reclassified from other investments to investments in associates. The 2007 figures have been adjusted accordingly.

The associates Hidropower Energia, Tupan Energia Eletrica and PIE-RP Termelétrica S.A. were divested in 2008.

11 Other non-current assets

	2008	2007
Balance at January 1	**7,009**	5,810
Acquisitions/Divestments	**338**	433
New receivables	**12,064**	2,222
Received	**(3,655)**	(1,624)
Other changes and exchange rate differences	**(955)**	168
Balance at December 31	**14,801**	7,009

Other non-current assets include long term receivables, amongst others related to energy projects and investments. Furthermore a receivable related to the deferred compensation plan in the United States is included. See note 19 for further details.

12 Inventories

	2008	2007
Goods for resale	**-**	14
Raw materials and supplies	**771**	662
Balance at December 31	**771**	676

13 Derivatives

The Company has purchased cross-currency interest rate swaps to hedge the currency risk, as well as the interest rate risk, on the $ 350 million long-term loan (2007: $ 200 million). Furthermore, at the end of December 2008, the Company entered into several currency swap contracts to hedge the currency risk on $ 18 million and £ 3 million short-term borrowings.
The Company also hedged the currency exposure on $ 9 million in order to match expected US-dollar revenues in Euro.

These derivatives do not qualify for hedge accounting and all fair value changes are recognized immediately in the statement of income. Accordingly, the swaps are recorded at their fair value, and the unrealized gain or loss on remeasurement is recognized immediately in the statement of income.

The fair value of the derivatives decreased in 2008 from a liability of € 21.2 million to a liability of € 13.0 million. The difference of € 8.2 million is recognized as an income from fair value changes of derivatives under financing items (€ 8.1 million) and operational costs (€ 0.1 million). The currency translation adjustment of the related US-dollar loan is also recognized under financing items as financial income for a negative effect of € 14 million (see note 32). In 2007 the fair value of the derivatives decreased from a liability of € 5.8 million to a liability of € 21.2 million. The difference of € 15.4 million was recognized as a loss under financing items.

Early January 2009, the Company decided to unwind the cross-currency interest rate swaps on the US dollar- loans. The resulting profit of € 7.5 million will be recognized in 2009.

14 (Un)billed receivables

Includes items maturing within one year

	2008	2007
Unbilled receivables	215,817	185,539
Trade receivables	337,439	284,673
Provision for bad debts	(21,907)	(11,709)
Receivables from associates	7,190	6,341
Total receivables	**538,539**	464,844

The provision for bad debts has developed as follows:

	2008	2007
Balance at January 1	11,709	8,715
Acquisitions/divestments	3,533	2,160
Additions charged to income	10,710	4,660
Release of unused amounts	(2,302)	(1,840)
Utilization	(1,688)	(1,383)
Exchange rate differences	(55)	(603)
Balance at December 31	**21,907**	11,709

The exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 32.

Work in progress

Costs and estimated earnings on uncompleted contracts are as follows:

	2008	2007
Cost incurred on uncompleted contracts and estimated earnings	2,953,005	2,805,447
Billings to date	(2,919,841)	(2,762,804)
Total work in progress	**33,164**	42,643

All amounts are expected to be collected within one year.

	2008	2007
Cost incurred and estimated earnings in excess of billings	215,817	185,539
Billings in excess of costs incurred and estimated earnings	(182,653)	(142,896)
Balance at December 31	**33,164**	42,643

Amount of advances received	16,018	17,665
Amount of retentions held by clients	312	335

15 Other current assets

	2008	2007
Other receivables	16,038	13,005
Prepaid expenses	15,985	14,515
Balance at December 31	**32,023**	27,520

16 Cash and cash equivalents

The Company's policy is to invest cash in excess of operating requirements in highly liquid investments. Cash and cash equivalents at December 31, 2008, and 2007 consisted of the following:

	2008	2007
Deposits	5,519	16,223
Cash in banks restricted for taxes/social premiums	106	178
Bank and cash	112,250	76,207
Balance at December 31	**117,875**	92,608
Bank overdrafts used for cash management purposes	(6,199)	(20,888)
Cash and cash equivalents in the cash flow statement	**111,676**	71,720

The effective interest rates for cash at the balance sheet date were 2.3% (2007: 4.4%).
At December 31, 2008 € 116.3 million of cash and cash-equivalents were freely available (2007: € 91.1 million).

17 Share capital

In May 2008, the Annual General Meeting of Shareholders approved a stock split of the ARCADIS share, whereby each share with a nominal value of € 0.05 was raised until € 0.06 and after that was split in three shares with a nominal value of € 0.02 each. For comparison reasons all numbers for 2007 and earlier years have been restated for the effect of the stock split.

At December 31, 2008, the Company's authorized share capital amounts to € 6,000,012 divided into 120,000,000 shares of common stock, 150,000,000 shares of cumulative preferred stock, and 30,000,000 shares of cumulative financing preferred stock (divided over six series of 5,000,000 shares each) and 600 priority shares, all with a nominal value of € 0.02 each. At December 31, 2008, 61,936,845 (2007: 61,936,845) shares of common stock and 600 (2007: 600) priority shares were issued. During 2008, no preference shares or financing preference shares were issued or outstanding.

Priority shares

The priority shares have been issued since 1987 and are held by the Stichting Prioriteit ARCADIS NV, a foundation established in Arnhem. The special statutory right under ARCADIS' Articles of Association to these priority shares is decision making related to:

1. The issuance, acquisition and disposal of shares in the Company;
2. Amendments to the Articles of Association
3. The dissolution of the Company and the filing for bankruptcy;
4. The entry into or termination of long-term cooperative ventures of substantial significance; and
5. Investments (including entering into participations) for an amount equal to at least 25% of the shareholders' equity.

The board of the Stichting Prioriteit ARCADIS NV is administered by 20 board members: 7 members of ARCADIS' Supervisory Board, 3 members of ARCADIS' Executive Board, and 10 members from the board of Stichting Bellevue (a foundation established in Arnhem, whose board members are appointed by and from the international employees of the ARCADIS Group). At balance sheet date, the members of the board of the Stichting Prioriteit ARCADIS NV are:

- Rijnhard W.F. van Tets, Chairman
- Jürgen C. Boenecke, Deputy Chairman
- Harrie L.J. Noy, Secretary
- Marc A. Elbers
- Carlos Espinosa de los Monteros
- Pascal P.L. Guedon
- Luc G.J. Hellemans
- C. Michiel Jaski
- Patrick J. Keaney
- Karla M. Kiffer de Moraes
- Piotr Miaso
- George R. Nethercutt Jr.
- Jan Peelen
- Friedrich M.T. Schneider
- J.C. Maarten Schönfeld
- Ewoud R. van der Sluis
- Marcel P. Stuart
- Peter E. Yakimowich
- Gerrit Ybema
- 1 vacancy

During 2008 Thomas M. Cohn and Marc F.M. van Put stepped back from the board of Stichting Prioriteit ARCADIS NV, while Luc G.J. Hellemans, Karla M. Kiffer de Moraes and J.C. Maarten Schönfeld were appointed as members of the board of Stichting Prioriteit ARCADIS NV.

The Executive Board of ARCADIS NV and the Board of Stichting Prioriteit ARCADIS NV are both of the opinion that, regarding the exercising of the voting right on the priority shares by Stichting Prioriteit ARCADIS NV, there is full compliance with the requirements stipulated in Section 5:71c of the "Wet op het financiëel toezicht" and Section 2:118a, paragraph 3 of the Dutch Civil Code.

Cumulative Preferred Shares

The objective of Stichting Preferente Aandelen ARCADIS NV (Preferred Stock Foundation ARCADIS NV), established in Arnhem in 1995, is the protection and promotion of the interests of ARCADIS NV and its affiliated companies and all parties involved. The Foundation has been granted the right to acquire ARCADIS' preferred (protection) shares up to a maximum equal to the number of outstanding shares issued at the date in question. ARCADIS NV has been granted the right to issue the same number of preferred shares to the Foundation. Both options may only be exercised provided the interests of ARCADIS NV, its affiliated enterprises, and all parties involved were to warrant this. In the event of an unfriendly hostile takeover attempt, these shares are provided to prevent any major changes in the control of the Company without due consideration of the interests of the Company and all those involved with it. The Board of the Foundation consists of four persons appointed by the Company's Executive Board.

At balance sheet date, the Board of the Foundation is comprised of the following individuals:

- Bram A. Anbeek van der Meijden, Chairman
- Gert Jan Kramer, Deputy Chairman
- Liesbeth M. Kneppers-Heijnert, Secretary
- Fritz Fröhlich

The Executive Board of ARCADIS NV and the Board of Stichting Preferente Aandelen ARCADIS NV are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in 5:71c of the "Wet op het financiëel toezicht" and Section 2:118a, paragraph 3 of the Dutch Civil Code.

Cumulative Financing Preferred Shares

Since 2002, the Articles of Association incorporate the possibility to issue shares of cumulative financing preferred stock. Currently, no cumulative financing preferred stock has been issued.

Agreements with shareholders

The Articles of Associaton of Stichting Lovinklaan stipulate that their Articles of Association can not be amended without prior approval of the Stichting Prioriteit ARCADIS NV. In a separate agreement between Stichting Prioriteit ARCADIS NV and Stichting Lovinklaan is stipulated that prior approval of Stichting Prioriteit ARCADIS NV is required for any resolution concerning the disposal or transfer of shares in ARCADIS NV if, as a result of such resolution the shares owned by Stichting Lovinklaan will end below the minimum number of shares of 12,000,000.

Option and share purchase plans

To stimulate the realization of long-term Company objectives and goals, ARCADIS NV has option and share plans, as well as a share purchase plan. Following is an overview.

ARCADIS NV 1994 and 1996 Incentive Plan

At the time of the merger with Geraghty & Miller in 1993, ARCADIS took over and later in 1994 and 1996 expanded the existing employee option plans. These employee stock option plans were dedicated to employees of the American subsidiaries and ended in 2003 and 2005, respectively, so that since then, no new options can be granted under these plans. The options granted under these plans are valid for a ten-year period and generally become vested after a three-year period. At December 31, 2008: 71,025 (2007: 109,836) options were outstanding. These can be exercised at prices ranging from 2008: $ 2.25 to $ 5.00 (2007: $ 2.25 to $ 5.00); the average exercise price is $ 4.23 (2007: $ 4.05). During 2008: 38,811 options were exercised (2007: 126,975) with exercise prices between $ 2.67 and $ 5.00 (2007: $ 2.25 and $ 5.00). During 2008 no options were cancelled. The closing price of ARCADIS shares on the over-the-counter market (OTC) on December 31, 2008, was $ 13.60 (2007: $ 22.72). One option entitles the holder to one share. On December 31, 2008, all outstanding options were exercisable.

ARCADIS NV 2001 Long-Term Incentive Share Option Plan

In the General Meeting of Shareholders of May 2001, the ARCADIS 2001 Long-Term Incentive Share Option Plan was introduced. Under this plan, a maximum of 7,500,000 options were expected to be granted from 2001 to 2006 to key staff members of ARCADIS NV and its subsidiaries. Options under this plan are conditional and can be exercised three years after the issue date, provided the staff member is still employed by the Company. The options are valid for a period of ten years starting on the issue date. On January 1, 2008, the number of outstanding options was 1,218,306 with exercise prices ranging from € 2.83 to € 7.26. During 2008, 259,367 options were exercised, while 4,593 options were cancelled. At December 31, 2008, 954,346 options were outstanding with exercise prices between € 2.83 and € 7.26. The average exercise price is € 4.89. On December 31, 2008 all outstanding options were exercisable. The closing price of ARCADIS shares on Euronext at December 31, 2008 was € 9.40. In May 2005, this plan was replaced by the ARCADIS NV 2005 Long-Term Incentive Plan.

ARCADIS NV 2005 Long-Term Incentive Plan

In May 2005, the General Meeting of Shareholders agreed to a number of changes in the 2001 plan. These changes are the result of the implementation of the Dutch Corporate Governance Code, as well as the expiration of the *ARCADIS 1996 Incentive Plan*. Following are the primary changes that were introduced:

- In addition to rights to shares (option rights), other share-related incentives can be granted, such as Stock Appreciation Rights, Restricted Stock (units) and Incentive shares.
- The granting of (rights to) shares can be related to the goals or performance criteria as set by the ARCADIS NV Supervisory Board. This Committee also determines the moment at which the granted (rights to) shares can be exercised.
- The number of (rights to) shares totals 7,500,000; the plan is valid until December 31, 2011.
- In its December 2005 meeting, the Supervisory Board approved the text of the ARCADIS NV 2005 Long-Term Incentive Plan.

On May 9, 2008, 475,150 conditional options with an exercise price of € 13.03 were granted under this plan and accepted by 256 employees worldwide. At the same date, a total of 100,800 conditional options were granted to the members of the Executive Board and 108,600 conditional options were granted to the members of the Senior Management Committee. All these options had an exercise price of € 13.03. In addition on May 9, 2008, under the 2005 Plan, the members of the Executive Board were granted 50,400 conditional shares, in line with the remuneration policy for the Executive Board as agreed to by the General Meeting of Shareholders in May 2005 and 51,300 conditional shares were granted for the members of the Senior Management Committee.

On May 13, 2008, the conditional options that were granted in 2005 to the members of the Executive Board became unconditional. At the end of this 3 year period ARCADIS reached the second position in comparison to the peer group, and based on this performance measure, the number of options granted (40,000 - after the stock-split 120,000) was increased by 33.3% or 39,999 options.

On January 2, 2008, the new Chief Financial Officer of ARCADIS US was appointed and at that time, he was granted 30,000 options with an exercise price of € 15.22. On January 31, 2008, ARCADIS acquired LFR, and management and employees of this company were granted 168,000 options with an exercise price of € 13.65.

Several times during 2008, a total of 165,844 options with exercise prices ranging from € 12.52 to € 18.28 were granted to the Corporate Director of Mergers & Acquisitions. During 2008, a total of 57,317 options were exercised while 119,930 options were cancelled.

On December 31, 2008, a total number of 4,699,834 options were outstanding under the 2005 plan. The average exercise price is € 15.26. Of the options granted under the 2005 Plan, 811,360 options were exercisable at December 31, 2008.

Overview of incentive shares granted

Provisional (rights to) shares granted on	Granted	Unconditional in	Increase because of ranking in the peer group	Total amount to be expensed over the vesting period, in €	Cancelled
May 11, 2005	51,000	2008	16,998	191,000	-
May 19, 2006	142,200	2009	-	1,105,000	7,349
October 1, 2006	3,000	2009	-	22,000	-
May 18, 2007	141,150	2010	-	1,763,000	1,950
May 9, 2008	101,700	2011	-	831,900	-

A summary of the combined activities under ARCADIS Stock Option Plans for each year in the two-year period ended December 31, 2008 is as follows:

	Number of options in $	Weighted average exercise price in $	Number of options in €	Weighted average exercise price in €
Balance at January 1, 2007	285,480	4.53	3,525,696	7.47
Granted	-	-	2,106,747	20.27
Exercised	(126,975)	3.79	(509,616)	3.70
Forfeited	(2,550)	5.00	(161,952)	9.79
Balance at December 31, 2007	155,955	5.12	4,960,875	13.22
Increase by performance measure	**-**	**-**	**39,999**	**5.98**
Granted	**-**	**-**	**1,048,394**	**13.29**
Exercised	**(58,811)**	**5.06**	**(296,684)**	**4.89**
Forfeited	**-**	**-**	**(124,523)**	**16.82**
Balance at December 31, 2008	**97,144**	**5.16**	**5,628,061**	**13.54**

At December 31, 2008 and 2007, options to purchase 1,845,966 shares with an average exercise price of € 6.97 and 734,220 shares with an average exercise price of € 3.76, respectively, were exercisable. No granted options expired in 2008.

Total options outstanding and exercisable at December 31, 2008 were as follows:

			Options Outstanding		Options Exercisable
Option price per share	Number	Weighted average life	Weighted average exercise price per share	Number	Weighted average exercise price per share
$ 2.25-3.25	12,300	2.2	$ 2.60	12,300	$ 2.60
$ 3.26-5.00	58,725	5.3	$ 4.58	58,725	$ 4.58
$ 5.01-7.75	26,119	6.5	$ 7.67	26,119	$ 7.67
Total	**97,144**		**Average $ 5.16**	**97,144**	**Average $ 5.16**
€ 2.83-3.75	385,605	4.3	€ 3.06	385,605	€ 3.06
€ 3.76-7.50	1,139,185	6.5	€ 6.44	1,139,185	€ 6.44
€ 11.50-17.50	2,120,172	8.3	€ 12.83	82,603	€ 12.85
€ 18.00-21.50	1,983,099	8.5	€ 20.41	141,429	€ 20.66
Total	**5,628,061**		**Average € 13.54**	**1,748,822**	**Average € 7.15**

Issuance of shares

The General Meeting of Shareholders decides, under the approval of Stichting Prioriteit ARCADIS NV, about the issuance of shares. The meeting can also appoint the Executive Board to issue shares, and as long as this appointment stands, the meeting cannot decide to issue. Issuance of shares to someone who has an earlier right to take shares can be decided by the Executive Board and does not fall under the stipulations outlined above.

Purchase of shares

The Executive Board can, as mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit ARCADIS NV, purchase issued and paid-in shares in ARCADIS NV. The mandate is not needed in case the shares are purchased to be issued to employees in line with existing employee, share or option plans.

Regarding the ARCADIS Incentive plans, the intention is to minimize dilution by purchasing (a portion of) the shares needed for these plans. In 2008, no shares were issued as a result of options being exercised (2007: zero). The following numbers of shares were purchased.

Year	Number of shares	Price at time of purchase
2002	900,000	€ 3.58
2003	338,916	€ 2.58 to € 2.88
2004	1,500	€ 2.88
2004	34,200	$ 6.13 to $ 6.22
2005	651,039	€ 6.08 to € 9.08
2005	345,099	$ 5.67 to $ 10.31
2006	1,364,514	€ 8.87 to € 13.84
2006	120,000	$ 14.70 to $ 15.90
2007	1,050,000	€ 16.03 to € 20.57
2008	825,000	€ 8.19 to € 14.01

The repurchased shares are to cover the options granted. This temporary repurchase has been deducted from the Retained Earnings.

Of the shares purchased throughout 2008, a total number of 424,393 have been placed back in the market through the exercise of options. The net proceeds were € 1.6 million (2007: € 2.2 million).

At December 31, 2008, the number of repurchased shares that was in possession was 1,835,897 (2007: 1,435,290).

Outstanding shares of common stock:

	January 1	Issuing shares	Repurchase shares	Reissuing shares	December 31
2004	60,052,215	645,714	35,700	234,000	60,896,229
2005	60,896,229	-	996,138	909,717	60,809,808
2006	60,809,808	-	1,484,514	1,589,670	60,914,964
2007	60,914,964	-	1,050,000	636,591	60,501,555
2008	60,501,555	-	825,000	424,393	60,100,948

Additional paid-in capital

Additional paid-in capital represents the premium paid in excess of the par value of shares at the time of the issuance of new shares or exercise of stock options. If ARCADIS declared a distribution to shareholders of additional paid-in capital, at least € 18.7 million of the additional paid-in capital would not be taxable under the 1964 Dutch income tax legislation.

Cumulative translation reserve

Cumulative translation reserves (a statutory reserve) comprise all foreign exchange differences arising as of 2004 from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans with a permanent nature.

Retained earnings

The Executive Board is authorized to propose to the Annual General Meeting of Shareholders, with the approval of the Supervisory Board, which part of the profit shall be paid as dividend. That which remains shall be added to the equity of the Company. The holder of the priority shares is entitled to a dividend of 5% of the par value of the priority shares. For the fiscal year 2008, the Executive Board with the approval of the Supervisory Board proposes to add the amount of € 30.3 million to the retained earnings. The remainder of € 27.0 million can be distributed as a dividend, which represents a dividend of € 0.45 per outstanding share of common stock. For fiscal year 2007, a dividend was proposed and accepted amounting to € 0.41 per outstanding share of common stock. Of the total amount of retained earnings € 24.1 million is restricted in distribution. See also note 38 to the Company financial statements.

18 Earnings per share

For calculating the earnings per share, the following numbers of shares were used:

Year	Priority shares	Shares of common stock	Diluted number of shares of common stock
2008	**600**	**60,518,257**	**60,952,116**
2007	600	60,989,634	62,987,592

The diluted number of shares is calculated by using the monthly number of options outstanding and the monthly average stock price on the Euronext Amsterdam Stock Market and the U.S. Nasdaq Market. Only options with exercise prices below the average stock price are taken into account. In June 2007, the Company delisted from the U.S. Nasdaq Market.

The weighted average number of ordinary shares used for the calculation of earnings per share for the years 2008 and 2007 is calculated as follows:

	2008	2007
Average number of issued shares	**61,937,445**	61,937,445
Average number of repurchased shares	**1,418,588**	947,211
Average number of outstanding shares	**60,518,857**	60,990,234
Of which priority shares	**600**	600
Shares of common stock	**60,518,257**	60,989,634

For the calculation of earnings per share, no distinction is made between the different classes of shares.

Total earnings of ARCADIS:

	2008	2007
Net income from operations	**70,014**	62,293
Net income	**57,330**	54,852
Earnings per share (in euros):		
Net income from operations	**1.16**	1.02
Net income	**0.95**	0.90

As mentioned in note 17, at December 31, 2008, the number of outstanding options is 5,725,205 (2007: 5,116,830). Of the outstanding options at December 31, 2008 1,621,934 options were in the money and exercisable (2007: 3,010,083 in the money, but not all exercisable). Exercising options may lead to dilution. This dilution is calculated on a monthly average basis. To avoid dilution as much as possible, ARCADIS repurchases its own shares that are reissued at the time of option exercises.

	2008	2007
Average number of outstanding shares	**60,518,857**	60,990,234
Average number of diluting shares	**433,259**	1,997,958
Average number of diluted shares	**60,952,116**	62,988,192
Earnings per diluted share (in euros):		
Net income from operations	**1.15**	0.99
Net income	**0.94**	0.87

19 Provisions

	Pension obligations	Deferred compensation	Restructuring	Litigation	Other	Total
Balance at January 1, 2008	11,352	1,288	1,094	14,110	817	28,661
Acquisitions	928			76	302	1,306
Additions	8,269	546	698	4,810	618	14,941
Amounts used	(8,121)	(81)	(762)	(2,080)	(100)	(11,144)
Release of unused amounts	(397)	(355)	(255)	(1,494)	(243)	(2,744)
Divestments					(12)	(12)
Exchange rate differences	71	(5)		67	(101)	32
Balance at December 31, 2008	**12,102**	**1,393**	**775**	**15,489**	**1,281**	**31,040**
Non-current	**11,857**	**1,272**	**341**	**12,059**	**1,136**	**26,665**
Current	**245**	**121**	**434**	**3,430**	**145**	**4,375**
	12,102	**1,393**	**775**	**15,489**	**1,281**	**31,040**

Pension obligations

In the German and French operating companies for limited groups of (ex)employees, pension plans are in place. For these plans, provisions have been recognized based on IAS 19. At year-end 2008, these provisions amounted to € 3.1 million (2007: € 2.8 million). At the end of December 31, 2007, a provision of € 8.1 million existed, related to the termination of defined benefit plans in RTKL. This amount was fully paid during 2008.

The United States operating company has a plan for deferred compensation. The management of the company can elect not to have its salary paid out, but rather invested in a fund by the company, and is offered a choice of three different portfolio types: risk averse, neutral and risky. The risk is the responsibility of the participants. At the end of 2008, the amount recognized under pension obligations for these deferred salaries was € 7.7 million. This amount is offset by a receivable on the fund, which is recognized under other non-current assets. In 2008 the receivable was € 7.4 million (2007: € 5.9 million). In 2007, the receivable was offset against the provision.

Deferred compensation

A provision to the amount of € 1.4 million has been recorded related to an early retirement plan for a former manager of an acquired company and to future jubilee payments based on the current agreements in the collective labour agreements and the related staff levels.

Restructuring

Provisions for restructuring includes costs related to certain compensation to staff and cost directly related to the existing plans to execute certain restructurings. A provision can only be taken if the decision to execute said restructuring has been taken, its costs can be reasonably and fairly estimated and its intended execution has been announced. Existing plans currently include small restructurings in certain parts of the company that are expected to be phased in on a step-by-step basis in the coming 24 months.

Litigation

ARCADIS has global professional liability insurance coverage and in addition, has local insurance in a number of countries. In general, these insurance policies have a self-insured retention and a maximum payout level. Clients sometimes claim, justified or not, that they are not satisfied with the services provided by ARCADIS. Estimates by management and external advisors lead to an indication of the potential financial risk and whether or not that risk is covered by the insurance policies. This, in turn, determines the amount ARCADIS provides for.

Other provisions

In some cases, ARCADIS may extend warranties after the completion of activities. In such cases, a provision is recognized, based on estimated cash out flows. Because settlement in these cases generally takes place within a short time frame and because the amounts are relatively limited, no discounting takes place.

20 Deferred tax assets and liabilities

In assessing the valuation of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax assets considered realizable, however, could change in the near term if future estimates of projected taxable income during the carry-forward period are revised.

Unrecognized deferred tax assets and liabilities

In 2008, a deferred tax asset of € 2.4 million (2007: € 1.5 million) for net operating losses was not recognized. The opinion of management is that it is not probable that these losses will be compensated by future profits in the companies where these losses were made. These tax losses do not have an expiration date.

The movement in unrecognized deferred tax assets and liabilities during the year is as follows:

	Balance at January 1, 2008	Additions	Recognition	(De)-consolidations	Exchange rate differences	Balance at December 31, 2008
Tax losses	1,470	1,135			(220)	**2,385**

Recognized deferred tax assets

Deferred tax assets and liabilities relate to the following balance sheet items:

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Goodwill/identifiables	**1,109**	2,248	**3,684**	3,089	**(2,575)**	(841)
Work in progress	**1,021**	996	**16,307**	18,008	**(15,286)**	(17,012)
Accrued expenses	**15,745**	10,666	**38**	987	**15,707**	9,679
Share-based compensation	**1,268**	3,292	**-**	-	**1,268**	3,292
Deferred compensation	**1,386**	1,265	**-**	-	**1,386**	1,265
Net operating losses	**2,578**	1,826	**-**	-	**2,578**	1,826
Others	**4,081**	2,240	**967**	1,069	**3,114**	1,171
Offsetting	**(14,962)**	(8,460)	**(14,962)**	(8,460)	**-**	-
Balance at December 31	**12,226**	14,073	**6,034**	14,693	**6,192**	(620)

Deferred tax assets and liabilities are offset only when they reverse or are realized in the same subsequent period and when the deferred tax assets and liabilities relate to the same tax authority.
Approximately € 18.2 million of the deferred tax liabilities at December 31, 2008, will be utilized within one year (2007: € 22.4 million). The estimated utilization of deferred tax assets within one year at December 31, 2008, is € 18.9 million (2007: € 14.8 million).

The gross operating losses that might be compensated by future profits amount to € 12.0 million at December 31, 2008, and € 8.2 million at December 31, 2007. For these pre-tax losses, there is no expiration date.

The movement in temporary differences during the year 2008 was as follows:

	Balance at January 1, 2008	Recognized income	Recognized in equity	(De)-consolidations	Exchange rate differences	Balance at December 31, 2008
Goodwill/identifiables	(841)	2,886		(4,820)	200	**(2,575)**
Work in progress	(17,012)	2,317		(204)	(387)	**(15,286)**
Accrued expenses	9,679	3,244		2,254	530	**15,707**
Share-based compensation	3,292	(316)	(1,708)			**1,268**
Deferred compensation	1,265	119		3	(1)	**1,386**
Net operating losses	1,826	(861)		1,710	(97)	**2,578**
Others	1,171	2,110		(7)	(160)	**3,114**
Tax assets /(liabilities)	**(620)**	**9,499**	**(1,708)**	**(1,064)**	**85**	**6,192**

The movement in temporary differences during the year 2007 was as follows:

	Balance at January 1, 2007	Recognized income	Recognized in equity	(De)-consolidations	Exchange rate differences	Balance at December 31, 2007
Goodwill/identifiables	139	3,027		(4,011)	4	(841)
Work in progress	(23,162)	4,362			1,788	(17,012)
Accrued expenses	5,767	2,310		2,450	(848)	9,679
Share-based compensation	3,097	1,195	(1,000)			3,292
Deferred compensation	1,340	44		(121)	2	1,265
Net operating losses	642	735		449		1,826
Others	24	524		659	(36)	1,171
Tax assets /(liabilities)	(12,153)	12,197	(1,000)	(574)	910	(620)

21 Loans and borrowings

	2008	2007
Bank loans	**259,308**	145,999
(interest rates between 3.2% and 19.0%)		
Financial lease contracts	**2,070**	3,014
(interest rates between 2.4% and 11.5%)		
Other long-term debt	**10,292**	52,608
(interest rates between 3.0% and 6.1%)		
Subtotal	**271,670**	201,621
Current portion	**4,886**	36,468
Balance at December 31	**266,784**	165,153

Aggregate maturities of long-term debt are as follows:		
2009		20,451
2010	**6,548**	2,500
2011	**54,300**	52,521
2012	**31,342**	28,623
2013	**86,075**	30,899
After 2014	**88,519**	30,159
	266,784	165,153

The fair value of the Company's loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the company for debt with similar maturities, and is estimated at € 240.6 million (2007: 165.2 million).
The weighted average interest rate for 2008 and 2007 on interest-bearing debt (including the interest effect of the swaps) was 5.0% and 4.6%, respectively. From the total amount of bank loans at December 31, 2008, € 251.6 million has interest rates in the range of 3.2% to 6.0%. The remainder of € 7.7 million has interest rates in the range of 11% to 19%. Ultimo 2007 the interest rates ranged from 3.27% to 6% for total bank loans of € 137.5 million and from 10% to 18% for bank loans of € 8.5 million.

Under this heading, retentions and expected after-payments are included, amounting to € 12.4 million (2007: € 39.6 million).

The long-term bank loans include $ 350 million (2007: $ 200 million) with a US LIBOR denominated interest rate. The full amount of $ 350 million (2007: $ 200 million) is swapped to a EURIBOR-denominated interest rate, of which a euro equivalent of $ 45 million is swapped to a fixed rate of 3.18%, a euro equivalent of $ 40 million is swapped to a fixed rate of 4.97% and a euro equivalent of $ 75 million is swapped to a fixed rate of 4.69%. For the disclosure on the derivatives, please refer to note 13. The debt covenant for the above mentioned long-term debt-facility and the short-term multicurrency and guarantee facility as mentioned under note 22, states that the net debt to EBITDA ratio is not to exceed the maximum ratio of 3, which is confirmed to the group of banks twice a year. Ultimo December 2008, the net debt to EBITDA ratio calculated in accordance with agreements with the banks is 1.27 (2007: 0.62).

22 Other current liabilities

	2008	2007
Taxes and social security contributions	**33,253**	32,046
Payable to employees	**88,376**	68,384
After-payments for acquisitions	**7,703**	2,175
Other liabilities	**26,703**	32,928
	156,035	135,533

On April 4th, 2006, ARCADIS entered into a short-term multi-currency debt facility of € 96.5 million with a consortium of four banks and a € 50 million guarantee facility with one bank. The interest rate on this short-term facility is EONIA-denominated and is used for the financing of working capital and general purposes of the ARCADIS Group.

The total short-term facilities amount to € 192 million, which includes the multi-currency and guarantee facility of € 146.5 million with the consortium (2007: € 233.9 million including € 150 million multi-currency and guarantee facility). The effective interest rates for bank overdrafts are between 2.65% and 22.8% (2007: 4.1% - 16.2%). The debt covenants for long- and short-term facilities are disclosed under note 21.

By the end of the year 2008, the total amount of bank guarantees and letters of credit that were outstanding under the € 50 million short-term guarantee facility amounted to € 35.1 million (2007: € 29.8 million). The total amount of outstanding guarantees and letters of credit amounted to € 64.8 million (2007: € 62.4 million).

23 Commitments and contingent liabilities

Operational leases

Future minimum payments for the non-cancelable operating leases during the next five years and thereafter are as follows:

Years ending December 31	2008	2007
2008		47,658
2009	**81,970**	42,078
2010	**59,832**	34,622
2011	**46,997**	24,232
2012	**31,612**	
Thereafter	**50,236**	42,978
	270,647	191,568

The Company's lease arrangements relate to contracts for leased cars and buildings.

During the year ended December 31, 2008, € 47.7 million was recognized as an expense in the statement of income with regard to operating leases (2007: € 34.9 million).

Litigation

The Company is involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Management ensures that these cases are firmly defended. In some of these proceedings, claimants allegedly claim amounts for project contract breaches that are significant to the financial statements. In consultation with in-house and outside legal counsels, management regularly evaluates relevant facts and circumstances of those claims and, based on the analysis of possible outcomes of litigation and settlements, provisions are accrued for these claims, where management believes it is probable that a liability has been occurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary to the extent that cash outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on the Company's consolidated financial position and consolidated results of operations for a particular period.

Guarantees

As a partner in a number of partnerships, ARCADIS is liable for the contractual obligations these companies enter into. The potential risk pertaining to these obligations amounted to € 4.8 million (2007: € 1.8 million). Guarantees related to investments in associates totaled € 26.8 million (at December 31, 2007: € 32.4 million).

24 Share-based compensation

In accordance with IFRS 2, the Company's stock option plans qualify as so-called equity-settled plans. As a consequence, the Company has to charge the fair value of the stock options to income spread over the vesting period. The corresponding amount is directly credited to equity.
Under other personnel cost, an amount of € 4.8 million is included for the options granted to personnel in 2008, 2007, 2006 and 2005 under the different option plans. In calculating the cost, the fair value of each option was estimated as of the date of grant, using the binomial option-pricing model.

The fair value and the assumptions used for the options granted were:

	2008	2007
Fair value at grant date	**2.38**	4.01
Share price	**13.03**	19.89
Exercise price	**13.03**	19.89
Expected dividend yield	**3.06**	1.68
Risk-free interest rate (%)	**4.4**	4.3
Expected volatility (%)	**32.4**	26.9
Expected life of option (years)	**5**	5
Expected forfeitures (%)	**9.2**	9.2

Incentive shares

On May 11, 2005, the Annual General Meeting of Shareholders approved the conditional granting of 51,000 incentive shares to the members of the Executive Board. The costs of this grant amount to € 0.2 million. These costs are spread over the three year vesting period. The expenses for 2008 amount to € 0.0 million and are included in the other personnel costs. In May 2006, 145,200 incentive shares were granted to the members of the Executive Board and senior management. The expenses for 2008 amount to € 0.3 million. In May 2007, 141,150 incentive shares were granted. The expenses for 2008 amount to € 0.5 million. In May 2008, 101,700 incentive shares were granted. The expense for 2008 amounted to € 0.2 million.

The following parameters were used to calculate the costs:

Share price at grant date 2005	€	5.98
Share price at grant date 2006	€	12.38
Share price at grant date 2007	€	19.89
Share price at grant date 2008	€	13.03
Foregone dividend in %		7.2
Performance discount in %		36.4 (2007 and before: 30%)

Options and shares granted are conditional in nature and depend on attaining a performance measure after three years. The performance measure is Total Shareholder Return (TSR), defined as share price increase plus dividend. This measure stimulates the creation of shareholder value in the longer term. Each year, a three year cycle begins, whereby achievements are measured at the end of the period against a peer group of companies of comparable size and breadth. ARCADIS' position in the peer group (2008: 11 companies including ARCADIS; 2007 and before: 10 companies including ARCADIS) determines whether the (conditional) options and shares granted earlier become unconditional.

The following table indicates the number of options and shares that can become unconditional at the end of each three year period depending on ARCADIS' relative position in comparison to the peer group.

Position against peer group in %	Number of conditional options and shares that vest for management	Number of conditional options and shares that vest for key staff
First	150.0	115
Second	133.3	110
Third	116.7	105
Fourth	100.0	100
Fifth	83.3	95
Sixth	66.7	90
Seventh	50.0	85
Eighth	0.0	80
Below Eighth	-	0

25 Operational costs

	2008	2007
Salaries and wages	**605,350**	522,928
Social charges	**82,679**	73,380
Pension and early retirement charges	**25,314**	21,130
Other personnel costs including temporary labor	**87,860**	75,896
Total personnel costs	**801,203**	693,334
Occupancy expenses	**58,254**	50,831
Travel expenses	**48,811**	44,378
Office expenses	**39,802**	35,717
Audit and consultants costs	**17,634**	13,640
Insurance costs	**9,804**	9,977
Marketing and advertising expenses	**6,065**	6,801
Other operational costs	**27,205**	23,812
Total other operational costs	**207,575**	185,156
Total operational costs	**1,008,778**	878,490

The average number of employees in 2008 was 13,180 (2007: 11,304). The headcount includes the total number of employees of the proportionately consolidated companies ARCADIS Aqumen Facility Management BV and Biogas Energia Ambiental S.A. (2008: 403; 2007: 272).

26 Other income

	2008	2007
Book gain on sale of assets	**511**	1,635
Result on sale of activities	**1,302**	-
Other income	**134**	-
	1,947	1,635

27 Net finance expense

	2008	2007
Financial income	**6,388**	22,289
Financial expenses	**(38,097)**	(15,536)
Fair value changes of derivatives	**8,074**	(15,370)
	(23,635)	(8,617)

In financial income and expenses also the exchange rate differences on foreign currency loans are included. As a result the financial expenses in 2008 increased considerably compared to 2007 due to exchange rate differences on the US-dollar loans. In 2007 the exchange rate differences were positive, thus increasing financial income. The fair value changes of derivatives include both the exchange rate component, and the interest rate component of the interest rate currency swap. The impact of the exchange rate differences on the US-dollar loans are largely offset by the exchange rate related fair value changes of the derivatives. However, the decrease in market interest rates had a negative impact on the fair value changes of the derivatives.

28 Income taxes

ARCADIS NV is for income tax purposes the parent of the fiscal unit ARCADIS NV, and is therefore liable for the liabilities of the fiscal unit as a whole. The weighted average tax rate on profit before taxes was 34.3% (2007: 32.8%).

Explanation of effective tax rate	2008			2007		
	Gross amount	Taxes	In %	Gross amount	Taxes	In %
Profit before taxes from operations	96,004	32,937	**34.3**	86,352	28,032	32.5
Profit before taxes from associates	(47)		**0.0**	(822)		0.3
Profit before taxes	**95,957**	**32,937**	**34.3**	85,530	28,032	32.8
Nominal tax rate in the Netherlands			**25.5**			25.5
Foreign tax rate differences			**9.1**			8.2
Tax losses previously not recognized			**0.0**			(0.6)
Settlements related to previous years			**(0.2)**			(1.0)
Income from associates			**0.0**			0.3
Non-taxable amounts and others			**(0.1)**			0.4
Effective tax rate			**34.3**			32.8

Explanation taxes	2008	2007
Current year	**42,643**	41,116
Adjustments for previous years	**(209)**	(887)
Total current tax	**42,434**	40,229
Deferred tax	**(9,497)**	(12,197)
Total taxes on income	**32,937**	28,032

The tax effects of significant timing differences that give rise to year-end deferred tax assets and liabilities are offset within each taxable entity. Deferred tax assets in excess of these amounts are recognized if their realization is more likely than not.

At December 31, 2008, operating loss carry-forwards for tax purposes amounted to € 12.0 million (2007: € 8.2 million) which can be carried forward indefinitely. The amount of net operating losses utilized during 2008 is € 7.2 million (2007: € 3.4 million).

29 Subsequent events

Early January 2009 the Company decided to unwind the interest rate currency swaps related to the $ 350 million loans. See also note 13.

There were no other material events after December 31, 2008 that would have changed the judgement and analysis by management of the financial condition of the Company at December 31, 2008 or the profit for the period of the year 2008.

30 Related party transactions

The related parties of ARCADIS comprise subsidiaries, jointly controlled entities, associates, temporary partnerships, Stichting Lovinklaan (SLL), Stichting Bellevue, Executive Board, Supervisory Board, Stichting Pensioenfonds ARCADIS Nederland (SPAN), and Stichting Bouwcentrum Pensioenfonds (SBP).

In accordance with Book 2 of the Dutch Civil Code, articles 379 and 414, the list of subsidiaries, joint ventures, and associates is filed with the Chamber of Commerce in Arnhem.

Subsidiaries

The financial transactions between ARCADIS NV and its subsidiaries amounted in 2008 to € 11.4 million (2007: € 9.3 million) for management fees, € 10.0 million (2007: € 8.2 million) for interests on loans and financing activities, and € 2.4 million (2007: € 1.3 million) for other transactions. At December 31, 2008, ARCADIS NV had receivables on subsidiaries amounting to € 139.8 million (2007: € 82.4 million), and amounts due to subsidiaries were € 19.3 million (2007: € 53.7 million).

Jointly controlled entities

The financial transactions between the ARCADIS Group and its joint ventures comprise operational project related transactions amounting to € 6.2 million (2007: € 7.6 million) while dividends recieved amounted to € 0.4 million (2007: € 3.2 million). At the end of 2008, the ARCADIS Group was € 0.5 million due to its joint ventures (2007: € 1.0 million), while receivables from joint ventures were € 0.6 million (2007: € 0.5 million). See also note 31.

Associates

The financial transactions between ARCADIS Group and its associates are operational project related and amount to € 19.8 million (2007: € 26.7 million), while the Group received € 0.2 million dividends (2007: € 0.2 million), and € 0.3 million was related to financing transactions (2007: € 3.7 million). At the end of 2008, the ARCADIS Group was due € 1.1 million to its associates (2007: € 2.8 million), while receivables from associates were € 3.0 million (2007: € 7.2 million).

All transactions with subsidiaries, associates and joint ventures are on an arm's length basis. See also note 9.

Partnerships

In the course of operational business, the ARCADIS Group enters in temporary partnerships for executing projects. When the project is finished, the temporary partnership is closed. During 2008, the Group charged € 26.8 million to such temporary partnerships (2007: € 20.5 million), while there were no charges from the temporary partnerships to the Group in 2008 (2007: € 1.0 million). At year-end 2008, the Group had no outstanding payables to the partnerships (2007: € 1.0 million) while the receivables from the temporary partnerships were € 11.0 million to the Group (2007: € 4.7 million).

Executive Board and Supervisory Board

The members of the Executive Board and the Supervisory Board are considered key management personnel as defined in IAS 24 "Related parties". For details on their remuneration and interests held in the company see notes 43 to 45. During 2008, no transactions involving conflicts of interest for Executive or Supervisory Board members which were material to the Company occurred.

Stichting Pensioenfonds ARCADIS Nederland (SPAN) (pension fund)

SPAN is the autonomous foundation that is responsible for the administration of the pension rights under the existing pension plan for Dutch employees, excluding employees of PRC. This pension plan is a collective defined contribution plan with a premium based on the ambition of a pension payment that, under certain conditions, is comparable to an average pay scheme with a retirement age of 63 years. During 2008, the transactions between ARCADIS NV and SPAN comprise of the transfer of pension premiums, and amounted to € 17.5 million (2007: € 17.7 million). At year-end 2008, the amount due to SPAN was € 1.6 million (2007: nil).

Stichting Bouwcentrum Pensioenfonds (SBP) (pension fund)
SBP is an autonomous foundation responsible for the administration of the pension rights of the employees of PRC and some other not ARCADIS-related organizations. The pension plan is a defined contribution plan with a premium based on the ambition of a pension payment comparable to an average pay scheme with a retirement age of 65 years. During 2008, the transactions between ARCADIS and SBP comprise of the transfer of pension premiums, and amounted to € 3.3 million (2007: € 2.9 million). At year-end 2008, the amount due to SBP was € 1.1 million (2007: € 0.8 million).

31 Interests in jointly controlled entities

The group has several interests in jointly controlled entities, of which the most important are a 50% interest in the jointly controlled entity ARCADIS Aqumen Facility Management BV and a 33.3% interest in the jointly controlled entity Biogás Energia Ambiental S.A. The financial statements include the following amounts for the proportionally consolidated jointly controlled entities (in millions of euros):

	2008	2007
Non-current assets	**34.6**	32.9
Current assets	**62.7**	60.9
Total assets	**97.3**	93.8
Non-current liabilities	**22.5**	22.6
Current liabilities	**61.6**	59.8
Minority interest	**-**	-
Total liabilities	**84.1**	82.4
Gross revenue	**135.9**	128.6
Expenses	**122.9**	114.7

32 Financial risk management

ARCADIS' activities expose it to a variety of financial risks. These include:
- credit risk
- liquidity risk
- market risk
- currency risk

These risks are inherent to the way the Company operates as a multinational with locally operating subsidiaries. The Executive Board is responsible for the design and functioning of the internal risk management systems.
The day-to day risk management activities related to the financial risk management are carried out by ARCADIS Corporate Treasury, in line with the Guiding Principles of the Treasury Policy, as approved by the Executive Board.

ARCADIS' Audit Committee oversees how management monitors compliance with ARCADIS' risk management policies and procedures and the ARCADIS control framework, and reviews the adequacy of the risk management framework in relation to the risks faced by ARCADIS.

Credit risk

Credit risk arises from receivables from customers. This credit risk is influenced mainly by the individual characteristics of each customer. ARCADIS usually invoices clients for services according to the progress of the work. If clients refuse or are unable to meet their contractual payment obligations, the Company may not have sufficient cash to satisfy our liabilities, and our growth rate and continued operations could be adversely impacted.
The exposure to credit risk is monitored on an ongoing basis at local entity level. Normally ARCADIS only deals with counterparties that have a sufficiently high credit rating. Where possible, ARCADIS uses credit ratings provided by external agencies, thus monitoring creditworthiness in order to reduce the related credit risk. Furthermore, ARCADIS strongly focuses on clients by strengthening the relationship. Through systematic account management we aim to build long-term relationships with select multinational and key national / local clients. With 67% of our multinational clients we already have a relationship of more than 5 years. New customers are analyzed individually for creditworthiness before services are offered.

Generally, the maximum exposure to credit risk is represented by the carrying value of the financial assets in the balance sheet. Trade receivables are presented net of an allowance for impairment, which is based on individually significant exposures, and a collective loss component for groups of trade receivables in respect of losses that have been incurred but not yet identified. The risk related to individual significant exposures is measured and analyzed on a local level, mainly by means of ageing analysis. Next to ageing analysis additional circumstances, like the recent impact of the credit crisis on the financial situation of customers are being evaluated continuously. When necessary, additional impairment allowances were recognized. The collective loss component allowance is determined based on historical data of payment statistics for similar financial assets.

On the balance sheet trade receivables are presented net of an allowance for impairment of € 22 million (2007: € 12 million).

The aging of trade receivables and the impairment losses recognized for bad debts at reporting date were:

	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
Not past due	**165,088**	**(2,061)**	135,765	(325)
Past due 0-30 days	**63,388**	**(407)**	67,573	(593)
Past due 31-120 days	**56,131**	**(1,097)**	40,534	(602)
More than 120 days due	**52,832**	**(18,342)**	40,801	(10,189)
Total	**337,439**	**(21,907)**	284,673	(11,709)

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of reporting date that the debtors will not meet their payment obligations.

The movement schedule for the allowance of impairment of trade receivables is as follows:

	2008	2007
Opening balance	**(11,709)**	(8,715)
Additions charged to income	**(10,710)**	(4,660)
Release of unused amounts	**2,302**	1,840
Utilizations	**1,688**	1,383
Acquisitions / divestments	**(3,533)**	(2,160)
Exchange rate differences	**55**	603
Closing balance	**(21,907)**	(11,709)

The Company provided bank guarantees and letters of credit. The total amount of outstanding guarantees and letters of credit to consolidated companies amounted to € 64.8 million (2007: € 62.4 million).

The carrying amount of financial assets represents the maximum credit exposure. At balance sheet date, the maximum exposure to credit risk was:

	2008	2007
Loans and receivables:		
(Un)billed receivables	**538,539**	464,844
Other receivables	**16,038**	13,005
Other non-current assets	**14,801**	7,009
Loans to associates	**2,120**	1,503
	571,498	486,361
Cash and cash equivalents	**117,875**	92,608
	689,373	578,969

Liquidity risk

Liquidity risk is the risk that ARCADIS will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable ARCADIS to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ARCADIS.

The Company maintains the following lines of credit:
- A short-term multicurrency debt facility of € 96.5 million with a consortium of four banks. The interest rate on this short-term facility is EONIA-denominated. Both ultimo 2008 and 2007 this facility was not used.
- A € 50 million guarantee facility with one bank. The interest paid on this guarantee facility amounts to 0.25% of the outstanding facility. Ultimo December 2008, € 35.1 million (2007: € 29.8 million) of this facility was not used.
- Additionally there are several smaller facilities, totaling € 45.5 million, of which ultimo December 2008 € 6.2 million was used.
- After balance sheet date the company obtained a new long-term facility amounting to € 13.6 million.

Over the course of the year, considerable fluctuations occur in the working capital needed to finance operations. Also acquisitions may lead to increases in borrowed capital. ARCADIS strives to have a good liquidity position at all times, strictly controlling working capital by optimizing billing and collection and consequently maintaining a healthy interest coverage and debt/EBITDA ratio.

The following table describes, as of December 31, 2008, our commitments and contractual obligations for the following five years and thereafter. The long-term debt obligations are our cash debt service obligations. Operating lease obligations are the future minimum rental payments required under the operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2008.

Market risk

Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect ARCADIS' 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 optimizing the return on risk.

Currency risk

Trade and financing transactions (transaction risk)

The subsidiaries of ARCADIS mainly operate in local markets, and as such both sales invoices and purchase invoices are mainly denominated in local currencies. In some instances however, invoices are in the functional currency of the counter party, which results in a currency exposure for the subsidiary. The exposure to currency risk on sales and costs denominated in another currency than the respective functional currencies of the subsidiaries is very limited. Only in limited cases e.g. for material transactions, the company enters into forward contracts in order to hedge transaction risks.
The Company also has some exposure to currency risk for borrowings that are denominated in another currency than the functional currency. This relates to a $ 350 million loan in a company which has the euro as a functional currency, a loan of € 48 million for a company which has the British pound as functional currency, and a loan of € 4 million for a company which has the Polish Zloty as functional currency.

Contractual obligations 2008	Payments due by period				
	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	270,647	81,970	106,829	47,608	34,240
Capital (finance) lease obligations	2,089	1,045	1,028	16	
Purchase obligations	12,407	7,703	4,586	118	
Interest	43,643	11,568	19,173	10,309	2,593
Other long-term liabilities	264,740	3,841	62,049	115,036	83,814
Subordinated loans	136		130	6	
Short-term bank debt	3,622	3,622			
Total	**597,284**	**109,749**	**193,795**	**173,093**	**120,647**

Contractual obligations 2007	Payments due by period				
	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	191,568	47,658	76,700	41,561	25,649
Capital (finance) lease obligations	1,599	-	1,442	153	4
Purchase obligations	42,237	29,314	12,923	-	-
Interest	38,763	9,765	15,519	10,655	2,824
Other long-term liabilities	157,527	9,759	3,698	54,461	89,609
Subordinated loans	54	-	54	-	-
Short-term bank debt	4,303	4,303	-	-	-
Total	436,051	100,799	110,336	106,830	118,086

For the $ 350 million loan, cross currency interest rate swaps have been concluded.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the euro and US dollar.

The Company has an exposure with respect to balance sheet positions in foreign currencies which are different than respective functional currencies of the subsidiaries. For the main currencies the following positions per currency (translated in a notional amount in euros) were included in the balance sheet:

Notional amounts in thousands of euros

December 31, 2008	€	$	£	元
Trade receivables	5,043	9,672	948	4,552
Cash and cash equivalents	3,843	1,905	1,565	
Loans and borrowings	(52,000)	(256,463)		
Trade payables	(1,588)	(896)	(286)	(1,034)
Balance exposure	**(44,702)**	**(245,782)**	**2,227**	**3,518**
December 31, 2007				
Cash and cash equivalents		3,481	(8,457)	
Loans and borrowings	(41,005)	(135,860)		
Balance exposure	(41,005)	(132,379)	(8,457)	

The following significant exchange rates applied during the year:

€	2008		2007	
	Average	Ultimo	Average	Ultimo
$	0.68	0.72	0.73	0.68
£	1.26	1.04	1.46	1.36

Sensitivity analysis

A 10 percent strengthening of the euro against the US Dollar at December 31, with all other variables held constant, would have increased profit and loss by € 24.6 million, while the impact on equity would be nil. At December 31, 2007, the impact on profit and loss would have been a profit of € 13.2 million, while the impact on equity would be nil. The Company entered into cross currency interest rate swaps which offset the currency and interest rate risk of the $ 350 million over the term of the loan. However, the interest rate and currency risks may not be fully offset by the swaps within a particular year. A 10 percent strengthening of the euro against the Pound Sterling at December 31, with all other variables held constant, would have decreased profit and loss by € 0.2 million, while the impact on equity would be € 5.0 million. At December 31, 2007, the impact on profit and loss would have been a profit of € 0.8 million, while the impact on equity would be € 4.6 million.

The analysis above assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007. Loans and borrowings in the UK subsidiary, which were denominated in euros, relate to intercompany financing, and the related exchange rate differences are recognized directly in equity as part of the investment in that company.

Translation risk related to investments in foreign subsidiaries, associates and joint ventures

ARCADIS has subsidiaries with a functional currency other than the euro. As a result the consolidated financial statements of ARCADIS are exposed to translation risk related to equity, intercompany loans of a permanent nature, and earnings of foreign subsidiaries and investment in associates and joint ventures. The Company does not use financial instruments to hedge this risk.

Interest rate risk

ARCADIS manages interest rate risks by financing fixed assets and part of current assets with shareholders' equity, provisions and long-term debt. The remainder of current assets is financed with short-term debt including revolving bank credits with variable interest rates. Based on our interest risk profile, financial instruments were used during 2008 to cover part of the interest rate risk on long-term financing. This risk is only applicable to long-term debt and bank overdrafts in our balance sheet amounting to € 281.5 million at year-end 2008 (2007: € 226.4 million).

Floating rate debt results in cash flow interest rate risk. In order to achieve a mix of fixed and floating rate exposure within the company's policy, a number of swap contracts were entered into. The company swapped $ 160 million debts (2007: $ 85 million) to euro and from a floating interest rate of US-LIBOR plus on average 44 basis points to on average a fixed rate of 4.28%. Additionally the company swapped $ 190 million floating rate debts to euro (2007: € 115 million). Early January 2009, the Company decided to unwind the cross-currency interest rate swaps on the US dollar- loans. The resulting profit of € 7.5 million will be recognized in 2009. In line with the company's policy during the year 2009, part of the outstanding floating interest rate debts will be swapped again to fixed interest rates.

Sensitivity analysis

At December 31, 2008 if interest rates had been 100 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been € 1.8 million (2007: € 1.5 million) lower/higher. The Company entered into cross currency interest rate swaps which offset the currency and interest rate risk of the $ 160 million over the term of the loan. However, the interest rate and currency risks may not be fully offset by the swaps within a particular year.

Capital risk management

ARCADIS' objectives when managing capital are to safeguard ARCADIS' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimizes its cost of capital.

ARCADIS sets the amount of capital in proportion to risk. ARCADIS manages the capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. The capital structure can be altered by adjusting the amount of dividends paid to shareholders, return capital to capital providers, or issue new debt or shares. From time to time, ARCADIS purchases its own shares, which are used for issuing shares under the ARCADIS' share option program.

Consistently with the debt covenants agreed with the banks, ARCADIS monitors capital on the basis of the net debt to EBITDA ratio. This ratio is calculated as interest bearing debt minus cash and cash equivalents divided by EBITDA. EBITDA is calculated as earnings before interest, tax, depreciation and amortization.
There were no changes in ARCADIS' approach to capital management during the year. The company and it's subsidiaries are not subject to externally important capital requirements, other than debt covenants as disclosed in the notes to these financial statements.

In order to maintain a healthy balance sheet, the net debt to EBITDA ratio should be below 3. This is in line with te bank covenants for our existing loans. Given the present economical conditions, we are more conservative, in order to prevent breaching of covenants.

	December 31, 2008	December 31, 2007
Long-term debts and derivatives	**279.9**	186.4
Current portion of long-term debt / after-payments	**12.5**	36.8
Bank overdraft and short-term bank debt	**9.8**	24.8
Total debt	**302.2**	248.0
Less: cash and cash equivalents	**(117.9)**	(92.6)
Net debt	**184.3**	155.4
EBITDA*	**155.1**	139.3
Net debt to EBITDA ratio *	**1.2**	1.1
Net debt to EBITDA ratio according to bank agreements	**1.27**	0.62

* The calculation of the net debt to EBITDA ratio is adjusted for income acquired through business combinations in order to bring nominator and denominator both at the same level of activities.

The increase in the net debt to EBITDA ratio during 2008 resulted primarily from an increase in long-term debts. New long-term debts in 2008 were predominantly contracted for acquisitions and replacing short-term debt with long-term debt.

Fair value

The fair values of financial assets and liabilities, together with the carrying amounts recognized in the balance sheet, are as follows:

ARCADIS has not applied the fair value option allowed under IFRS and does not have financial instruments which were held for trading. The only financial instruments accounted for at fair value through profit and loss are derivative financial instruments.

December 31, 2008	Carrying amount	Out of Scope IFRS 7	Carrying value per IAS 39 category			Fair value
			Loans and receivables/ other liabilities	Fair value through Profit and Loss	Carrying amount	
Other investments	204	204			-	-
Other non-current assets	14,801		14,801		14,801	14,801
(Un)billed receivables	215,817		215,817		215,817	215,817
Derivatives	4,052			4,052	4,052	4,052
Cash and cash equivalents	117,875		117,875		117,875	117,875
Total financial assets	**352,749**	**204**	**348,493**	**4,052**	**352,545**	**352,545**
Loans and borrowings	271,670		271,670		271,670	240,483
Derivatives	16,881			16,881	16,881	16,881
Billing in excess of cost	182,653		182,653		182,653	182,653
Accounts payable	133,235		133,235		133,235	133,235
Bank overdrafts and short-term borrowings	9,821		9,821		9,821	9,821
Total financial liabilities	**614,260**		**597,379**	**16,881**	**614,260**	**583,073**

December 31, 2007	Carrying amount	Out of Scope IFRS 7	Carrying value per IAS 39 category			Fair value
			Loans and receivables/ other liabilities	Fair value through Profit and Loss	Carrying amount	
Other investments	970	970				
Other non-current assets	7,009		7,009		7,009	7,009
(Un)billed receivables	185,539		185,539		185,539	185,539
Derivatives						
Cash and cash equivalents	92,608		92,608		92,608	92,608
Total financial assets	286,126	970	285,156		285,156	285,156
Loans and borrowings	201,621		201,621		201,621	201,621
Derivatives	21,188			21,188	21,188	21,188
Billing in excess of cost	142,896		142,896		142,896	142,896
Accounts payable	119,538		119,538		119,538	119,538
Bank overdrafts and short-term borrowings	24,761		24,761		24,761	24,761
Total financial liabilities	510,004		488,816	21,188	510,004	510,004

The fair value of the interest rate swaps is based on broker quotes. These 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 measurement date.

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

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Due to the short-term character of the receivables, the fair value equals the carrying value.

Financial income and expense

Recognized in profit or loss	2008	2007
Interest income on bank deposits	**6,388**	7,602
Foreign exchange differences on financial liabilities	**(13,954)**	14,687
Fair value changes of derivatives	**8,074**	(15,370)
Financial expense	**(24,143)**	(15,536)
Net finance cost	**(23,635)**	(8,617)

Recognized directly in equity	2008	2007
Currency translation differences for foreign operations	**(10,841)**	(22,170)

The foreign currency translation differences in ARCADIS' net investments in foreign operations with a functional currency other than the euro are recognized in equity under cumulative translation reserves.

Company balance sheet at December 31 before allocation of profit

Assets	Note	2008	2007
Non-current assets			
Intangible assets	*33*	**63**	271
Property, plant & equipment	*34*	**692**	724
Investment in subsidiaries	*35*	**62,214**	140,393
Other investments	*36*	**37,529**	59,180
Deferred tax assets	*40*	**1,856**	3,828
Derivatives	*13*	**3,816**	-
Total non-current assets		**106,170**	204,396
Current assets			
Derivatives	*13*	**236**	-
Receivables	*37*	**141,221**	84,003
Corporate tax assets		**2,741**	27
Cash and cash equivalents		**8,119**	4,280
Total current assets		**152,317**	88,310
Total		**258,487**	292,706
Equity and liabilities			
Shareholders' equity			
Share capital		**1,239**	1,030
Share premium		**36,193**	36,402
Cumulative translation reserve		**(40,213)**	(29,829)
Statutory reserves		**24,120**	24,452
Retained earnings		**128,916**	100,808
Undistributed profits		**57,330**	54,852
Total Shareholders' equity	*38*	**207,585**	187,715
Non-current liabilities			
Provisions	*39*	**7,500**	7,500
Deferred tax liabilities	*40*	**-**	298
Long-term debt		**-**	372
Derivatives	*13*	**16,881**	21,188
Total non-current liabilities		**24,381**	29,358
Current liabilities			
Corporate tax liabilities		**-**	2,300
Derivatives		**145**	
Trade and other liabilities	*41*	**26,376**	73,333
Total current liabilities		**26,521**	75,633
Total		**258,487**	292,706

The notes on page 101 to 105 are an integral part of these company financial statements

Company statement of income at December 31

	2008	2007
Net income subsidiaries	**43,442**	62,652
Other results	**13,888**	(7,800)
Net income	**57,330**	54,852

Notes to the Company balance sheet

General

Unless stated otherwise, all amounts are rounded in millions of euros.
The Company financial statements have been prepared using the option of section 362 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in note 1 to the consolidated financial statements.
Subsidiaries of ARCADIS NV are accounted for using the equity method.

As the financial data of ARCADIS NV are included in the consolidated financial statements, the statement of income of ARCADIS NV is condensed in conformity with section 402 of Book 2 of the Netherlands Civil Code.

33 Intangible assets

	Software	Total
Cost		
Balance at January 1, 2007	3,814	3,814
Investments	35	35
Balance at December 31, 2007	3,849	3,849
Balance at January 1, 2008	**3,849**	**3,849**
Investments	**11**	**11**
Balance at December 31, 2008	**3,860**	**3,860**
Amortization		
Balance at January 1, 2007	3,370	3,370
Amortization charge for the year	208	208
Balance at December 31, 2007	3,578	3,578
Balance at January 1, 2008	**3,578**	**3,578**
Amortization charge for the year	**219**	**219**
Balance at December 31, 2008	**3,797**	**3,797**
Carrying amounts		
At January 1, 2007	444	444
At December 31, 2007	271	271
At January 1, 2008	271	271
At December 31, 2008	**63**	**63**

34 Property, plant & equipment

	Furniture and fixtures
Cost	
Balance at January 1, 2007	845
Investments	71
Balance at December 31, 2007	916
Balance at January 1, 2008	916
Investments	68
Divestments	-
Balance at December 31, 2008	**984**
Depreciation	
Balance at January 1, 2007	95
Depreciation charge for the year	97
Divestments	
Balance at December 31, 2007	192
Balance at January 1, 2008	**192**
Depreciation charge for the year	100
Divestments	-
Balance at December 31, 2008	**292**
Carrying amounts	
At January 1, 2007	750
At December 31, 2007	724
At January 1, 2008	724
At December 31, 2008	**692**

35 Investments in subsidiaries

	2008	2007
Balance at January 1	**140,393**	133,561
Share in income	**43,442**	62,652
Cost of share-based payments recognized in subsidiaries	**3,865**	2,696
Exchange rate differences	**(10,102)**	(22,132)
Dividends received	**(115,744)**	(37,311)
Other changes	**360**	927
Balance at December 31	**62,214**	140,393

36 Other investments

	2008	2007
Balance at January 1	**59,180**	18,502
Loans issued to subsidiaries	**33,763**	48,528
Redemptions	**(55,776)**	(7,850)
Exchange rate differences	**362**	
Balance at December 31	**37,529**	59,180

37 Receivables

	2008	2007
Receivables from subsidiaries	**139,796**	81,980
Taxes and social security contributions	**182**	1,491
Other receivables	**1,243**	532
Balance at December 31	**141,221**	84,003

38 Shareholders' equity

	Share capital	Share premium	Cumulative translation reserve	Statutory reserve	Retained earnings	Undis-tributed profits	Total
Balance at January 1, 2007	1,030	36,402	(7,659)	11,624	102,548	44,936	188,881
Exchange rate differences			(22,170)				(22,170)
Tax related to share-based payments					(74)		(74)
Income directly recognized in equity			(22,170)		(74)		(22,244)
Profit for the period						54,852	54,852
Total income/(expenses) for the period net of tax			(22,170)		(74)	54,852	32,608
Share-based payments					4,195		4,195
Dividends to shareholders						(20,414)	(20,414)
Addition to other (statutory) reserves				12,828	11,694	(24,522)	-
Own share purchase for granted options					(19,770)		(19,770)
Options exercised					2,215		2,215
Balance at December 31, 2007	1,030	36,402	(29,829)	24,452	100,808	54,852	187,715
Balance at January 1, 2008	**1,030**	**36,402**	**(29,829)**	**24,452**	**100,808**	**54,852**	**187,715**
Exchange rate differences			**(10,384)**				**(10,384)**
Tax related to share-based payments					**(714)**		**(714)**
Income directly recognized in equity			**(10,384)**		**(714)**		**(11,098)**
Profit for the period						**57,330**	**57,330**
Total income/(expenses) for the period net of tax			**(10,384)**		**(714)**	**57,330**	**46,232**
Share-based payments					**5,969**		**5,969**
Dividends to shareholders						**(24,842)**	**(24,842)**
Increase nominal value and stock split	**209**	**(209)**					**-**
Addition to other (statutory) reserves				**(332)**	**30,342**	**(30,010)**	**-**
Own share purchase for granted options					**(9,113)**		**(9,113)**
Options exercised					**1,624**		**1,624**
Balance at December 31, 2008	**1,239**	**36,193**	**(40,213)**	**24,120**	**128,916**	**57,330**	**207,585**

Statutory reserves include € 9.9 million for reserves relating to earnings retained by subsidiaries and € 14.2 million for earnings from associates, and joint ventures. Statutory reserves are non-distributable.

39 Provisions

	Deferred compen-sation	Litigation	Total
Balance at January 1, 2007	1,000	6,363	7,363
Other changes	-	137	137
Balance at December 31, 2007	1,000	6,500	7,500
Balance at January 1, 2008	**1,000**	**6,500**	**7,500**
Additions	**100**		**100**
Releases		**(100)**	**(100)**
Balance at December 31, 2008	**1,100**	**6,400**	**7,500**
Non-current	**1,100**	**6,400**	**7,500**
Current	**-**	**-**	**-**
	1,100	**6,400**	**7,500**

The provision is for a relatively small number of staff that is eligible for jubilee payments and a provision for litigation which is recorded at a consolidated level.

40 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities	Total
Balance at January 1, 2007	3,371	(570)	2,801
Additions	476	-	476
Deductions	-	272	272
Change in corporate tax percentage Netherlands	(19)	-	(19)
Balance at December 31, 2007	**3,828**	**(298)**	**3,530**
Additions	**52**	**-**	**52**
Deductions	**(316)**	**298**	**(18)**
Changes recognized directly in equity	**(1,708)**		**(1,708)**
Balance at December 31, 2008	**1,856**	**-**	**1,856**

41 Trade and other liabilities

	2008	2007
Bank overdrafts	41	10,391
Suppliers	1,045	1,262
Payable to group companies	19,335	53,169
Pension liabilities	51	1,411
Other liabilities	5,904	7,100
Balance at December 31	**26,376**	73,333

The short-term credit facilities total € 146.5 million. No current receivables or other assets have been pledged.

Commitments and contingent liabilities

The Company is for income tax purposes the parent of the fiscal unit ARCADIS NV and is therefore liable for the liabilities of the fiscal unit as a whole.

Ultimo 2008 the Company had commitments for rent and lease obligations amounting to € 2.9 million (2007: € 3.2 million).

At December 31, 2008, guarantees were issued on behalf of associates to the amount of € 24.4 million, relating to the activities in the associate Retiro Baixo. At December 31, 2007 there were no such guarantees.

Warranties

ARCADIS NV has pledged warranties for the short-term credit facilities that are available for use to its operating companies. The total amount available under these facilities is € 146.5 million of which € 35.1 million was used at the balance sheet date.

Notes to the Company statement of income

42 Net income subsidiaries

Net income of subsidiaries is the share of ARCADIS NV in the results of its subsidiaries.

43 Remuneration of Executive Board and Supervisory Board

In 2008 an amount of € 2.1 million (2007: € 2.0 million) was charged to the Company for remuneration of Executive Board members including pension charges. As variable remuneration, 50,400 performance shares and 100,800 performance options were granted. In the schedule below, the different components of the remuneration for each Executive Board member are provided. For an explanation of the remuneration policy, please refer to the remuneration report included in the annual report on pages 59 to 62.

	Year	Salary [1]	Bonus [2]	Pension	Performance shares		Performance options	
					Number	Amount [3]	Number	Amount [3]
Harrie L.J. Noy	2008	395	205	86	18,000	147	36,000	71
	2007	369	223	82	30,000	375	75,000	250
C. Michiel Jaski	2008	295	144	47	10,800	88	21,600	42
	2007	276	159	45	21,000	262	45,000	150
Ben A. van der Klift	2008	295	144	46	10,800	88	21,600	42
	2007	276	159	44	15,000	187	37,500	125
Friedrich M.T. Schneider [4]	2008	228	144	41	10,800	88	21,600	42
	2007	215	159	38	15,000	187	37,500	125

Amounts in thousands of euros

1) On July 1, 2008 the salaries of the members of the Executive Board were raised by 12.0% (2007: 2%).
2) The bonus is based on the results achieved in 2008 respectively 2007. This bonus is paid in 2009 respectively 2008.
3) This amount is charged over a 3-year period to the Company's statement of income.
4) The salary charges of F.M.T. Schneider for the Company are lower than for C.M. Jaski and B.A. van der Klift due to tax benefits. The net amount of salary received is equal to the other Board members mentioned.

Currently, the Supervisory Board consists of six members. The joint fixed remuneration for 2008 totaled € 0.2 million (2007: € 0.2 million), specified as follows.

	2008	2007
Rijnhard W.F. van Tets	**53**	48
Thomas M. Cohn (until May 7, 2008)	**15**	30
Carlos Espinosa de los Monteros	**39**	30
George R. Nethercutt	**42**	30
Jan Peelen	**33**	30
J.C. Maarten Schönfeld (as from May 7, 2008)	**18**	
Gerrit Ybema	**33**	30

Amounts in thousands of euros

44 Interests held by members of the Executive Board

The interests held in the share capital of ARCADIS NV by members of the Executive Board were:

Shares	December 31, 2008	December 31, 2007
Harrie L.J. Noy	**147,351**	123,504
C. Michiel Jaski	**24,406**	9,051
Ben A. van der Klift	**3,036**	2,430
Friedrich M.T. Schneider	**336**	78
Conditional shares*		
Harrie L.J. Noy	**78,000**	90,000
C. Michiel Jaski	**52,800**	63,000
Ben A. van der Klift	**40,800**	30,000
Friedrich M.T. Schneider	**40,800**	30,000

* Amounts based on granting of 100% of the reference numbers, with maximal extention to 150%. See note 17.
The conditional shares granted in 2005 became unconditional in May 2008. Because ARCADIS' relative position in comparison with the peer group was second, the extention amounted to 33.3%.

For description of the plan, please refer to the paragraph "long-term variable remuneration" on page 60 of this annual report.

In 2008, the aggregate numbers of (conditional) stock options held by the members of the Board of Management are as follows:

	Granted in	Exercise price in EUR	Outstanding at January 1, 2008	Granted in 2008	Increase by performance measure	Exercised in 2008	Outstanding at December 31, 2008	Expiration date
Harrie L.J. Noy	2003	2.98	52,500				52,500	05-13-2013
	2005	5.98	75,000		24,999		99,999	05-10-2015
	2006	12.38	75,000*				75,000	05-18-2016
	2007	19.89	75,000*				75,000	05-18-2017
	2008	13.03		36,000*			36,000	05-09-2018
C.Michiel Jaski	2003	2.98	21,000			21,000		05-13-2013
	2005	5.98	45,000		15,000	20,000	40,000	05-10-2015
	2006	12.38	45,000*				45,000	05-18-2016
	2007	19.89	45,000*				45,000	05-18-2017
	2008	13.03		21,600*			21,600	05-09-2018
Ben A. van der Klift	2003	2.83	24,855				24,855	10-16-2013
	2005	5.98	27,000				27,000	05-10-2015
	2006	12.38	37,500*				37,500	05-18-2016
	2007	19.89	37,500*				37,500	05-18-2017
	2008	13.03		21,600*			21,600	05-09-2018
Friedrich M.T. Schneider	2006	12.38	37,500*				37,500	05-18-2016
	2007	19.89	37,500*				37,500	05-18-2017
	2008	13.03		21,600*			21,600	05-09-2018

* Amounts based on granting of 100% of the referenced numbers, with maximal extention to 150%. See note 17.

45 Shares and options held by members of the Supervisory Board

Members of the Supervisory Board hold no ARCADIS options or shares.

46 Principal accountant fees and services

The following table details the aggregate fees billed by our principal accountant, KPMG Accountants N.V. including the foreign offices of KPMG, for the last two fiscal years for various services (in millions of €):

Type of services provided	2008	2007
Audit fees [1]	**2.2**	1.8
Audit-related fees [1], [2]	**0.5**	0.7
Tax fees [1], [3]	**0.4**	0.3
Other non-audit fees	**-**	-

1) Of audit fees € 0.7 million relates to KPMG Accountant N.V., for audit related fees this amounts to € 0.1 million and for tax fees this is an amount of € 0.2 million.
2) Audit-related fees for the years ended December 31, 2008 and 2007 consist of fees for services that are traditionally performed by the independent accountants. These services include accounting consultations, internal control reviews on implementation of information systems, services regarding management's report consultations concerning financial accounting and reporting standards and due diligence and audits in connection with acquisitions or divestments.
3) Tax fees for the years ended December 31, 2008 and 2007 consist of fees expensed for tax consultations.

Arnhem, the Netherlands, February 27, 2009

Executive Board	**Supervisory Board**
Harrie L.J. Noy	Rijnhard W.F. van Tets
C. Michiel Jaski	Carlos Espinosa de los Monteros
Ben A. van der Klift	George R. Nethercutt Jr.
Friedrich M.T. Schneider	Jan Peelen
	J.C. Maarten Schönfeld
	Gerrit Ybema

Other information

Profit allocation

Article 27 of the Articles of Association stipulates, among other things, that the Executive Board with the approval of the Supervisory Board shall annually propose which part of the profit shall be allocated to the reserves. The remaining part of the profit shall be at the disposal of the Annual General Meeting of Shareholders.

The Executive Board with the approval of the Supervisory Board proposes to present for acceptance to the Annual General Meeting of Shareholders to reserve an amount of € 30.3 million and distribute a dividend amount of € 27.0 million from the profits of the fiscal year 2008, amounting to € 57.3 million, which represents a dividend of € 0.45 per share.

Audit Committee pre-approval policies and procedures.

The Audit Committee of our Supervisory Board has adopted a charter that details the duties and responsibilities of our Audit Committee. These duties and responsibilities include, among other things, reviewing and monitoring our financial statements and internal accounting procedures, approving the scope and terms of audit services to be provided by our independent auditor and monitoring the services provided by our independent auditor. All non-audit services provided by our independent auditor must be pre-approved by our Audit Committee. The Audit Committee will consider whether the provision of such services by our auditor is compatible with our auditor's independence.

Special rights to holders of priority shares

The priority shares are held by 'Stichting Prioriteit ARCADIS NV, whose board is composed by 20 members. They each have one vote on the board of the Foundation.
The Stichting Prioriteit ARCADIS NV has special statutory rights, which includes approval of the amendment of the Articles of Association of ARCADIS NV, and certain other events, which have been described in note 17 of the financial statements.

Auditor's report

Report of the independent auditor to the annual general meeting of shareholders of ARCADIS N.V.

Report on the financial statements

We have audited the accompanying financial statements 2008 of ARCADIS N.V., Arnhem. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the statement of income, statement of cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company statement of income for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ARCADIS N.V. as at 31 December 2008, 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 ARCADIS N.V. as at 31 December 2008, 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 requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 27 February 2009
KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

Ten-year summary

These figures are derived from the published financial statements of the years concerned.

Consolidated balance sheet	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Intangible assets	**249.3**	226.9	154.2	127.9	55.4	41.4	12.7	7.6	7.1	6.4
Tangible assets	**66.5**	63.9	55.0	56.0	43.6	44.9	41.2	37.8	40.6	46.3
Investments in non-consolidated companies	**15.7**	20.0	5.2	7.5	5.6					
Other non-current assets	**15.0**	8.0	12.0	12.6	8.1	12.4	9.6	6.4	10.5	10.4
Deferred tax assets	**12.2**	14.1	8.3	13.2	9.7					
Derivatives	**3.8**									
Total non-current assets	**362.5**	332.9	234.7	217.1	122.4	98.7	63.4	51.8	58.2	63.1
Inventories	**0.8**	0.7	0.5	0.4	0.5	15.2	21.5	27.5	30.2	44.6
Derivatives	**0.2**	-	-	1.7	-					
(Un)billed Receivables	**570.6**	492.3	397.3	353.0	271.3	202.1	205.7	187.0	192.1	176.6
Corporate tax receivable	**6.4**	3.2	2.6	4.0	-					
Cash and cash equivalents	**117.9**	92.6	101.5	73.9	48.2	31.3	53.2	43.7	18.3	12.0
Total current assets	**695.9**	588.8	501.8	433.0	320.0	248.6	280.4	258.2	240.6	233.2
Total assets	**1,058.4**	921.7	736.5	650.1	442.3	347.3	343.8	310.0	298.8	296.3
Total shareholders' equity	**207.6**	187.7	188.9	176.2	136.4	136.5	134.7	133.7	115.2	100.4
Minority interest	**12.3**	11.5	11.8	11.9	9.0	7.6	7.1	6.1	4.4	3.3
Total group equity	**219.9**	199.2	200.7	188.1	145.4	144.1	141.8	139.8	119.6	103.7
Provisions	**26.7**	15.7	19.9	15.8	27.4	20.0	13.5	13.1	14.4	16.4
Deferred tax liabilites	**6.0**	14.7	20.4	26.3	12.1					
Long-term debts	**266.8**	165.1	119.3	116.1	13.0	29.7	27.6	22.0	23.1	5.7
Derivatives	**16.9**	21.2	5.8	-	-					
Total non-current liabilities	**316.4**	216.7	165.5	158.2	52.5	49.7	41.1	35.1	37.5	22.1
Billing in excess of cost	**182.7**	142.9	111.9	89.3	40.3					
Corporate tax payable	**18.7**	17.2	1.9	8.2	9.9					
Trade and other liabilities	**320.7**	345.7	256.5	206.4	194.3	153.5	160.9	135.1	141.7	170.5
Total current liabilities	**522.1**	505.8	370.3	303.8	244.5	153.5	160.9	135.1	141.7	170.5
Total equity and liabilities	**1,058.4**	921.7	736.5	650.1	442.3	347.3	343.8	310.0	298.8	296.3
Total equity as % of balance sheet total	**21**	22	27	29	33	41	41	45	40%	35%
Interest coverage ratio	**7**	14	17	17	10	13	19	15	11	12
Net Debt/EBITDA ratio	**1.2**	1.1	0.4	0.6	(0.1)	0.7	0.7	0.6	0.7	1.3
Acquisitions	**84.8**	98.0	53.8	80.9	17.3	46.1	16.2	5.6	7.3	13.3
Investments	**28.4**	33.3	19.3	17.7	12.5	18.2	14.2	15.3	17.2	18.2
Depreciation	**23.3**	20.4	17.7	15.2	15.7	16.1	15.9	15.4	17.9	16.2
Cash flow (net income + amortization and depreciation)	**92.8**	87.5	70.9	54.6	38.3	38.6	40.8	40.6	38.7	33.7
Net cash provided by operating activities	**80.5**	78.9	86.4	66.8	44.8	59.1	45.8	49.7	49.7	23.9
Average number of employees (in thousands)	**13,180**	11,304	9,685	9,208	9,419	8,827	8,020	7,619	7,657	7,217
Total shares issued (x 1,000)*	**61,937**	61,937	61,937	61,937	61,937	61,293	60,891	60,855	60,825	59,307
Maximum increase from exercising options	**5,725**	5,117	3,810	4,311	3,801	4,683	3,402	2,076	2,157	2,154

* All total shares, share amounts, per share ratio's and closing prices are retrospectively adjusted for the share split of May 2008.
The 2003 and prior financial data are not adjusted to comply with the International Financial Reporting Standards (IFRS).
These figures are derived from the published financial statements of the years concerned.

amounts in millions of euros
unless otherwise stated

Consolidated statement of income	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net sales	**1,722.1**	1,497.5	1,235.5	999.7	894.4	848.5	817.1	806.2	798.2	656.4
Gain on sale of investments			-	2.9	6.5					
Change in work in progress	**17.8**	12.7	(2.4)	(1.5)	(0.1)	(7.8)	2.0	(8.8)	(22.0)	(0.9)
Gross revenue	**1,739.9**	1,510.2	1,233.0	1,001.1	900.8	840.6	819.1	797.4	776.2	655.5
Materials, services of third parties and subcontractors	**(578.0)**	(505.8)	(395.6)	(297.8)	(268.2)	(245.2)	(241.4)	(233.9)	(225.3)	(195.7)
Net revenue	**1,161.9**	1,004.5	837.5	703.3	632.5	595.4	577.8	563.5	550.9	459.8
Personnel costs	**(801.2)**	(693.3)	(581.3)	(484.5)	(448.7)	(428.8)	(413.4)	(404.4)	(397.4)	(329.1)
Other business costs	**(207.6)**	(185.2)	(159.6)	(143.2)	(132.3)	(114.5)	(105.5)	(104.8)	(100.4)	(86.7)
Depreciation	**(23.3)**	(20.4)	(17.7)	(15.2)	(15.7)	(16.1)	(15.9)	(15.4)	(17.9)	(16.2)
Other income	**2.0**	1.6								
EBITA	**131.8**	107.2	78.8	60.4	35.9	36.0	42.9	38.9	35.2	27.8
EBITA margin %	**11.3**	10.7	9.4	8.6	5.7	6.0	7.4	6.9	6.4	6.0
Amortization goodwill and identifiable intangible assets	**(12.2)**	(12.2)	(8.3)	(6.0)	(0.4)	(1.2)	(0.2)	(0.1)	-	-
Operating income	**119.6**	95.0	70.5	54.4	35.5	34.9	42.7	38.8	35.2	27.8
Financial items	**(23.6)**	(8.6)	(3.5)	(1.8)	(3.5)	(2.8)	(2.2)	(2.7)	(3.3)	(2.3)
Income from associates	**(0.1)**	(0.8)	(0.5)	1.4	2.4	2.6	0.7	0.5	0.8	1.4
Income before taxes	**95.9**	85.5	66.5	53.9	34.5	34.6	41.2	36.6	32.7	26.9
Taxes	**(32.9)**	(28.0)	(20.1)	(17.3)	(10.4)	(11.7)	(14.4)	(12.5)	(11.2)	(8.5)
Income after taxes	**63.0**	57.5	46.4	36.6	24.1	22.9	26.7	24.1	21.5	18.4
Extraordinary items after taxes	**-**	-	-	-	-	-	-	2.0	-	-
Income after taxes	**63.0**	57.5	46.4	36.6	24.1	22.9	26.7	26.1	21.5	18.4
Attributable to:										
Net income (Equity holders of the parent)	**57.3**	54.9	44.9	33.4	22.2	21.4	24.7	25.1	20.7	17.6
Minority interest	**5.7**	2.6	1.5	3.2	1.9	1.5	2.1	1.0	0.8	0.8
Net income from operations	**70.0**	62.3	50.0	33.4	23.8	22.5	24.9	23.2	20.7	17.6
Return on equity in %	**29.0**	29.2	24.6	21.4	16.3	15.8	18.4	20.2	19.2	18.8
Return on assets in %	**9.7**	10.3	9.6	9.9	8.7	10.0	12.6	12.0	11.0	9.8
Dividend proposal	**27.0**	24.8	20.3	13.4	9.9	9.8	9.7	8.9	7.9	6.5
Data per share (in euros, unless otherwise stated)										
Earnings per share from operations*	**1.16**	1.02	0.82	0.55	0.39	0.38	0.41	0.38	0.35	0.30
Net earnings per share*	**0.95**	0.90	0.74	0.55	0.37	0.36	0.41	0.41	0.35	0.30
Dividend proposal*	**0.45**	0.41	0.33	0.22	0.16	0.16	0.05	0.15	0.13	0.11
Shareholders' equity*	**3.35**	3.03	3.05	2.84	2.20	2.23	2.21	2.20	1.89	1.69
Closing price Amsterdam Euronext*	**9.40**	15.77	15.57	8.93	4.57	3.11	2.65	3.12	2.85	2.62

* All total shares, share amounts, per share ratio's and closing prices are retrospectively adjusted for the share split of May 2008.
The 2003 and prior financial data are not adjusted to comply with the International Financial Reporting Standards (IFRS).
These figures are derived from the published financial statements of the years concerned.

amounts in millions of euros
unless otherwise stated

Other financial data

net revenue = 100%

Consolidated statement of income in %	2008	2007
Gross revenue	**149.7**	150.4
Materials, services of third parties, and subcontractors	**(49.7)**	(50.4)
Net revenue	**100.0**	100.0
Operational cost	**(86.8)**	(87.5)
Depreciation	**(2.0)**	(2.0)
Amortization identifiable intangible assets	**(1.1)**	(1.2)
Other income	**0.2**	0.2
Operating income	**10.3**	9.5
Financial items	**(2.0)**	(0.9)
Income before taxes	**8.3**	8.6
Taxes	**(2.8)**	(2.8)
Income of consolidated companies after taxes	**5.4**	5.8
Income of equity-accounted associates and cost-accounted associates	**0.0**	(0.1)
Group income after taxes	**5.4**	5.7
Attributable to:		
Income for the period (equity holders of the parent)	**4.9**	5.4
Minority interest	**0.5**	0.3
Net income from operations	**6.0**	**6.2**
EBITA margin recurring	**11.3**	**10.5**

in thousands of euros, unless otherwise stated

Quarterly financial data	2008				2007			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Gross Revenue								
Quarterly	**399,864**	**427,398**	**427,197**	**485,490**	332,137	347,984	407,825	422,292
Cumulative	**399,864**	**827,262**	**1,254,459**	**1,739,949**	332,137	680,121	1,087,946	1,510,238
Quarterly (%)	**23.0**	**24.6**	**24.5**	**27.9**	22.0	23.0	27.0	28.0
Cumulative (%)	**23.0**	**47.6**	**72.1**	**100.0**	22.0	45.0	72.0	100.0
Net income from operations								
Quarterly	**15,273**	**16,330**	**16,255**	**22,156**	12,759	14,061	16,313	19,160
Cumulative	**15,273**	**31,603**	**47,858**	**70,014**	12,759	26,820	43,133	62,293
Quarterly (%)	**21.8**	**23.3**	**23.3**	**31.6**	20.5	22.6	26.2	30.7
Cumulative (%)	**21.8**	**45.1**	**68.4**	**100.0**	20.5	43.1	69.3	100.0
Net income from operations per share (in euros)								
Quarterly	**0.25**	**0.27**	**0.27**	**0.37**	0.21	0.23	0.27	0.31
Cumulative	**0.25**	**0.52**	**0.79**	**1.16**	0.21	0.44	0.71	1.02

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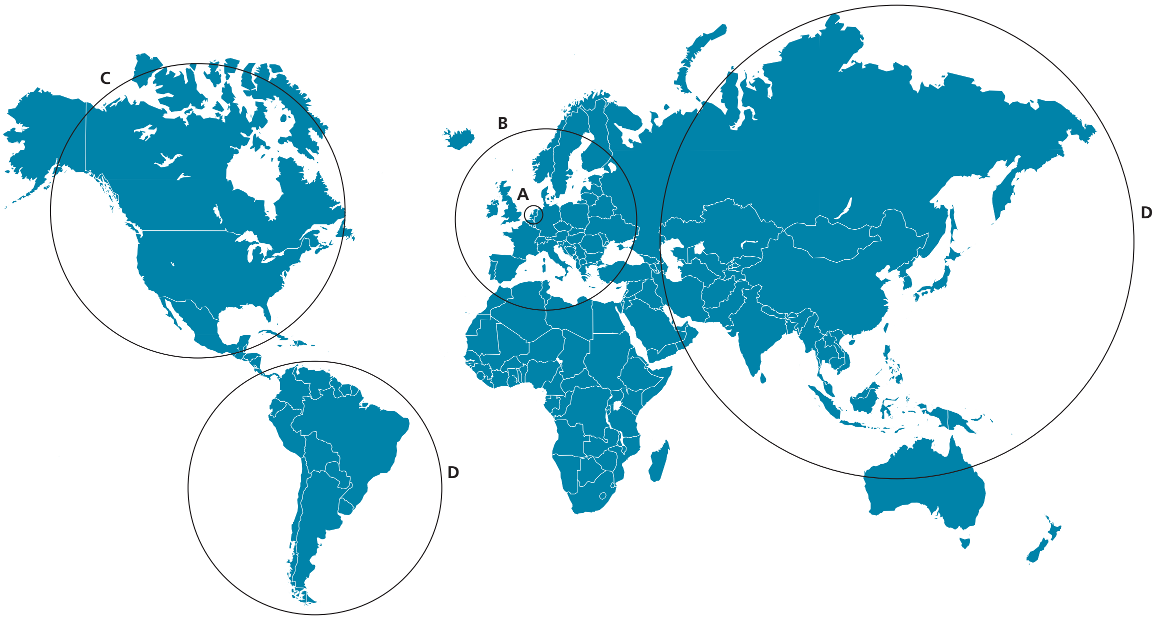

	Gross revenue		Geographical mix (gross revenue)	
	2008	2007	2008	2007
A_The Netherlands	404	374	23%	25%
B_Europe excl. the Netherlands	378	342	22%	23%
C_United States	791	656	45%	43%
D_ Rest of world	167	138	10%	9%
Total	**1,740**	**1,510**	**100%**	**100%**

	EBITA, recurring		Margin, recurring	
	2008	2007	2008	2007
A_The Netherlands	24.5	26.2	8.9%	10.3%
B_Europe excl. the Netherlands	28.3	22.6	9.5%	8.2%
C_United States	56.0	44.6	11.3%	10.9%
D_ Rest of world	23.0	12.5	25.0%	19.6%
Total	**131.8**	**105.9**	**11.3%**	**10.5%**

Organization structure ARCADIS NV

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ARCADIS Nederland

PRC

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ARCADIS Belgium

Czech Republic
ARCADIS CZ

France
ARCADIS

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