ARCADIS

Infrastructure · Water · Environment · Buildings

BEYOND GREEN

Annual Report 2009

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, shareholders and society.

Beyond green

Sustainability is the simultaneous pursuit of profitable economic growth, social progress and environmental quality. At ARCADIS we are committed to sustainable principles and responsible business practices, but we also believe that we must go further. *Beyond Green* reflects who we want to be as corporate citizens. It embodies our belief that business success hinges on honesty and transparency. On treating our employees and our clients with respect and integrity, while playing a meaningful role in our communities and striving to improve our world and the human condition. This we believe is consistent with the aspirations and expectations of our employees, our clients and our shareholders.

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For other company addresses see page 116 of the Annual Report.

Cover image: Shanghai Natural History Museum, Shanghai, China
The architecture reflects the duality of the built and natural environments
and celebrates the museum as a part of the natural order rather than a collection of natural artifacts.

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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, water, environment and buildings. With 15,000 people worldwide and € 1.8 billion in 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.

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

- **Integrity:** we do business in an honest way, to the highest professional standards, being a reliable partner and treating others with respect;
- **Entrepreneurship:** we take initiatives and develop business opportunities that create value and use our resources in the best interest of our clients;
- **Agility:** we react fast to changing market conditions, are responsive to the needs of our clients and colleagues and are eager to perform.

In addition to these core values, we consider **Sustainability** to be of eminent importance to the way we work. This permeates our thinking and activities in order to provide solutions that can keep our planet livable for future generations.

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 to understand local conditions. The international network enables us to leverage expertise across the globe and to service multinational customers looking 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 creating synergies, by leveraging our extensive client relationships and our wealth of expertise.

Active in the entire value chain
ARCADIS provides services along the entire value chain, with a focus on services with high added value. By operating on a client basis, rather than a project basis, we become involved in developments as early as possible. During the contracting phase of projects we provide construction management services. When we deliver turnkey 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 10. In the global environmental market we are positioned in the top 3, while we are the largest environmental services provider to the private sector globally.

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

* Source: Swedish Federation of Consulting Engineers and Architects (STD), 2009

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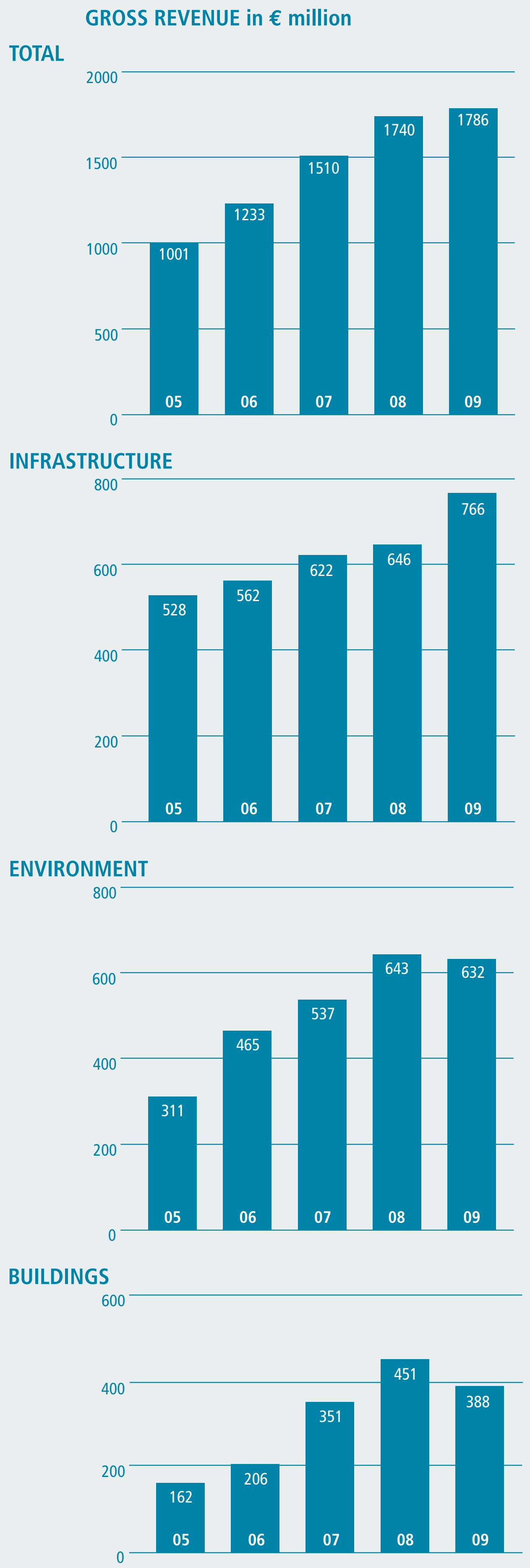


What we do

We focus our services on three main business lines with individual strengths and strategies. At the same time, we work across disciplines and geographies to deliver integrated solutions to complex issues. In 2010 a fourth business line, Water, will be added to reflect our global strengths in that field. In 2009, Water was still part of our Infrastructure segment.

Infrastructure

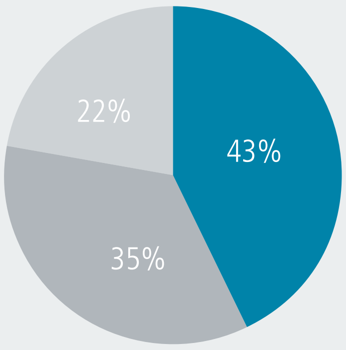
Our infrastructure services create the conditions for efficient transportation and healthy places to live and work. By working on high-quality railways, road networks (including tunnels and bridges), reliable energy supply and development of land for different purposes, ARCADIS' infrastructure professionals bring stability, mobility and a better quality of life to communities around the world. In Water we focus on the supply of clean drinking water, the treatment of waste water and on services related to water management, including management of rivers and coastal zones, urban and rural water challenges and issues related to climate change and rising sea levels.

Environment

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

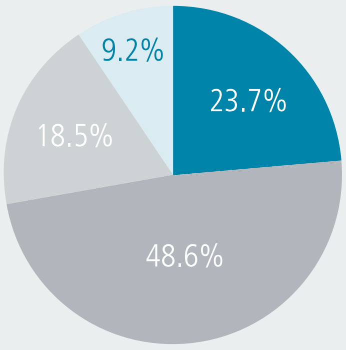
Buildings

At ARCADIS, we understand the importance that buildings have 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.



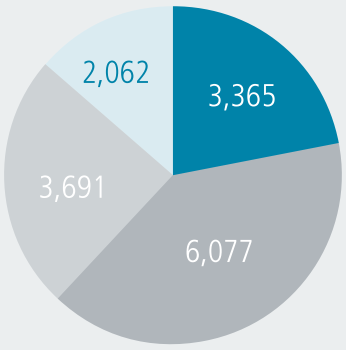
GROSS REVENUE BY BUSINESS LINE

- 43% Infrastructure
- 35% Environment
- 22% Buildings



GROSS REVENUE BY REGION

- 23.7% The Netherlands
- 48.6% United States
- 18.5% Europe excluding the Netherlands
- 9.2% Rest of world



GEOGRAPHICAL SPREAD PERSONNEL

- 3,365 The Netherlands
- 6,077 United States
- 3,691 Europe excluding the Netherlands
- 2,062 Rest of world

Including temporary staff

Clients and strategy

Our clients

We work for a broad range of clients in the public and private sectors.

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, including the oil and gas industry, chemical industry and transportation sector. Many of the Fortune 500 companies are longstanding clients. 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 and developers of real estate, both in the public and private sectors.

Strategy to build global leadership

Our ambition is to be a leading global player in each of our three main business lines. The key elements to achieve this ambition are:

- **Client focus:** building meaningful long-term relationships based on value-added thinking and actions;
- **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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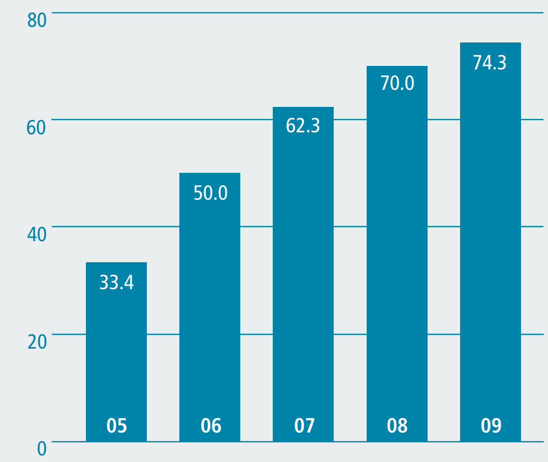
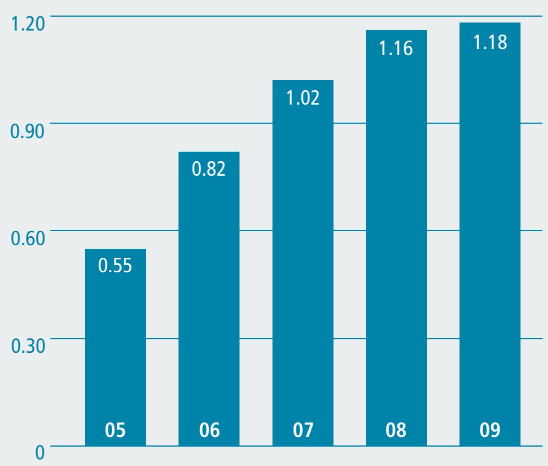
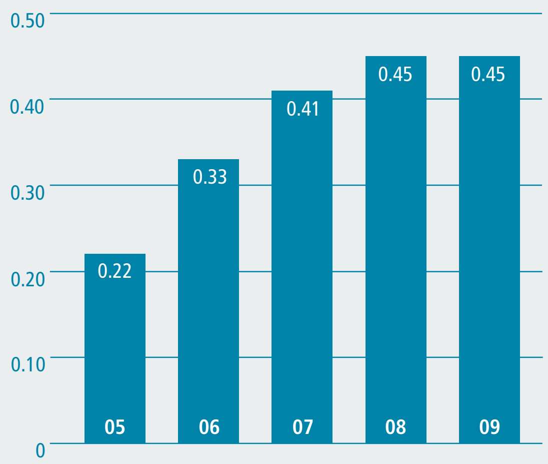


NET INCOME FROM OPERATIONS
in € million



NET INCOME FROM OPERATIONS
PER SHARE
in €



DIVIDEND PER SHARE
in €

Highlights 2009

- Excellent performance, despite economic crisis: net income from operations 6% higher, earnings per share to € 1.18 versus € 1.16 in 2008
- Proposed cash dividend of € 0.45 per share, same as last year
- Gross revenues increased 3% to € 1.8 billion, organic decline was 6% resulting from economic crisis
- Merger with Malcolm Pirnie – the largest acquisition in the company's history – resulting in a top 10 position in the United States and in the global water market
- Margin at 10.2%, above target level of 10% thanks to cost saving measures
- Balance sheet remained strong; net debt to EBITDA at 1.0
- Effective working capital management pushed cash flow from operating activities up to € 152 million
- Infrastructure did well due to continued government investments resulting in solid organic growth and underlying margin improvement
- Environment saw organic revenue declines caused by reduced private sector spending but margins were maintained within target range
- Buildings was hardest hit by crisis with severe revenue declines and lower margins
- Commitment to corporate social responsibility confirmed by joining UN Global Compact

Selected data

Revenue	2009	2008	2007	2006	2005
Gross revenue	**1,786**	1,740	1,510	1,233	1,001
Net revenue	**1,218**	1,162	1,004	837	703
Operating results					
EBITA	**121.6**	131.8	107.2	78.8	60.4
EBITA recurring	**123.8**	131.8	105.9	78.8	57.3
EBITA margin, recurring (in %)	**10.2**	11.3	10.5	9.4	8.2
Operating income	**114.4**	119.6	95.0	70.5	54.4
Associates	–	(0.1)	(0.8)	(0.5)	1.4
Net income from operations [1]	**74.3**	70.0	62.3	50.0	33.4
Net income	**72.8**	57.3	54.9	44.9	33.4
Return on average invested capital (in %)	**15.4**	18.1	20.1	20.3	20.6
Capital employed					
Balance sheet total	**1,315.2**	1,058.4	921.7	736.5	650.1
Average invested capital	**538.4**	478.2	349.4	269.6	190.5
Total equity	**368.5**	219.9	199.2	200.7	188.1
Total equity as % of balance sheet total	**28**	21	22	27	29
Interest coverage ratio	**10**	7	14	17	17
Net debt to EBITDA ratio [2]	**1.0**	1.3	1.1	0.4	0.6
Net cash provided by operating activities	**152.5**	80.5	78.9	86.4	66.8
Total shares outstanding at December 31 (in thousands)	**66,493**	**60,101**	**60,502**	**60,915**	**60,810**
Data per share (in euros)					
Net income from operations	**1.18**	1.16	1.02	0.82	0.55
Net income	**1.15**	0.95	0.90	0.74	0.55
Dividend proposal	**0.45**	0.45	0.41	0.33	0.22
Shareholders' equity	**5.20**	3.35	3.03	3.05	2.84
Personnel [3]					
Average number of contract employees	**13,519**	13,180	11,304	9,685	9,208
Average number of employees total [4]	**14,417**	13,977	12,408	10,728	10,043
Total number of employees at December 31 [4]	**15,195**	14,101	13,391	11,533	10,101
Carbon footprint per FTE (in metric tons of carbon dioxide equivalents)					
Auto transport	**1.03**	2.37	–	–	–
Air transport	**1.42**	2.86	–	–	–
Office energy use	**1.31**	1.47	–	–	–
Total	**3.76**	6.70	–	–	–

[1] Net income excluding amortization and non-operational items
[2] In 2008 and 2009 calculated according to bank covenants
[3] The headcount includes the total number of employees of proportionally consolidated companies
[4] 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. In March 2008, the ARCADIS share became part of the Amsterdam Midkap Index® (AMX). There are two liquidity providers active in the ARCADIS share: RBS and Rabo Securities. At year end 2009, the total number of shares outstanding was 66,493,187, representing a market capitalization of € 1,053 million at that time.

ARCADIS options introduced
Starting on May 26, 2009 the Euronext Options Exchange in Amsterdam introduced the possibility of trading in options on ARCADIS shares. This was related to the inclusion of ARCADIS in the Euronext Amsterdam Midkap Index® in 2008 and market demand for this type of investment vehicle. The options quotation further strengthens the visibility of ARCADIS in the financial world and can improve the attractiveness of the ARCADIS share for both institutional and retail investors. Since trading started a total of more than 30,000 contracts have been traded at an average of more than 190 per day. Open interest in the contracts also increased almost throughout the year, representing an active underlying market.

Dividend
It is proposed to pay a cash dividend for the year 2009 of € 0.45 per share, which is equal to last year. This represents a pay-out of 40% of net income from operations with 10% more shares outstanding.

Share price development
On the last trading day of 2008, the share price on the NYSE Euronext exchange closed at € 9.40, while at the end of 2009 it closed at € 15.83, representing a share price appreciation of 68%. The share performed well throughout the year, but in the second half the rise in share price was accelerated by the acquisition of Malcolm Pirnie, a number of large environmental contract wins and the improvement of the outlook for the full year as presented with the third quarter results.
The ARCADIS share also outperformed the market. The Amsterdam Midkap Index (AMX) increased by 64%.

ARCADIS share price on NYSE Euronext Amsterdam NV

In €	High	Low	Year-end
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
2009	16.39	7.74	15.83

Share issue for acquisition
To finance the merger with Malcolm Pirnie, ARCADIS issued 5.74 million shares early July 2009, in addition to a cash payment. The shares were placed with shareholders and staff of Malcolm Pirnie with a lock-up period of six months and option-based incentives to hold the shares for 18 months.

Liquidity
Despite a proactive investor relations policy and an increased number of investor road shows, the liquidity of ARCADIS shares saw a decrease that was reflective of overall market conditions. The average daily trading volume on NYSE Euronext Amsterdam in 2009 was 153,119 shares compared to 187,780 shares in 2008.

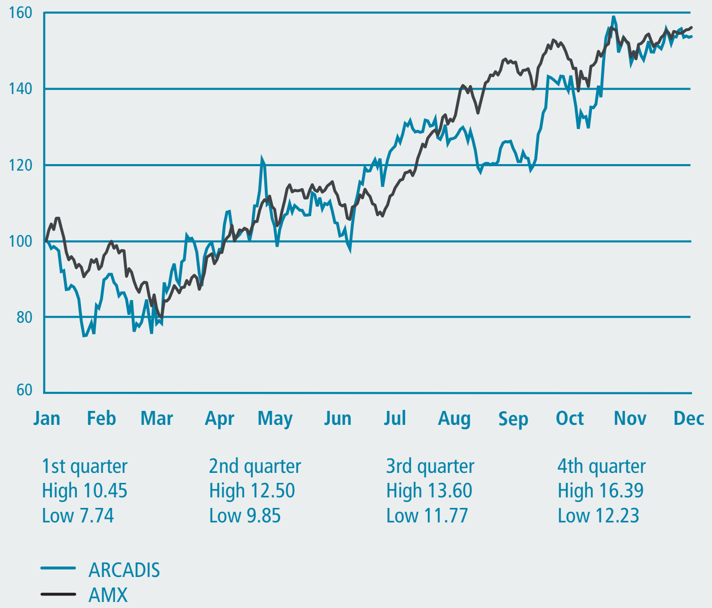
Peer group
To benchmark its performance, ARCADIS has selected a group of peer companies. This group consists of international, publicly listed companies in the consulting and engineering business with activities and size comparable to ARCADIS. This peer group includes the following companies: Aecom (New 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:

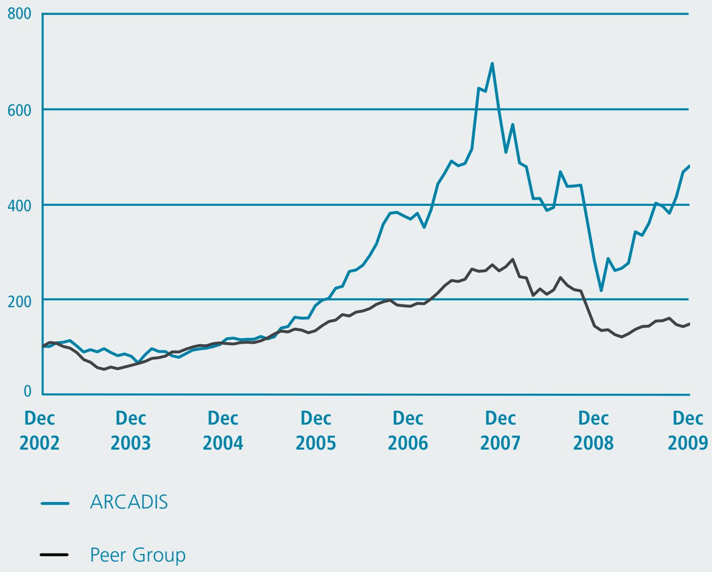
Stichting Lovinklaan	19.2%	(holding end 2009)
ASR Nederland	5.3%	(holding end 2009)
Delta Deelnemingen Fonds	5.2%	(holding end 2009)

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 financial reporting cycle and informs the market

ARCADIS (NYSE EURONEXT) AGAINST AMX



ARCADIS (NYSE EURONEXT) AGAINST PEER GROUP



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. In 2009, ARCADIS conducted 30 road shows and a total of 248 one-on-one meetings with institutional investors, a 25% increase compared to 2008.

Historical development of the number of outstanding shares of ARCADIS

	At January 1	Issuance of new shares related to options	Shares issued	Repurchase	Reissuance	At December 31
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
2009	60,100,948	-	5,739,351	-	652,888	66,493,187

Socially Responsible Investors

An increasing number of Socially Responsible Investors (SRI) see ARCADIS as an investment target. ARCADIS is committed to engaging with this important stakeholder audience and aims to provide information in this area. In 2009, ARCADIS joined the U.N. Global Compact initiative, reflecting its commitment to sustainable business practices and its underlying principles related to human rights, labor standards, environment and anti-corruption. ARCADIS has a program to reduce its global carbon footprint and advises clients on sustainable solutions in all of its activities. During 2009 ARCADIS was included in the Cleantech Index of sustainable companies and the Kempen/SNS Smaller Europe SRI Universe. For more information please refer to the chapter on Corporate Social Responsibility in this Report.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is scheduled for May 12, 2010 at 2:00 p.m. and will be held at Papendal, in Arnhem, the Netherlands. The agenda for this meeting will be available from the Company in early April 2010 upon request and will be announced on the Company's website.

Financial calendar (tentative)

May 7, 2010: First quarter 2010, conference call and webcast
May 12, 2010: Annual General Meeting of Shareholders
May 14, 2010: Ex-dividend quotation
May 26, 2010: Dividend payment date
August 4, 2010: Second quarter 2010, press conference, analyst meeting, webcast
November 11, 2010: Third quarter 2010, conference call and webcast

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

Introduction

In 2009, we delivered an excellent performance against the backdrop of the global economic crisis as we continued to build global leadership positions and drive forward our successful strategy. We ended the year well positioned to capitalize on new growth opportunities and meet the changing needs of our clients to fulfil our mission of improving quality of life around the world.

Despite the challenging circumstances, we continued to grow our revenues and earnings while maintaining margins above target level. We benefited from government spending and focused on clients and markets with growth potential. As private sector investments declined, our strong home market positions enabled us to adapt to changing conditions. We reduced costs to absorb pricing pressure and further strengthened our client focused approach. The merger with Malcolm Pirnie in July was the largest in our history and an important milestone giving us a top ten position in the United States and in the fast growing global water market.

The infrastructure market remained robust as governments continued investments to stimulate recovery, most notably in Europe, where we are involved in major highway, road and railway projects. Growth began to slow in the second half as municipal markets came under pressure, first in the United States, but later also in Europe.

Private clients reduced spending in the environment market, but we benefited from solid demand in the European public sector. We expanded our leadership position in performance-based remediation solutions, strengthening service areas with high potential and capitalizing on vendor reduction programs. In the second half of the year activities stabilized, on the back of several large contract wins in the United States, laying the basis for the return to growth.

The buildings market remained heavily impacted by the crisis, although backlog increased in the final quarter for the first time since the start of the downturn. We adjusted our capacity, increased focus on growth opportunities and benefited from more stable demand in the public sector, including education and healthcare. Our architectural design practice RTKL, was very successful in landing new projects in the Middle East and Asia, improving prospects for 2010.

As of 2010, Water becomes our fourth business line as we position ourselves for strong, long-term growth in a global water market increasingly driven by the effects of climate change. The merger with Malcolm Pirnie has significantly enhanced our position in the water and environmental markets in the United States and brings capabilities we can leverage globally.

We are mindful that the economic recovery is still fragile. However, with a strong backlog in place we see a gradual recovery in some of our key markets. The crisis has strongly affected our activities, but has also shown the strength of our market positions based on a balanced portfolio in terms of geographies, clients and business lines. Our performance has demonstrated our ability to respond to changing conditions, reflecting our core values: integrity, entrepreneurship and agility. Issues like mobility, urbanization, sustainability, climate change and renewable energy, drive demand for our services and offer excellent long-term prospects.

We greatly appreciate the strong internal collaboration within the company, which has helped us to navigate the recession by utilizing our capabilities to the benefit of our clients. We would like to take the opportunity to thank all of our people for their successful contribution under often challenging circumstances and offer our compliments to them for the excellent results we have achieved.

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 who work across business lines and geographies to provide real-life solutions to some of today's most complex challenges in infrastructure, water, environment and buildings. Our work is all about creating balance: between the built and natural environments, the creative and the functional, the innovative and the proven, and between imagination and results. By creating balance, we fulfill our mission of improving the quality of the human habitat.

In today's economic environment we continue to realize our ambitions through the vision and strategy that guide our business decisions. In good as well as in bad times we rely on our core values: integrity, entrepreneurship and agility. Our focus is primarily on the longer term, with our short-term performance reflecting the value we create for clients and allowing us to invest in our future. Now, more than ever, our work is vital to solving the challenges facing our clients and communities across the world in a sustainable way.

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

Focus on Infrastructure, Water, Environment and Buildings. These business lines give the company a clear focus and allow us to offer clients integrated business solutions and one-stop shopping. With a broad range of disciplines, expertise and experience at international level we are able to capitalize on market trends and grow our business through innovation.

Global network based on strong home market positions. This enables us to leverage expertise globally and serve multinational clients with consistent quality worldwide. Because client relationships and understanding of local conditions are critical, strong home market positions form the core of our global network.

Client focus. We seek long-term relationships with select multinational, and key national and local clients who appreciate the value-added services we provide. We therefore run our business on a client basis rather than on a project basis. By cross-selling services we satisfy our clients' 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 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 benefits for clients.

People are key to our success. Their capabilities, entrepreneurship and commitment make the difference in a competitive market. 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.

Growth drivers

Market conditions for ARCADIS are strongly influenced by investments from the public and private sector. These

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investments fluctuate with the economic cycles. The present economic crisis has negatively impacted investments from the private sector while public sector investments have been stable or even increased to limit the impact of the downturn. Despite the short-term impacts of the crisis, the long-term outlook for our business is favorable. This is due to structural market trends and changing client needs and behavior. ARCADIS is well positioned to capitalize on the opportunities which result from these growth drivers.

Market trends driving growth

Quality of life. As living standards increase, people want a higher quality physical environment. This leads to higher investment levels in the built environment, measures to conserve or upgrade nature and landscape, and sustainability as being inherent to quality.

Mobility. In all major urban areas congestion hampers economic development. This results in major investment programs to expand the capacity of roads, highways and public transportation systems.

Urbanization. Population growth and migration to cities cause greater urbanization and a growing number of mega cities. This means investments in residential areas, industrial sites, commercial properties and other facilities, not only in new urban areas but also in deteriorated inner cities, requiring redevelopment and remediation works.

Sustainability. An issue of paramount importance is preserving quality of life for future generations. Sustainability is integrated in everything we do. All our projects are evaluated in terms of their environmental impact with the intent to take mitigating measures in as far as is possible and feasible.

Climate change. This creates unprecedented challenges for delta areas where more than 50% of the world's population lives. The resulting opportunities for our business are many: reduction of greenhouse gasses; lowering the carbon footprint of projects; identifying new water resources; and counteracting the effects of potential flooding through better water management and flood protection.

Energy. The growing population, strong economic expansion and need to reduce emissions cause stronger demand for energy, especially renewable energy. This is a growth driver for all of our business lines.

Water. Scarcity of clean, safe, potable water is becoming an important issue. Water can be considered "the oil of the 21st century". This leads to a rising demand for services related to water supply, treatment and reuse.

Changing client needs driving growth

Globalization of industry. Multinational 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 taking place in the public sector where the focus now is on policy making, while design and engineering are outsourced to the private sector.

Public-private partnerships. This trend refers to the financing of public infrastructure and amenities through private sector investments. Due to the economic crisis, the availability of private funds has diminished, but as the economy recovers and public spending comes under pressure, governments will start stimulating private investments again to continue implementation of infrastructure programs.

Supply chain integration. Clients ask for alternative delivery methods to achieve better integration in the entire supply chain. This includes Design/Build and Design, Build, Finance and Operate (DBFO) approaches, whereby one party or a consortium takes responsibility for developing, designing and building and, in the case of DBFO, also financing and operating a project. ARCADIS' focus in these projects is on delivering its specialized services to create competitive solutions based on thorough knowledge of local conditions.

Risk participation. Increasingly clients ask or require ARCADIS to take certain project risks. In these cases, our fee is dependent on our performance. ARCADIS has internal procedures to control the related risks.

We actively anticipate these changing client needs by partnering with clients and other parties in the supply chain in order to create more added value for clients. That gives opportunities for bigger projects and larger contracts, requiring a broad and deep knowledge base, adequate risk management and being global but acting local, providing ARCADIS with a competitive advantage.

Present strategic position

ARCADIS has transformed successfully

Our strategy of growing high added value activities and divesting low margin businesses has successfully transformed ARCADIS. The Company is now focused on business lines with long-term growth opportunities. In addition, we have expanded substantially through a series of acquisitions. The acquisition in 2005 of Blasland, Bouck and Lee (BBL) gave ARCADIS a leading position in the global environmental market. In the buildings market we acquired a number of project management companies and in 2007 we added RTKL, one of the world's leading architectural design and planning firms. Through smaller acquisitions we strengthened our home market positions while adding specialized capabilities. All these acquisitions have been integrated and have delivered synergies by leveraging client relationships, know how and experience.

Malcolm Pirnie delivers major position in global water market

By mid 2009 we completed the merger with U.S.-based Malcolm Pirnie, a leading engineering consultancy in the water market, also active in environment, with 1,700 people and revenues of $ 392 million. This major step fits our strategy: it substantially enhances our position in the U.S. infrastructure market and it adds high level capabilities in the water market that we can leverage globally. In addition, with 85% of its clients coming from the public sector, it gives us a more balanced client portfolio in the United States.

The merger is expected to generate significant business and operational synergies. To capitalize on the expected strong growth in the global water market, water will become a separate business line as of 2010. By combining Malcolm Pirnie's world-class expertise in water quality, treatment and strategic planning with ARCADIS' experience and reputation in water management and coastal engineering, we achieve a major position in the global water market with annual revenues representing around 18% of our combined revenues.

Strategic position improved strongly

ARCADIS is now positioned as a premier international professional services firm. We are a top 5 player in many European markets, Brazil and Chile, and a top 10 firm in the United States. Our strategic success is also reflected in our financial performance. In the period 2004 – 2009, gross revenue grew by 15% annually and net income from operations rose by 25% annually, while margins improved significantly.

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 and Middle East
Clear focus on business lines with growth potential	Relatively high fixed costs in Europe due to lower flexibility of labor market
Strong client base with many multi-national and key national clients	Brand recognition outside the Netherlands
Stable cash flow and healthy balance sheet	
Opportunities	**Threats**
Short term infrastructure programs to stimulate economy; in longer term private financing for infrastructure	Impact of economic downturn on private sector spending in buildings and environment
Climate change & sustainability pushing demand	Government budget deficits impacting infrastructure spending
Outsourcing by companies and governments	
Acceleration of consolidation in our industry	

Continued on next page ▶

Strategy: building global leadership

The ARCADIS strategy, entitled "Building Global Leadership", spans the period 2008 – 2011. Although the economic environment has drastically changed since we introduced the strategy, we maintained our strategic focus while at the same time adjusting ourselves to the current market conditions.

Strategic ambitions

Leadership in business lines. Our ambition is to achieve a leadership position in each of our business lines. Client focus, seamless delivery of services across the globe and a "one firm" approach are key elements in achieving this ambition. For each of the business lines, excluding Water, specific goals and strategies have been defined that are explained in the section on business lines. A task force is working on the strategy for the new business line Water. However, our leadership ambition goes beyond the goals for the individual business lines. It also includes:

Superior growth and profitability. We aim to be in the upper quartile of our peer group. This is reflected in our financial goals that are explained on the next page.

Quality and innovation. We seek to distinguish ourselves through the quality of our services and the innovative solutions we provide.

Focus on high added value services. This 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 lead if we are able to attract and retain the best people. We aspire to be an employer of choice, with an international and inspiring workplace that provides ample 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 attract and retain good people.

Strong brand recognition. We aim for a brand that differentiates us as a premier international professional services provider in our fields of business.

Progress in implementation

Progress regarding implementation of the strategies for each of the business lines is reported in the business lines section. In addition, the following progress can be reported in realizing our goals.

Organizational alignment

The introduction of a division structure in the operating companies has been completed. The heads of each division in the countries have dual reporting lines: first to the country CEO and secondly to the global business line director. This strengthens our ability to operate as a globally integrated firm and supports synergy initiatives throughout the business. The Global Business Line Teams (GBLT) drive the implementation of the global business line strategy.

Knowledge management

We made great progress in knowledge management. Almost all ARCADIS companies are now connected to a state-of-the-art, intranet-based knowledge management system, called 'The Source', that employees use to access our knowledge base and collaborate on technical issues, client matters and best practices. Managed by our global experts, we have Communities of Practice across all Global Business Lines in place as a platform for cooperation.

Human Resource Management

As people are critical to the success of our strategy, Human Resource Management plays an important role in achieving our goals. Focus has been on management development and on developing a career track for Global Account Management. For further reporting in this area, see the chapter on People and Organization on page 37 of this Report.

Sustainability

As sustainability is a key issue for our clients, each Global Business Line Team has identified best practices to integrate sustainability into all our projects. In addition, we work pro-actively on reducing our own global carbon footprint and in 2009 we achieved our goal of a 10% reduction. For further reporting in this area, see the chapter on Corporate Social Responsibility on page 43 of this Report

Brand recognition

Having completed the repositioning of our brand in 2008, with "balance" as a key differentiator, 2009 saw the introduction of a number of initiatives to enhance our global visibility. As a result, we were mentioned in a large number of national publications as well as several leading international media outlets. We were especially successful in positioning ARCADIS as a leading company in water management.

Acquisitions

Acquisitions to build leadership

The acquisition of Malcolm Pirnie in July 2009 was a major step that fulfilled several of our strategic goals. As the integration with our U.S. operations is an important priority for 2010, the focus for new acquisitions in the near term will be outside the Unites States. Priorities are driven by our strategy of building and expanding home market positions and by the strategies for each of the business lines. As the economic center of gravity is shifting and many of our clients are investing in emerging economies, we have a strong interest in expanding our business to Asia, the Middle East and India. We have a preference for larger acquisitions that fulfill several of our goals simultaneously.

Clear criteria

Important criteria for acquisitions are: strategic fit, reputation of a company and 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

Ambitious targets

Within the framework of our strategy, we have set ambitious growth targets, based on ARCADIS' improved growth profile, the attractiveness of market conditions in the longer term and the strength of our market positions. The targets are meant as an average over the cycle, so achieving them is also dependant on market conditions. The targets are as follows:

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

Organic growth and margin targets for each of the business lines are specified in the section on business lines starting on page 24 of this Report.

Because the currency translation risk has no effect on the business, this risk is not hedged.

Performance in comparison to financial targets

Below the 2009 results are compared against the targets and previous years' performance. The results exclude currency impacts.

	Goal	2009	2008	2007	2006	2005	2004
Gross revenue	15%	2%	18%	26%	23%	10%	9%[1]
- Organic	7.5%	-6%	6%	16%	10%	5%	5%
- Acquisitions	7.5%	8%	12%	10%	13%	5%	4%
Operational margin	10%	10.2%[2]	11.3 %	10.5%[2]	9.4%	8.2%	6.2%[2]
Earnings per share	15%	0%	17%	28%	50%	40%	9%
Return on invested capital	15%	15.4%	18.1%	20.1%	20.3%	20.6%	17.2%

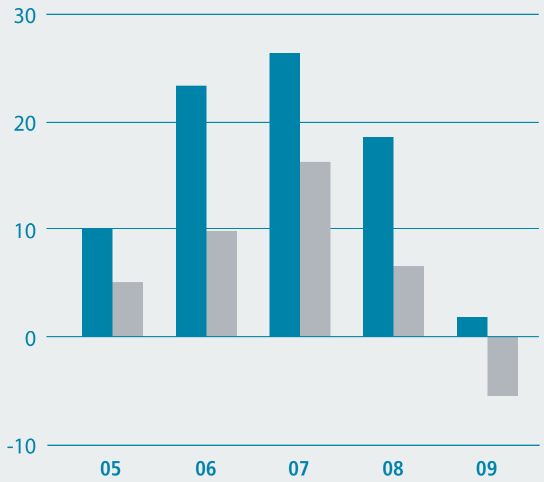
[1] Excluding book profit on sale of assets

[2] Excluding non-recurring items

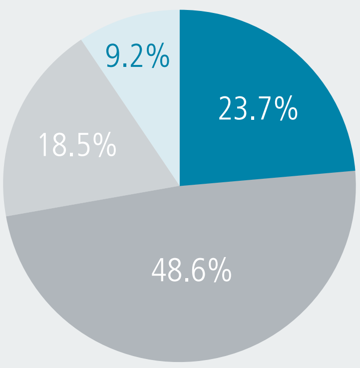
Criteria to maintain healthy balance sheet

In order to maintain a healthy balance sheet we aim to maintain the net debt to EBITDA ratio below 3. This is in line with the bank covenants for our existing loans. In the current economical climate 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
23.7% The Netherlands
48.6% United States
18.5% Europe excluding the Netherlands
9.2% Rest of world

Excellent performance despite challenging market conditions
In 2009, ARCADIS again showed excellent results, despite the severe impact of the economic crisis on several of our markets. Net income from operations (before amortization and non-operational items) increased by 6% to € 74.3 million. Per share, this is € 1.18 against € 1.16 in 2008. This strong performance was achieved by consistently focusing on clients and markets that offer opportunities and proactively reducing costs to adjust to the crisis. Aided by the merger with Malcolm Pirnie, gross revenues grew 3% to € 1.8 billion.

Dividend € 0.45 per share
ARCADIS proposes to pay out a cash dividend of € 0.45 per share, which is equal to last year. This is based on distributing 40% of net income from operations and 66.5 million outstanding shares ultimo 2009. Our dividend policy aims at a payout ratio of 30% to 40% of net income from operations, to provide an attractive dividend yield for shareholders, while setting aside sufficient resources to finance growth.

Revenue and profit

Organic growth under pressure due to crisis

	Revenue in mln		Growth			
	2009	2008	Total	Organic	Acquisitions	Currency
Gross	**€ 1,786**	€ 1,740	3%	-6%	8%	1%
Net	**€ 1,218**	€ 1,162	5%	-4%	8%	1%

Caused by poor conditions in the commercial property market and weakness in private sector environmental work, revenues in the United Kingdom, RTKL and the United States showed significant organic declines. This was partly compensated by organic growth in the Netherlands, Poland, France and Chile, mainly resulting from solid market conditions in infrastructure. Net revenues (part of gross revenues produced by ARCADIS staff) grew somewhat stronger than gross revenues, as the organic decline was less. The 8% growth from acquisitions mainly came from Malcolm Pirnie. The currency impact was limited to 1% as the positive impact of the dollar was partly offset by other currencies.

Geographical mix and portfolio
The geographical mix shifted towards the United States, mainly as a result of the merger with Malcolm Pirnie. The portfolio composition shifted towards infrastructure due to the addition of the water business of Malcolm Pirnie, and the organic growth of infrastructure while environment and buildings showed organic declines. The water activities, which will become a separate business line as of 2010, represented 14% of revenues in 2009.

Geography	% of Gross revenue	
	2009	2008
Netherlands	**24%**	23%
Other Europe	**18%**	22%
United States	**49%**	45%
Rest of World	**9%**	10%

Portfolio	% of Gross revenue	
	2009	2008
Infrastructure	**43%**	37%
Environment	**35%**	37%
Buildings	**22%**	26%

Personnel costs impacted by staff reductions

Personnel costs rose 8% to € 866 million (2008: € 801 million), predominantly resulting from the merger with Malcolm Pirnie. To align personnel costs with declining net revenues, staffing levels were reduced, mostly in the U.K. buildings business, in RTKL and in U.S. environmental activities. This resulted in a 1.3% organic decline of personnel costs, somewhat lagging behind the 4.0% organic decline in net revenues. However, personnel costs also included € 7.8 million associated with reorganizations and € 2.2 million non-recurring costs related to the employee share participation program. Excluding these costs, personnel costs decreased organically by 2.6%.

Impact of share participation program

Under the share participation program of the Lovinklaan Foundation (main shareholder in ARCADIS representing staff), employees can buy ARCADIS shares at a discount. Although entirely funded by the Foundation, IFRS requires program costs to be included in personnel costs. In 2009, participants also received one-off bonus shares related to the 25th anniversary of the Foundation, which resulted in non-recurring costs of € 2.2 million. There is no effect on cash flow or on the equity of the Company.

Savings on other business costs supported margin

Despite the merger with Malcolm Pirnie, other business costs were kept at the 2008 level of € 208 million. This was due to extensive cost saving programs which reduced other business costs by 6.7%. As net revenue decreased organically by 4.0%, these cost savings helped keep margin levels high.

Depreciation remains level; amortization lower

Depreciation (excluding amortization) was 5% higher at € 24.5 million (2008: € 23.3 million), but as a percentage of net revenue stayed level at 2%. Under IFRS, identifiable intangible assets related to acquisitions must be separated from goodwill and amortized over their economic lifetime. Importantly for ARCADIS, this relates to the profit included in the backlog of acquired companies. In 2009, amortization was € 7.2 million, 41% lower than in 2008 (€ 12.2 million).

Decrease in operating income and EBITA

ARCADIS uses EBITA (operating income before amortization) to measure the financial performance of operations. This measure was determined as follows:

In € millions	2008	2007
Operating income reported	**114.4**	119.6
Amortization	**7.2**	12.2
EBITA	**121.6**	131.8
Non-recurring items	**2.2**	-
Recurring EBITA	**123.8**	131.8

Other income, resulting from small divestments, at € 1.7 million, was comparable with last year (2008: € 1.9 million). Non-recurring items in 2009 consisted of one-off costs for the share participation program. On a recurring basis, EBITA decreased by 6% to € 123.8 million (2008: € 131.8 million). The contribution from acquisitions – mainly Malcolm Pirnie – was 8%; the currency effect was 2%. In the fourth quarter of 2008, the sale of two small hydropower projects in Brazil contributed € 6.8 million to EBITA. Excluding this impact, EBITA decreased organically by € 14.2 million or 11%. This was partly caused by a € 3.1 million lower contribution from the sale of carbon credits from biogas production in Brazil, due to delays in certification procedures. The remaining organic decrease of 9% resulted from profit declines in our U.K. and Middle East buildings businesses and RTKL and a restructuring charge of € 7.8 million. These were partly offset by strong performance in the Netherlands and solid results from the United States.

Margin above target of 10%

The margin (recurring EBITA as % of net revenue) came out at 10.2%, still above our target level of 10%, but lower than the 11.3% in 2008. Corrected for the contribution from the sale of hydropower projects in Brazil, the margin in 2008 was 10.8%, while the margin in 2009, corrected for the lower contribution from carbon credits, was 10.4%. This strong performance resulted from our focus on high added value services and from cost savings, particularly in the United States.

Continued on next page ▶

Financing charges reduced considerably
Financing charges totaled € 3.6 million, considerably lower than the € 23.6 million in 2008. This was largely an effect of derivatives. These were sold in early 2009 resulting in a one-off gain of € 7.5 million. Excluding derivatives, financing charges were € 11.1 million compared to € 17.7 million in 2008. This decrease was achieved despite investments in acquisitions, due to lower interest rates, strong working capital management and exchange rate differences on loans in Brazil.

Tax rate lower
The effective tax rate was at 33.4%, or 32.7% if corrected for the non-recurring costs of the share participation program of the Lovinklaan Foundation. This is lower than the 34.3% in 2008, mainly resulting from a € 1.6 million tax credit related to option expenses following the increased share price and a € 0.4 million research and experimentation credit in the United States. Excluding these impacts, the effective tax rate would have been 34.5%, in line with 2008.

Associated companies remain level
The contribution from associated companies was just above break even compared to almost break even in 2008. Improved results of Dutch associates were offset by losses in Brazil.

Strong decrease in minority interest
Minority interest strongly declined to € 1.0 million (2008: € 5.7 million), largely due to the effect of lower profits from Brazil, where ARCADIS owns 50.01% of ARCADIS Logos. In 2008, € 2.2 million from the sale of hydropower plants was included while 2009 showed less carbon credits sales and a weaker operational performance.

Gains in net income and net income from operations
Net income rose to € 72.8 million or € 1.15 per share compared to € 57.3 million or € 0.95 per share in 2008. Net income from operations (before amortization and non-operational items) was € 74.3 million, 6% more than the € 70.0 million in 2008. Per share, this is € 1.18 compared to € 1.16 in 2008. The reason that net income from operations rose 6% while recurring EBITA decreased 6% is threefold: lower interest costs, a somewhat lower tax pressure and a lower minority share caused by less profits from Brazil.

Cash flow and balance sheet

Strong cash flow
Net cash from operating activities increased to € 152 million (2008: € 81 million). Free cash flow, after regular investments/divestments in ongoing business, rose to € 128 million (2008: € 54 million). This strong cash flow was achieved by focusing on working capital reductions.

Regular investments somewhat lower
Regular investments in (in)tangible assets (excluding acquisitions) totaled € 26 million. This is somewhat lower than last year and in line with the level of depreciation. The sale of property and equipment resulted in a cash inflow of € 1.9 million.

Merger with Malcolm Pirnie
On July 9, 2009, we concluded the merger with Malcolm Pirnie which financially was based on the following:
- A cash purchase price of $ 135 million, of which $ 30 million as deferred payment;
- A payment in ARCADIS shares, which at the date of determination represented a value of $ 84 million, or 5,739,351 ARCADIS shares;
- Of these, 546,544 shares were issued to key employees, not being shareholders;
- The shares have a lock-up period of 6 months with incentives to hold them for at least 18 months;
- Goodwill can for fiscal purposes be amortized over a 15 year period;
- Two million options were distributed to shareholders and key employees with an exercise price based on the share price at closing.

Taking into account the expected tax impact, the implied multiple paid was in line with other larger acquisitions made by ARCADIS.

Investments in acquisitions remained strong
In addition to the merger mentioned above, two smaller acquisitions were completed; in the Netherlands: Register, 13 people, € 1.3 million gross revenues; and in the Czech Republic: Bohemiaplan, 70 people, € 3.5 million gross revenues. In Brazil, ARCADIS Logos in the last quarter of 2009

expanded its share in Biogas from 33.3% to 47.4%. This had no cash impact as loans were converted into equity.

Investments in acquisitions, including expansion of our interest in consolidated companies, were € 75 million (after deduction of cash at closing and excluding payment in shares). Deferred payments for acquisitions from earlier years were € 5 million, bringing the total acquisition-related cash outflow to € 80 million. Acquired goodwill totaled € 92 million and identifiable intangible assets were € 10 million. In addition, € 12 million (2008: € 11 million) was invested in associated companies and other financial non-current assets, mostly Brazilian project investments. The sale of some infrastructure activities in Germany resulted in € 1.8 million cash inflow while payments on long-term receivables contributed € 3.1 million.

Number of outstanding shares increased

Mainly as a result of the merger with Malcolm Pirnie, the total number of outstanding shares at year-end increased to 66.5 million (2008: 60.1 million). The average number of outstanding shares, used to calculate earnings per share, increased to 63.1 million (2008: 60.5 million). To cover obligations related to option plans, 0.7 million previously repurchased shares were used for the exercising of options. 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 € 1,315 million (2008: € 1,058 million), while goodwill increased to € 325 million (2008: € 233 million), both mainly as a result of acquisitions. Identifiable intangible assets remained at € 10 million. As of 2004, goodwill is no longer amortized, but subject to impairment testing once a year. In 2009, this test determined that no goodwill loss had occurred, showing the continued value of the cash-generating units.

Acquisitions were the main reason that net working capital (work in progress plus accounts receivables minus accounts payable and billings in excess of costs) rose by € 34 million. Excluding Malcolm Pirnie (with higher working capital), net working capital at year end as a percentage of gross revenue (measured at the fourth quarter level times four) was 11.0% (2008: 11.2%).
Cash and cash equivalents totaled € 224 million (2008: € 118 million). Despite the cash used to finance a large acquisition, net debt (cash and cash equivalents minus interest-bearing debt) increased only slightly to € 174 million (2008: € 171 million, excluding € 13 million which was the value of swaps related to long-term debt). Interest-bearing debt also includes after-payment obligations to former shareholders of acquired companies totaling € 30 million (2008: € 12 million).

Long-term loans and borrowings rose to € 342 million (2008: € 267 million), while short-term loans and borrowings increased to € 33 million (2008: € 15 million). At year-end 2009, € 170 million in short-term credit facilities was available. As part of these facilities, banks issued project bonds worth € 67 million (2008: € 65 million).

Shareholders' equity was € 352 million, compared to € 208 million at year-end 2008. The table below details the change:

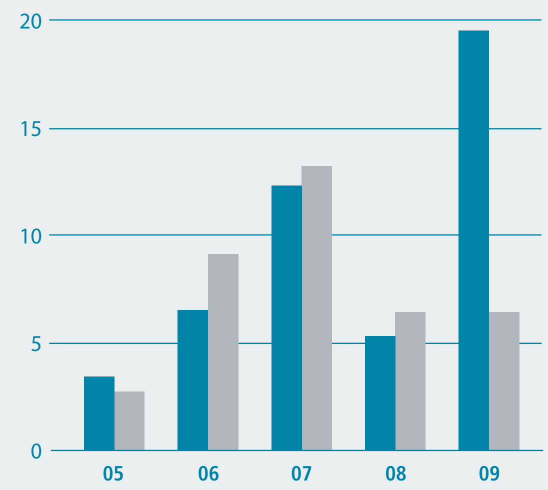
In € million	Effect
Net income from book-year 2009	72.8
Issue of shares	70.7
Dividend payment for book-year 2008	(27.1)
Currency exchange rate differences	11.8
Effective portion of cash flow hedging	0.1
Exercising of options	3.4
Option costs	9.3
Total change	**19.9**

Strong balance sheet ratios

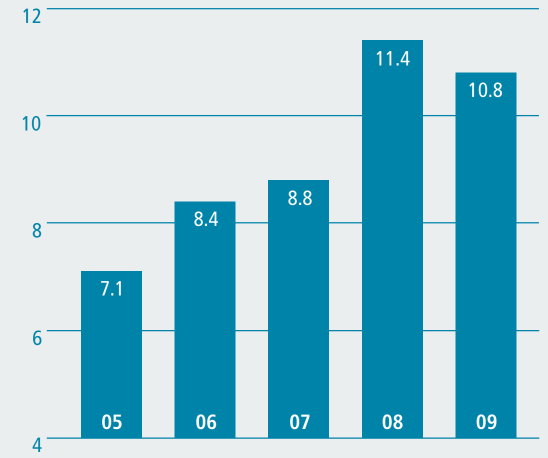
Balance sheet ratios remained strong at year-end 2009:
- net debt to equity ratio was 0.5 (2008: 0.9);
- net debt to EBITDA ratio was 1.0 (2008: 1.3), measured according to bank covenants;
- interest coverage ratio was 10 (2008: 7).

Covenants included in loan agreements with banks stipulate that the net debt to EBITDA ratio should be below 3, measured twice a year; at year end and at end of June, this is based on average net debt compared with last 12 months EBITDA. ■

Developments by business line
Infrastructure



INFRASTRUCTURE GROWTH
in %
Excluding currency effect



EBITA-MARGIN INFRASTRUCTURE
in %
Recurring

This business line includes services for transportation (traffic management, highways, railroads, waterways, bridges, tunnels); water (water management, water quality, hydraulic engineering, water supply, waste water treatment); land development (residential, industrial, recreational, mixed-use, urban and rural planning); and energy (hydropower plants, biogas installations, windmill farms, networks). Starting in 2010, water activities will be reported in a separate business line. The contribution of infrastructure (including water) to revenues in 2009 was 43% (2008: 37%).

Present position and strategy

Building on local strength

The infrastructure market is predominantly a local market, servicing national, regional and 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. ARCADIS has built strong local positions that enable it to anticipate market developments, deliver tailored solutions and leverage specialized global expertise.

SWOT analysis

Strengths	Weaknesses
Strong local positions and broad service offering	Insufficient recognition internationally
Specialist in rail, water, large transportation corridors (including bridges and tunnels)	Limited presence in strong growth areas such as Asia and India
Opportunities	**Threats**
Government investment programs and PPP projects	Reductions in government spending caused by budget deficits or lower tax revenues
Climate change drives water management in delta areas	Increasing price competition
Growing demand for clean water and renewable energy	

Ambition: Recognized global player leading in selected segments

Our ambition is to be a recognized global player based on strong home market positions. Our organic growth target is 6% per year with margins of between 8% and 9%.

To achieve our ambition we continue to build and expand strong home market positions through organic growth and acquisitions. We aim for a top 5 position in major geographical markets (for the United States a top 10 position). In addition, we want to expand our 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 which allows us to benefit from growing demand for public transportation;
- **Water.** The merger with Malcolm Pirnie strongly enhances our capabilities in water supply, quality and treatment. Together with our Dutch experience and heritage in water management we are well positioned to build a global leadership position in water;
- **Transportation corridors.** ARCADIS has a strong track record in complex infrastructure projects, including bridges and tunnels. The focus is on large, multidisciplinary projects, including design-build and Public-Private Partnership (PPP) schemes.

Progress in implementation of strategy

Major progress was made through the merger with Malcolm Pirnie. 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. The focus is on Global Knowledge Networks for each of the focus areas, to exchange knowledge, develop new technologies and enhance sales and market development. Initiatives have been taken to further outsource low added value services in order to improve competitiveness.

Developments in 2009

Revenue	2009	2008	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	766	646	19%	6%	14%	-1%
Net	532	454	17%	4%	15%	-1%

	2009	2008
Ebita	57.2	51.6
Margin	10.8%	11.4%

Amounts in millions of euros

Strong performance due to government spending

In most markets, public spending for infrastructure projects remained robust, with some governments adding budget or accelerating projects to limit the downturn. This resulted in solid organic growth of 6% on gross and 4% on net revenue. The difference was caused by work on Brazilian hydropower projects with high subcontracting. Organic growth was especially strong in Europe. Acquisitions growth came mainly from the merger with Malcolm Pirnie, to a small extent offset by divestments in 2008 and the sale in late 2009 of engineering activities in Germany. The margin was 10.8% (2008: 11.4%). When corrected for the sale of hydropower projects in Brazil in the last quarter of 2008, the margin in the underlying business increased by 0.7%. This was mainly the result of enhanced profitability in the Netherlands, Belgium and the United States.

Strong growth in the Netherlands

Organic growth in the Dutch market was particularly strong. ARCADIS is involved in many of the 30 priority projects for the expansion of existing highways. We were also selected by the Transportation and Water Authority for a pilot project regarding "integral outsourcing" to accelerate implementation of transportation projects. To counter the effects of the financial crisis and simultaneously reduce congestion, the government wants to speed up specific infrastructure projects. This includes the tunnel under the City of Maastricht, as part of the A2 highway, for which a consortium with ARCADIS as the designer/engineer was selected. In the rail market, ARCADIS worked on many projects to expand capacity of the existing network. In the last quarter of 2009 we saw some slowing in spending by local governments.

European markets benefit from government investments

In Belgium, France and Poland our activities grew strongly. In France we benefited from government programs to improve public transportation. In Central Europe, investments are supported by European funds. In Poland, ARCADIS is involved in 30% of the design-build road projects. From the Czech Republic, we expanded into Slovakia, where ARCADIS will deliver services for a DBFO highway project with a total length of 52 kilometers. With the acquisition of Bohemiaplan in December 2009, we strengthened our position in the Czech Republic, adding 70 people and € 3.5 million in revenues, with services focused on the energy and mining sectors.

Market conditions weakened in the United States

Despite the introduction of the stimulus package early 2009, market conditions in the United States weakened somewhat in

Continued on next page

the course of the year. This resulted from lower tax revenues putting pressure on state and municipal spending while the stimulus package did not yet have a notable effect. This led to an organic decline of revenues. Softness in the municipal market and declines in land resources work were partially offset by growth in transportation and water resources. In the last quarter of 2009 projects with stimulus funding started trickling through.

Water market offers ample opportunities

With Malcolm Pirnie our ability to benefit from opportunities in the water market increased substantially, both inside and outside the United States. The U.S. municipal market for water supply and waste water treatment was soft, but this was partly offset by the effect of synergy initiatives. In Europe, demand for water management services was strong, while work in the United States on the New Orleans project progressed well. We used this experience to expand our position to additional U.S. Army Corps of Engineers Districts. In addition, we contributed to a study on the effect of sea level rise in the San Francisco Bay area and for New York we developed an initiative for a storm surge barrier as protection against potential flooding. In Florida we were involved in several projects to preserve the unique qualities of the Everglades. In Brazil work continued on the large-scale Sao Francisco river project, which will provide drinking and irrigation water to the arid northeast of the country.

Energy and mining drive growth in South America

In Brazil and Chile the strong growth seen in recent years weakened. Based on the future energy needs in Brazil, ARCADIS Logos is developing, together with partners, a portfolio of smaller hydropower projects, with equity stakes usually between 20% and 30%. In 2009, work on Retiro Baixo, a mid-sized hydropower project in which ARCADIS Logos holds 25.5%, was completed. The considerable amount of subcontracting in this project resulted in strong gross revenue growth while net revenue was flat due to reduced private sector investments. In Chile, infrastructure investment level was still good and revenues increased.

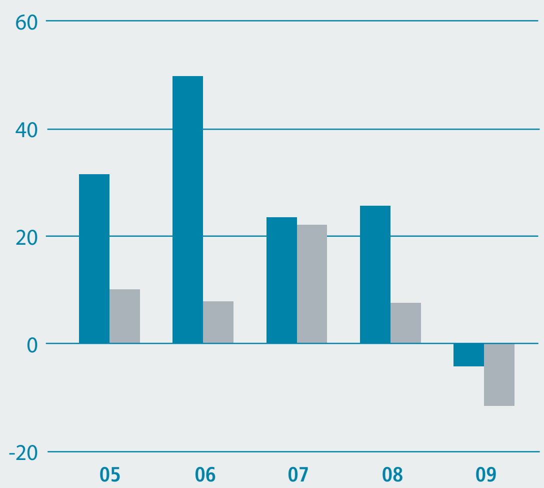
Outlook

The infrastructure market is expected to remain robust in 2010. Economic recovery is still fragile, so governments continue to invest. In Europe, the road and rail market continues to offer notable opportunities. In the Dutch market, several major projects and programs are generating a good workload, including the A2 Maastricht tunneling project and the extensive upgrading program for the existing railway system. Demand in the Central European road market will remain high, while the Polish rail market is expected to pick up again. In France, we are involved in tendering procedures for several major high speed railway projects based on design-build, while also in Belgium large design-build projects are planned.

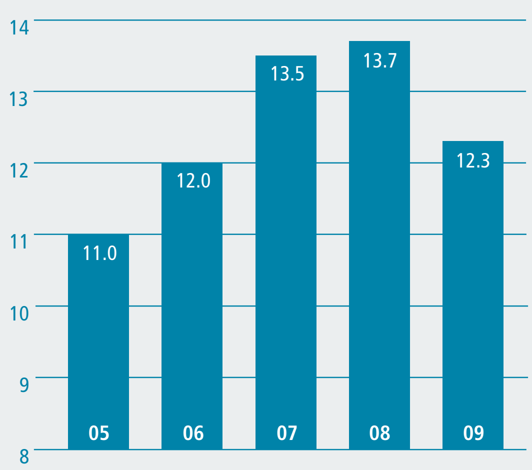
In the United States the stimulus package is expected to have a positive impact, although it remains to be seen whether this sufficiently offsets softer demand from municipalities. Additional work can be generated through synergy with Malcolm Pirnie, while we will also benefit from leveraging their capabilities internationally, with a focus on Brazil and Chile. Climate change continues to be an important growth driver for water management, including flood protection. As Brazil and Chile were less impacted by the recession, we expect investments to pick up again, especially in Brazil. With work on Retiro Baixo being finished, this will mainly have an impact on net revenue. The Brazilian market will also be supported by the 2014 football World Cup and the 2016 Olympics.

In 2010, central governments will continue to invest in infrastructure, but local government spending will be impacted by the economic crisis, as we have seen already in both the United States and Europe. Therefore, we expect infrastructure growth to slow down somewhat compared to the strong growth of 2009. The extent to which this will happen is largely dependant on the impact of the stimulus package in the United States. ■

Developments by business line
Environment



ENVIRONMENT GROWTH
in %
total organic
Excluding currency effect



EBITA-MARGIN ENVIRONMENT
in %
Recurring

This business line is focused on activities that protect the environment and enhance sustainability. The largest activity involves the cleanup of legacy issues related to soil and groundwater pollution and the decommissioning of industrial operations and contaminated buildings. ARCADIS also assists clients with environmental assessments, site closures and redevelopment, product stewardship issues, regulatory compliance, due diligence, 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 2009 these activities represented 35% of revenues (2008: 37%).

Present position and strategy

ARCADIS is a leading player in environment

A major part of the environmental market is driven by legacy issues related to soil and groundwater contamination. ARCADIS is a leading player in that field and the largest global provider of environmental services to the private sector. Our competitive strength is based on our worldwide presence and strong local resources that enable us to serve multinational clients internationally; our advanced, cost-effective remediation technology; our GRiP® program for guaranteed solutions; and our strong health & safety program and 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	Some gaps in geographic footprint where we rely on strategic partners
Cost-effective remediation technology and GRiP®	
Strong health & safety culture	
Opportunities	**Threats**
Increased regulation and enforcement worldwide	Less environmental spending by private sector 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	

Continued on next page

Ambition: Global leadership in Environment

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

- Maintaining a strong focus on multinational clients and key national clients in the private and public sector;
- Operating as one firm, sharing clients and knowledge across borders while seamlessly delivering a growing range of services;
- Expanding our leadership position in providing performance-based remediation (GRiP®);
- Expanding services, especially in Strategic Environmental Consultancy and Deactivation, Decommissioning, Decontamination and Demolition (D4);
- Further strengthening our presence in Europe while growing our presence in the Middle East and Asia;
- Continuing to develop and share innovative technologies.

Progress in implementation of strategy

The Global Business Line Team for Environment drives strategy implementation and focuses on developing our client portfolio, delivering seamless service globally and sharing resources across geographies. Besides Remediation Technology in the United States, new Centers of Excellence have been established for D4 in Germany and for product stewardship in Belgium. We have made limited progress in expanding our footprint in Asia and the Middle East.

Developments in 2009

Revenue	2009	2008	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	632	643	-2%	-12%	8%	2%
Net	402	379	6%	-4%	8%	2%

	2009	2008
Ebita	49.6	51.8
Margin	12.3%	13.7%

Amounts in millions of euros

Strong impact from recession, but demand picking up

After a period of strong organic growth, the recession impacted our environmental business as of the second half of 2008. While organic growth in 2008 was still 8%, in 2009 it turned into an organic decline of 12% as private clients reduced their environmental spend. In net revenue, organic decline was 'only' 4% as we lessened subcontracting. In the second half of 2009, demand started to pick up again, reducing the organic decline compared to the first half. Except for the United States, Brazil and France, all countries showed organic net revenue growth. In Europe this resulted from solid demand from the public sector while in Chile work for mining clients continued to grow. The contribution of 8% from acquisitions primarily came from Malcolm Pirnie and to a lesser extent from LFR (United States) and SET (Italy), both acquired in 2008. Despite the challenging market conditions, margins reached target level at 12.3%; excluding the impact of carbon credits, margin was 13.1% (2008: 13.7%).

Merger with Malcolm Pirnie creates synergy potential

With 30% of revenues in environment, Malcolm Pirnie reinforces our position in the U.S. environmental market, especially with the Federal government. Its experience with contamination by unexploded ordnance combined with ARCADIS' GRiP® approach offers significant synergy potential. Malcolm Pirnie's industrial practice brings a complementary client base that can be offered services through ARCADIS' global platform while its waste to energy experience can be leveraged internationally. It recently secured an assignment in the United Arab Emirates to assist in developing and implementing solid waste best practices.

Turning point in the United States

In the United States, where most of our environmental work is for private clients, gross revenues declined by 15% and net revenues by 7%. We increased sales efforts in sectors with continued solid demand, such as oil & gas, federal, utilities and rail. Several major project mandates were secured, most notably, the General Electric Hudson River cleanup project. Master Service Agreements are now in place with all major U.S. rail companies. In the third quarter we reached a turning point with two major GRiP® contracts worth almost $170 million combined. The largest was from Atlantic Richfield Company, a BP affiliate, for environmental remediation and site closure of a portfolio of about 650 contaminated sites, later in the year expanded with additional sites, adding close to $30 million in contract value. The other was with the U.S. Army for three important projects. As a result, U.S. backlog for GRiP® increased to $490 million (2008: $355 million).

Selected for major global U.S. Air Force program

In the last quarter of 2009, ARCADIS was selected as one of the prime contractors for a worldwide environmental program of the U.S. Air Force worth $3 billion. Under this program ARCADIS can compete for task orders against a select number of competitors.

Vendor reduction drives MNC program

Our Multinational Clients Program (MNC) aims to increase our market share with selected clients, through a strong client focused approach. Although most of these clients were hit by the recession, we saw an organic decrease of gross revenues in our list of tier clients of 'only' 5%, while net revenues grew organically by 3%. This good performance compared to the overall market trend was partly due to vendor reduction programs that many clients have in place to increase efficiency and consistency in meeting environmental standards. A good example is the five year contract we signed with a major oil company for environmental services in ten European countries, with ARCADIS being one of only a few preferred services providers in each of these countries.

Diversification of services portfolio

In response to market trends, we are diversifying our services portfolio. Demand for Deactivation, Decommissioning, Decontamination and Demolition (D4) services increases as old plants are replaced by newer plants or moved overseas. We also assist clients in dealing with asbestos contamination in buildings. Driven by the European program for Registration, Evaluation and Authorization of Chemicals (REACH) and its global equivalent, the Globally Harmonized System (GHS), we increasingly support companies in meeting health, environmental and sustainability requirements for their products and services, most notably in the chemical and pharmaceutical industries.

Climate change drives demand

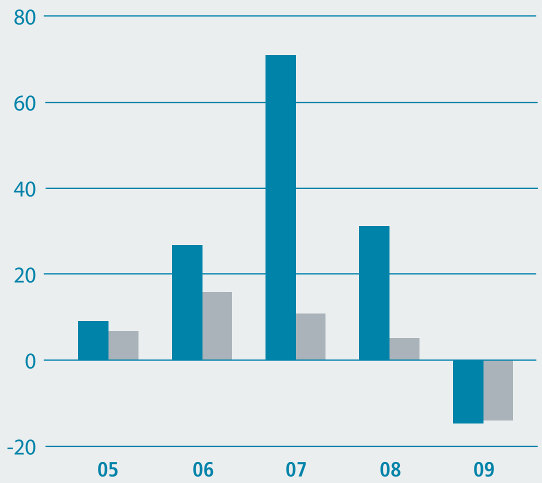
Concerns on climate change, drive demand for energy efficiency and carbon dioxide emission reduction. With our strong private sector client base we are well positioned to expand in sustainability and climate change consulting.
A growing number of clients ask for assistance with their strategies for renewable energy and the measurement and reduction of their carbon footprint and greenhouse gasses. We are also involved in environmental impact assessments, planning, permitting and design services for wind and solar power energy systems.

Outlook

Our environmental business is based on strong market fundamentals relating to sustainability, climate change and compliance with regulations. Although the economic crisis impacted client spend in the private sector, we saw revenues stabilizing in the second half of 2009. Much of our remediation work runs multiple years and aims at protecting asset values and eliminating or reducing liabilities on the balance sheet. As the result of several large contract wins, environmental backlog at the end of 2009 improved substantially compared to one year ago. This is partly caused by clients outsourcing portfolios of contaminated sites. We expect to see more of this as it allows clients to redirect their resources to core business activities and drive more of their environmental expenditures towards reducing their liabilities within a fixed period of time.

Vendor reduction programs and our advanced cost-effective remediation technology will allow us to continue gaining market share. Using our strong client base we can expand our services by assisting clients with disposing or redeveloping their assets, reducing carbon footprints, energy saving schemes and planning and permitting to comply with regulations. Demand for environmental due diligence is likely to recover alongside consolidation in the market. Environmental work related to infrastructure investments, including renewable energy projects, will continue. Overall, the outlook for the environmental market is positive and we expect a gradual return to growth, also depending on the speed of economic recovery. ■

Developments by business line
Buildings



BUILDINGS GROWTH
in %
Excluding currency effect

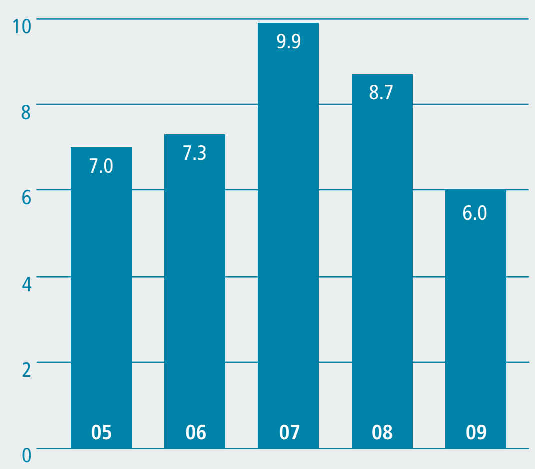
Activities in this business line relate to buildings in which people live, work, shop, relax or otherwise spend time. Our services include architectural design and master planning, management services, consultancy and specialized engineering. We are involved in a broad range of project work that includes 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 2009 revenues was 22% (2008: 26%).

Present position and strategy

Transition to services higher in the value chain
The buildings market is largely driven by real estate investments. Our 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	Limited position in Asia and Middle East
Global brand in architecture/planning with RTKL	Limited number of facility management clients
Unique capabilities to serve healthcare market	Project management too dependant on commercial
Opportunities	**Threats**
Demand for integrated services, including green buildings	Sensitivity to economic cycles
Corporate clients seeking global partners	Decline in commercial property market spreading to other segments
Organizations outsourcing facility management	
Growth opportunities in Asia and Middle East	



EBITA-MARGIN BUILDINGS
in %
Recurring

Ambition: leadership based on differentiating value
Our ambition is to be a leading company in architectural design, master

planning, consultancy and management services for buildings. Our organic growth target 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.
- **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. This will be achieved by expanding our project and program management services. Successful delivery is also critical to our facility management business, which will grow by adding new clients.
- **Global reach** implies seamless international delivery and expanding RTKL's business and our project management capabilities across geographies.

Progress in implementation of strategy

Strategy implementation is driven by the Global Business Line Team for Buildings. Focus is on expanding the architectural design and project management businesses by leveraging relationships with key customers. Hence, our worldwide project consulting program was transformed into a client program for buildings, now part of our Multinational Clients Program. We are successfully expanding in Asia and Middle East niche markets. Communities were created across the company to share best practices on green buildings and to facilitate cooperation on data centers and healthcare projects. Synergy initiatives are growing, involving RTKL and our consultancy and project management companies.

Developments in 2009

Revenue	2009	2008	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	388	451	-14%	-14%	0%	1%
Net	283	329	-14%	-15%	0%	1%

	2009	2008
Ebita	17.0	28.5
Margin	6.0%	8.7%

Amounts in millions of euros

Strong impact from economic downturn

The buildings market was hit hard by the economic crisis and adverse credit conditions. This especially impacted the commercial property sector. ARCADIS is predominantly exposed to this sector in the United Kingdom and the United States where our buildings revenues went down significantly. Work for industrial customers also suffered from the crisis. Public sector demand, including healthcare and education, held up quite well, while also the market in parts of the Middle East and especially in Asia offered growth opportunities. On balance, gross revenues declined organically by 14% and net revenues by 15%. As a result, margins dropped to 6.0% (2008: 8.7%), mainly because of reduced profits in England and at RTKL, partly offset by good performance of our management services in the Netherlands and the United States.

RTKL countering downturn by expansion in Asia and Middle East

RTKL's revenues declined organically by 22% mainly due to challenging conditions in commercial property markets in the United States and Europe. To match lower demand, staffing levels were significantly reduced, while a cost savings plan was implemented. These measures allowed the company to maintain a margin of 10%.

Anticipating the impact of the crisis, RTKL shifted sales efforts towards non-commercial markets in the United States and towards international markets, mostly the Middle and Far East. This has been very successful. In the healthcare sector, backlog increased due to several large project wins in the Middle East for design work and equipment planning. In the commercial sector, declining backlog in the United States was fully offset by strong order intake internationally, mainly from Asia. The Chinese market is very robust with many requests for a wide variety of project types, from community master plans and mixed use centers, towards infrastructure related buildings and more recently healthcare facilities. Examples of project wins are the high speed rail station area plan in Wuxi, the Dongli Lake water front development and the recent win for the largest Chinese hospital in Shanghai.

U.K. conditions remained challenging

Project management and consultancy revenues in the United Kingdom declined by 38% amid challenging market conditions in the commercial sector. Project cancellations exacerbated the situation during the first half of the year, tapering off in later quarters. The restructuring measures taken to adjust capacity

Continued on next page

resulted in a serious loss. However, an increase in enquiries from the corporate market was noted in the second half of the year. The best performing areas were sport, corporate frameworks, high-value residential and data centers. Our position with local pharmaceutical companies significantly strengthened through framework contracts. We expect sport to maintain its growth in 2010, due to several projects related to the 2012 Olympics.

Public sector work still doing well

Management and consultancy services to public sector clients, particularly in education and healthcare, remained strong and experienced growth in the Netherlands and the United States. In the Netherlands, we were involved in a new futuristic building at Amsterdam RAI, and a new experimental building for the dentistry faculty of Amsterdam University, while in the United States work on education projects contributed to growth.

Facility management to help clients reduce costs

Technical support services to industrial clients in Belgium suffered considerably from the recession. However, our facility management services, which are provided through ARCADIS AQUMEN (AAFM), a joint venture with Carillion, benefited from the crisis, as these services help clients reduce costs. Several new clients were added, including Van Lanschot (banking), NS (Dutch railways) and Essent (energy).

Green buildings represent major trend

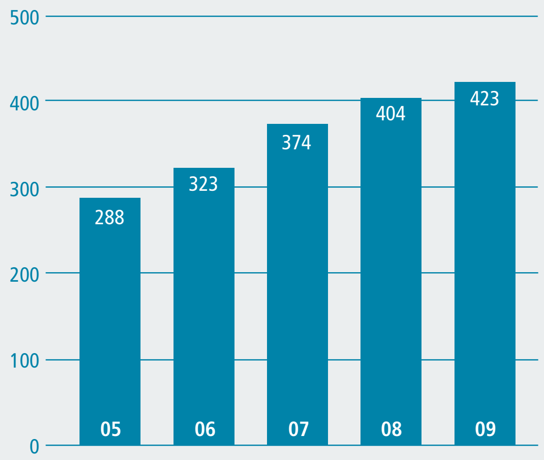
Interest in green buildings is growing strongly. Many countries are adopting standards to measure sustainability, including energy efficiency of buildings, such as LEED or BREEAM. ARCADIS has extensive expertise in green buildings and was involved in several exciting new building concepts in 2009. For the Shell Technology Center in Amsterdam, the new global research and development center of Shell, we delivered design, engineering and project management. This highly efficient building is energy neutral through the use of geothermal energy systems and wind power. In France, ARCADIS was involved in Solaris, the first French building that produces more energy than it uses, by applying geothermal systems combined with solar energy. ARCADIS also worked on certified green building projects in Belgium, Germany, the United Kingdom and the United States.

Outlook

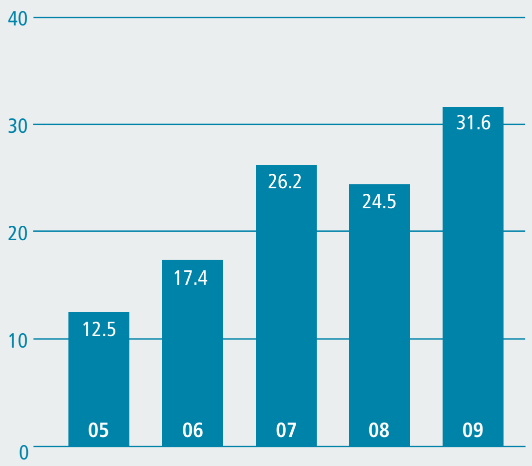
Our buildings business is bottoming out. In the second half of 2009, project cancellations strongly decreased, while in the fourth quarter, backlog increased for the first time since the recession began. The commercial market for design and project management services has stabilized in most regions, albeit at a low level. No quick recovery of this market is expected although demand may pick up in the second half of 2010. The exception is Asia, where there is good demand across the region. The U.S. healthcare design market remains soft due to the ongoing healthcare reform discussions. This will be offset by RTKL's recent project wins in the Middle East and increased interest for our design capabilities in Asia. Demand for project management and consultancy services for the healthcare market in Europe is growing. In early 2010, we acquired a small Dutch based, specialized consultancy firm for healthcare buildings that will further strengthen our position in this market.

Public markets are expected to remain robust in most regions although concerns about spending cuts are rising, especially in Europe. We see increasing demand from corporate clients for project management services and interiors/architecture capabilities. Technical support services for industrial clients in Belgium are picking up, while the data center market remains strong. Our facility management business in Europe expects to grow, driven by major corporations focusing on their core business. Overall, we expect our buildings business to be stable with gradual growth potential from the second half of 2010. ■

Developments by region



GROSS REVENUE THE NETHERLANDS
in € million



EBITA THE NETHERLANDS
in € million
Recurring

The Netherlands

Revenue	2009	2008	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	423	404	5%	5%	-1%	0%
Net	288	273	6%	6%	-1%	0%

	2009	2008
Ebita	31.6	24.5
Margin	11.0%	8.9%

Amounts in millions of euros

Market conditions in the Netherlands remained solid, mainly due to continued high levels of government spending in infrastructure, resulting in organic growth of 5 – 6%. The negative revenue contribution from acquisitions came from divestments in 2008 of smaller companies, mainly Copijn, a contracting firm for green amenities, partly offset by the acquisition in 2009 of Register, a small environmental data management company.

In the infrastructure market, ARCADIS benefited from government programs for the sustainable improvement of transportation systems. These included many projects to expand highway capacity, partly through a design-build approach where we deliver our services to contractors. In the rail market, further work resulted from the High Frequency Rail program and the new railway line between Lelystad and Zwolle. In the second half of 2009, the municipal market slowed down, caused by reduced local government budgets and less private sector investment. The pending legislation to accelerate infrastructure projects may positively impact market conditions. In environment, industrial demand weakened, but environmental impact assessments and clean-ups related to large infrastructure projects resulted in growth. In buildings, our exposure to commercial property is limited. Work for governments and institutions, including education and healthcare held up well, while new clients generated growth in our facility management services. An important event was the opening of the new Shell Technology Centre in Amsterdam for which ARCADIS provided design, engineering and project management services. Early 2010, a small specialized consultancy firm for healthcare buildings was acquired.

Dutch operations showed an excellent performance. Profitability increased significantly with margins improving to 11.0% compared to 8.9% in 2008.

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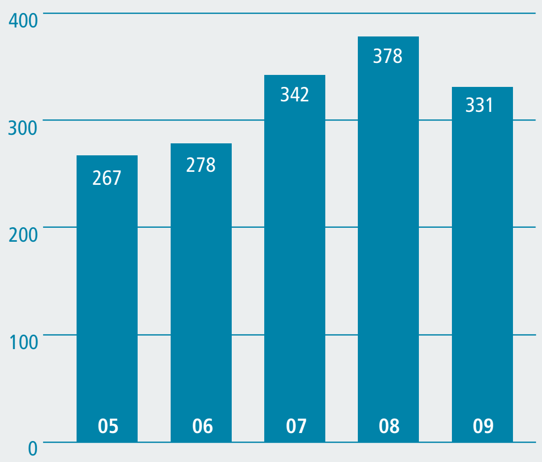
Europe excluding the Netherlands



GROSS REVENUE EUROPE EXCLUDING THE NETHERLANDS
in € million

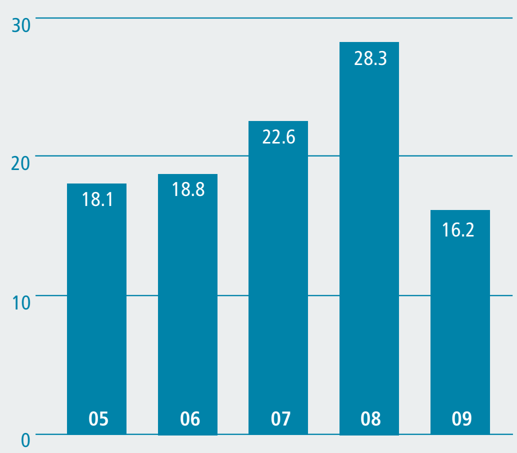
Revenue	2009	2008	Growth of revenue Total	Organic	Acquisitions	Currency
Gross	331	378	-12%	-8%	1%	-5%
Net	271	300	-10%	-8%	1%	-4%

	2009	2008
Ebita	16.2	28.3
Margin	6.0%	9.5%

Amounts in millions of euros

In most European markets, government investments continued at good levels. The impact of the crisis on the markets for commercial property and industrial support services caused an organic revenue decline of 8%. The 1% contribution from acquisitions came from smaller acquisitions in 2008, including environmental firm SET in Italy, partly offset by the divestment in 2009 of low added-value engineering services in Germany.

Organic revenue growth mainly came from Poland and France, offsetting declines in other countries, most notably the U.K. and Belgium. Infrastructure did well due to government spending. Environment grew in several countries, despite pressure on private sector spending. Activities in buildings were hardest hit and slumped in all markets.



EBITA EUROPE EXCLUDING THE NETHERLANDS
in € million
Recurring

In the weak U.K. commercial property market, revenues declined strongly, both in project management services and with RTKL. This was partly offset by a good performance in environment. The U.K. organization was adjusted by reducing capacity and integrating services into one operating company to increase efficiencies. In Belgium, infrastructure growth could not offset the decline in industrial support services. In Germany, our strong client focused approach led to growth in environment, while building revenues were relatively stable through some large project wins. In France, strong infrastructure growth was partly offset by lower revenues in environment and buildings. High investment levels in infrastructure, backed by European funds, in combination with strong performance in environment, supported continued growth in Poland. At the end of 2009, we strengthened our position in the Czech Republic through the acquisition of Bohemiaplan, a 70 person engineering consultancy in energy, mining and water.

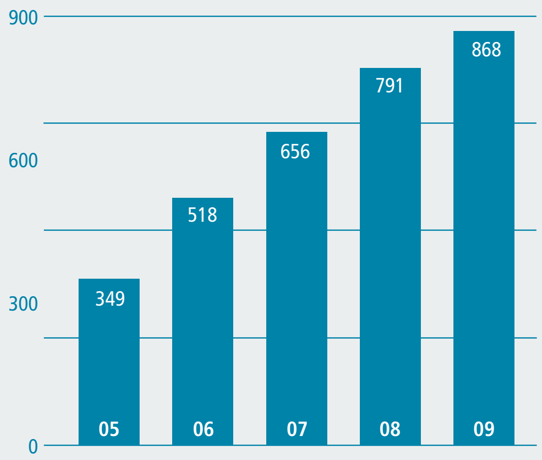
Due to the poor conditions in the buildings market, profitability decreased significantly, with margins declining to 6.0% compared to 9.5% in 2009. Partly as the result of restructuring charges, the business in the U.K. was loss making. The restructuring paid off with the fourth quarter being close to break-even.

United States

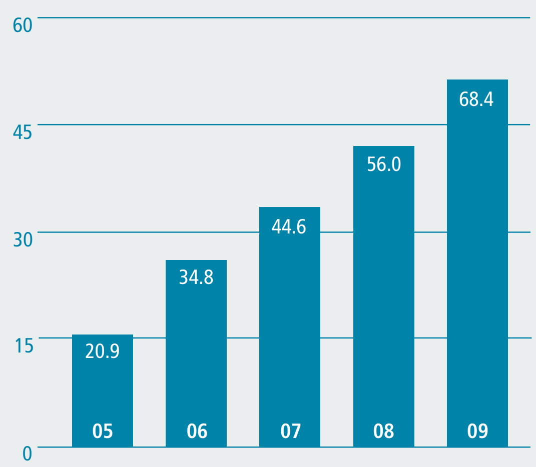
Revenue	2009	2008	Growth of revenue Total	Organic	Acquisitions	Currency
Gross	868	791	10%	-12%	18%	5%
Net	579	497	17%	-8%	20%	5%

	2009	2008
Ebita	68.4	56.0
Margin	11.8%	11.3%

Amounts in millions of euros



GROSS REVENUE UNITED STATES
in € million



EBITA UNITED STATES
in € million
Recurring

Overall revenues increased as a result of the merger with Malcolm Pirnie. Organically, revenues declined significantly, mainly due to reduced private client spending in the environmental and buildings markets. As outsourcing was reduced, especially in environment, the organic decline in net revenues was less than in gross revenues. The integration of LFR, the environmental firm acquired in early 2008, was successfully completed in 2009.

The infrastructure market weakened in the course of the year, caused by pressure in the municipal market, which was not compensated yet by stimulus spending. In water management we continued to leverage our experience in New Orleans and expanded our position with the U.S. Army Corps of Engineers. As we do a lot of environmental work for private sector clients, revenues there were severely impacted by the crisis. In the second half of the year, revenues stabilized and activities started picking up, partly resulting from several large GRiP® contract wins with a total value of $200 million.

Our project management practice in buildings – mainly focused on government and education – grew strongly, also benefiting from expanding services related to construction claims. Our architectural design and master planning practice RTKL suffered from the downturn in commercial buildings, while towards year end the political discussion on healthcare caused some project delays. This was partly offset by work procured in Asia and the Middle East.

Malcolm Pirnie's performance was in line with the expectations at the time of the merger. The integration of Malcolm Pirnie and the formation of a global business line, Water, have been initiated, with completion of the integration targeted for early 2011. Considerable top-line and operational synergies are expected to be realized.

Thanks to the contribution from Malcolm Pirnie and aided by a positive currency impact, EBITA increased strongly. Despite margin pressure in environment and buildings, margins improved to 11.8%, due to our continuous focus on cost savings.

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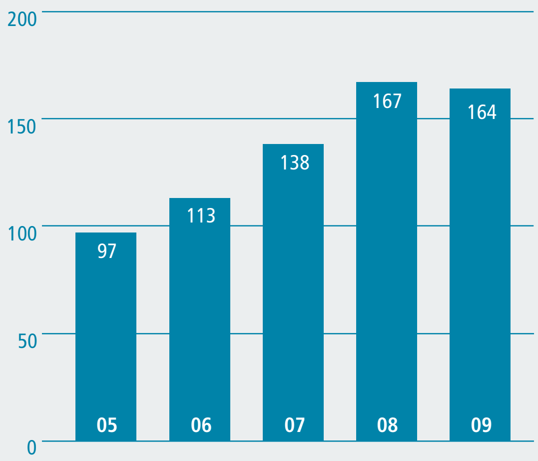
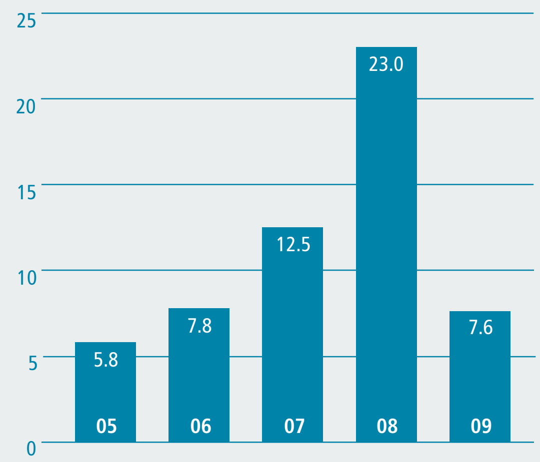


GROSS REVENUE REST OF WORLD
in € million



EBITA REST OF WORLD
in € million
Recurring

Rest of world

Revenue	2009	2008	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	164	167	-2%	7%	0%	-3%
Net	79	92	-14%	-2%	0%	-3%

	2009	2008
Ebita	7.6	23.0
Margin	9.6%	25.0%

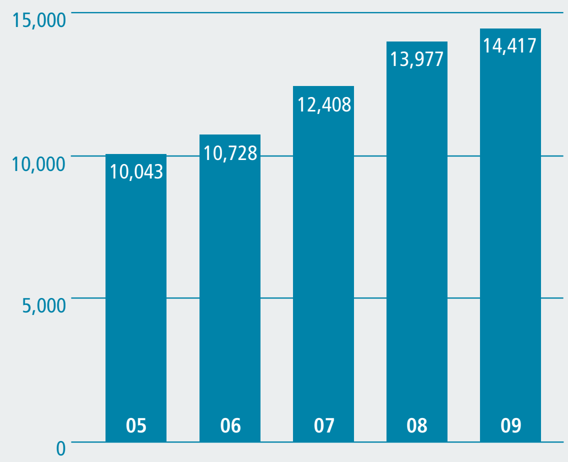
Amounts in millions of euros

In the fourth quarter of 2008 two hydropower plants in Brazil were sold, contributing € 9.6 million to gross and € 9.1 million to net revenue. Corrected for this, organic gross revenue growth was 7%, while net revenue declined organically by 2%. The difference was caused by a considerable amount of subcontracting related to the construction of Retiro Baixo, a midsized hydropower plant in Brazil, completed in the fourth quarter of 2009.

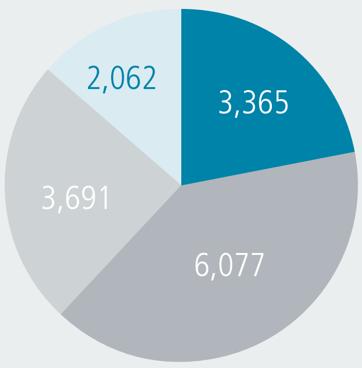
Net revenue was impacted by the slowdown in private sector spending in Brazil both in environment and infrastructure. In the Middle East, project management activities were impacted by the crisis, especially in Dubai. In other parts of the Middle East important contracts were won, including healthcare projects in Saudi Arabia and project management services to a Brazilian mining company in Oman. In Chile we saw growth in both infrastructure and environment, resulting from mining investments.

In 2008, EBITA included a € 6.8 million contribution from the sale of hydropower plants. Excluding this impact, EBITA declined from € 16.2 million in 2008 to € 7.6 million in 2009. This resulted from a € 3.1 million lower contribution from carbon credits in Brazil, a weaker operational performance in Brazil, partly caused by a one-off project loss, and reduced profitability in the Middle East, partly due to restructuring costs. As a result, margins dropped to 9.6%, compared to 19.6% in 2008, excluding the sale of hydropower plants. ■

People and organization



AVERAGE NUMBER OF EMPLOYEES
Including temporary staff



GEOGRAPHICAL SPREAD PERSONNEL
3,365 The Netherlands
6,077 United States
3,691 Europe excluding the Netherlands
2,062 Rest of world
Including temporary staff

ARCADIS flourishes by attracting, engaging and developing excellent people throughout its global operations. Our aim is to create an environment in which a strong business commitment and a high degree of professionalism are the standard.

People are attracted to ARCADIS because of:

- our core values: **integrity, entrepreneurship** and **agility**;
- the innovative, challenging projects that make a positive contribution to society;
- our long-term relationships with clients who recognize and reward the added value that we provide;
- our culture, which meets the expectations of high level professionals and focuses on autonomy, entrepreneurship and personal and professional development opportunities;
- sharing in our success and being rewarded accordingly;
- the healthy and safe work environment;
- the international and diverse workforce at all levels of the organization.

Increase in total number of employees

The total number of employees at year-end 2009 increased to 14,287 (2008: 13,171). Including temporary staff, capacity at year-end 2009 increased by almost 8% to 15,195 (2008: 14,101). The growth mainly resulted from the acquisition of Malcolm Pirnie. Excluding this impact, the number of employees decreased by 4.5%, due to reduced demand for our services. Voluntary staff turnover decreased to 6.8% (2008: 10.7%), influenced by the economic crisis. At 2%, absenteeism was almost at the same level as last year. Flexibility (the percentage of staff working under temporary contracts or through temping agencies) in Europe was 15%.

Engagement in difficult times

During 2009, we had to adapt several parts of our organization to meet the challenging economic conditions felt around the world. The private sector parts of the buildings and environmental markets were hit hardest by the crisis, so adjustments impacted mainly RTKL, the buildings activities in the United Kingdom, as well as the environmental units in the United States. In total, these measures affected 920 people. Despite this, we remained focused on hiring talented individuals to support growth and improve the competitiveness of ARCADIS. At the same time, engagement of our people was high, resulting in lower voluntary turnover. Staff engagement is enabled by a professional work environment, varied opportunities for development, the potential to make a valuable contribution, and high-quality leadership.

Continued on next page

Strengthening Global Account Management

In 2009, we continued to focus on the development of our people through structured programs. An important new initiative was to strengthen our global account management capabilities. To further support our client focused approach, which is key to the success of our strategy, the Global Account Career Track was introduced. This career track enables ARCADIS individuals who have the aspiration and ability for a career in global account management, to have a clearly defined roadmap that accelerates their career, while at the same time allowing ARCADIS to enhance its competitive advantage. Through a specific development program, selected account managers can assess their current position, evaluate their goals and win additional global business. Global accounts are growing despite the crisis, underlining the importance of our client-focused approach. Some aspects of the Global Account Management program were rolled out in 2009 and the initiative will continue into 2010.

Developing knowledge

Within ARCADIS we use different methods to enable virtual collaboration and knowledge exchange. Web events, podcasts and social networking have increasingly enabled the exchange of knowledge and experience. Since 2008, our Quest program has facilitated more than 50 one-week internal transfers, designed to exchange knowledge and experience across borders and build an international network. Throughout 2009, the Quest program continued to function as an important tool to internationalize our workforce and transfer knowledge across geographies.

Challenging and developing talent

In order to achieve our ambitions, it is critical to have the best people in key positions throughout the organization - now and in the future. 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 used to select, assess and develop current and future leaders. The Talent Challenge, involving self-assessment and training, helps our most talented people re-assess their priorities and career path. In total, 75 people participated in 2009 and another 125 are expected to participate in 2010. The program consists of two online tests, including self-assessment and 360° feedback from peers, and a one-day training event. Through Talent Challenge, our top potentials from around the world have the opportunity to benchmark their capabilities and potential against the ARCADIS Leadership Model and discuss their aspirations. In addition, it helps them facilitate and accelerate their development.

In October 2009, we launched the 11th edition of our Advanced Management Program. In total, 29 people took part, including 5 from Malcolm Pirnie. Participants must have the ambition and potential to grow into a global key position. Program objectives include raising awareness, understanding and ownership of the ARCADIS strategy, providing skills and motivation to execute the strategy and helping participants take the next step in using their talents and realizing leadership aspirations.

The European Network Program, initiated in 2007, continued in 2009. This program aims to explore new business opportunities and develop networking skills, with a multidisciplinary team working over a period of several months on a business plan for a real-life challenge. In 2009, this real-life challenge focused on business issues of some of our existing clients. In total, 18 people from various European operating companies participated.

Sharing in the success

Since 2001, Lovinklaan Foundation, ARCADIS' largest shareholder representing the employees, has facilitated an employee share purchase program for people within the firm. The program allows employees to purchase ARCADIS shares at a discount from the Lovinklaan Foundation, thus stimulating share ownership among employees and increasing their involvement in the Company. In 2009, 482,990 shares were distributed to employees under the program. By the end of 2009, more than 4,400 employees participated in the program. ■

Risk management

ARCADIS' approach to risk management

Key element of business processes

Risk is intrinsic to entrepreneurship, one of ARCADIS' core values. We aim at maximizing business opportunities within the framework of our strategy, while identifying, assessing and minimizing the risks involved. A well defined risk management process facilitates this in a controlled and transparent manner. As a result of the increasing 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 increased.

From SOX to ARCADIS Control Framework

In recent years, ARCADIS has taken important steps to develop and implement a control framework to manage risks. Before delisting from the NASDAQ stock exchange in June 2007, ARCADIS became SOX compliant. Since then, the SOX control framework has been rationalized by transforming it into a less bureaucratic ARCADIS control framework, focused on key business processes, IT and entity level controls.

Introduction of Enterprise Risk Management

In 2008, a next step was taken by initiating a global Enterprise Risk Management (ERM) process, which was further implemented throughout 2009. This involves a structured, consistent and transparent approach to identify, control and mitigate significant risks that may affect achieving our objectives. While SOX was focused on risks related to financial reporting, the scope of ERM is broader with a focus on the primary business risks.

Risk assessment

Within the framework of the ERM process, the risks ARCADIS faces in pursuit of its strategy were identified. These include strategic, operational, compliance and financial risks. An overview of risks is presented in the section on risk management on our website at www.arcadis.com/Investors/Governance/. In-depth discussions on the likelihood of occurrence of these risks and their potential impact led to a selection of the main risks, which were discussed with the Audit Committee and the Supervisory Board.

Risk appetite in relation to strategy

ARCADIS' policy aims to limit its risk exposure. Risks are usually linked to the contract type under which services are provided. An overview of contract types is available on the aforementioned section of ARCADIS' website. Our strategy focuses on providing high added value professional services, based on a strong client-focused approach. This allows us to perform most of our business under contract terms that limit our liabilities.

ARCADIS is also involved in turnkey contracting projects that usually entail higher risks, but under the premise that we have the technical and project management skills to control these risks. Under our GRiP® program we provide fixed price remediation services, but with insurance coverage and specific risk management procedures to minimize risks. Our policy is not to take equity stakes in projects and only by exception and for specific reasons do we deviate from this. Although our policy is to avoid or minimize risks, it cannot be ruled out that in certain cases risks occur that may seriously impact the Company and its performance.

Main risks and how these are managed

Below is an overview of the main strategic, operational and financial risks we face and how these are managed. While these are considered the most relevant to ARCADIS, other risks may have a similar or greater impact on the Company.

Market risks (strategic)

Possible impact: Our markets 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, changes in legislation and regulations, political instability, consolidation of clients and changes in tendering procedures. This all may result in lower revenues and margins.
Mitigation: At ARCADIS, we foster entrepreneurship and close client relationships deep in our organization. Our proximity to clients enables us to anticipate changes in market conditions at an early stage. At a strategic level, Global Business Line Teams monitor market movements to adjust timely to strategic and long term developments. In addition, every three years we review our strategy more thoroughly to ensure the Company remains focused on long-term growth markets.

Acquisition risks (strategic)
Possible impact: Growth through acquisitions is part of ARCADIS' strategy but involves several risks. Balance sheet misrepresentations, insufficient backlog and unforeseen claims may have an adverse effect on revenues and margins. Integration risks and lack of retention of key people may negatively impact performance.
Mitigation: Acquisition processes are managed centrally and include an assessment of management and reputation, and extensive due diligence, including review of backlog and human resources policies. Contracts include representations, warranties and escrows to cover guarantees, while employment and non-compete contracts as well as stock options can be used for retention purposes. Occasionally we use after payments to link purchase price to post acquisition performance. Together with management of the acquired company a post-acquisition plan is developed which focuses on market and operational synergies and the organizational integration process. Larger acquisitions are evaluated after three years in terms of strategy, synergies, performance, people and organization, and lessons learned. The findings are discussed with the Supervisory Board.

Project risks (operational)
Possible impact: ARCADIS works on thousands of projects annually. Although in most cases project risks are limited, projects may incur serious cost overruns, errors or omissions may lead to substantial claims and contractual conditions may result in considerable liabilities.
Mitigation: Risk management involves project approval procedures, including a go/no go process and review of contract conditions; regular project reviews; selection, training and procedures for project management; quality management systems; procedures for claims reporting and management; and a global insurance policy. Project risks and claims are assessed quarterly, and if required, provisions are taken to cover risks. All claims with a potential impact above a certain size are monitored at corporate level and discussed quarterly with the Audit Committee.

Capacity risks (operational)
Possible impact: A decrease in workload may reduce staff utilization. Experience indicates that strong market downturns can cause a 15% decrease in annual revenue for the business in a market. This may seriously impact margin and profitability.
Mitigation: All operating companies monitor and report order intake and billability. In Europe, 10% to 15% of staff are employed on flexible contracts. On a strategic level, our portfolio management aims for a good balance in geography, business lines and client categories in order to spread market and strategic risks.

Knowledge management and innovation risks (operational)
Possible impact: Inability to leverage know-how and client relationships or develop new business through innovation may hamper our ability to grow in line with our strategic objectives.
Mitigation: ARCADIS has made substantial investments in knowledge management. Within the global business lines, global experts are responsible for the development and distribution of knowledge through intranet based Communities of Practice. Relationships with global clients are managed through our global Multinational Clients Program. For further explanation on knowledge management, see page 18 of this Report.

Compliance risks
Possible impact: Failure to meet regulatory compliance may expose the Company to fines, other penalties and reputational risks.
Mitigation: ARCADIS has General Business Principles in place and a compliance support program stimulating employees to openly discuss business dilemmas. Compliance officers have been appointed in all operating companies, while an integrity phone line allows employees to report issues anonymously. For further explanation see the chapter on Corporate Social Responsibility, on page 43 of this Report.

Liquidity risks (financial)
Financial risks include credit risks, liquidity risks, currency risks and interest rate risks. The risk assessment showed liquidity risks to be the most important. This risk is managed by giving high priority to working capital and cash flow, which are reported by all operating companies on a bi-weekly basis. To maintain entry to capital markets we focus on our financial performance both in the short and long term, maintaining a healthy balance sheet, transparent reporting and proactive investor relations. More information on financial risks (including sensitivity analysis), and the way these are managed

can be found in note 32 to the financial statements on page 98 of this Report.

Risk management and internal control

Towards ARCADIS Business Control (ABC) Framework

Based on the outcome of the Enterprise Risk Assessment, the ARCADIS Control Framework (ACF) has been further developed towards the ARCADIS Business Control Framework (ABC). Key characteristics of the ABC Framework are:

- It focuses on primary business risks;
- It is based more on aggregated standards and policies;
- It is less prescriptive and leaves room for operating companies to determine the most efficient way to meet standards and policies;
- It represents the minimum requirements that operating companies have to meet.

The ABC Framework is made up of global governance standards (e.g. ARCADIS General Business Principles, whistle-blower procedure, approval procedures), global policies (e.g. health and safety policy, treasury policy, human resources policy) and operating company policies and standards (e.g. go/no go procedures, quality assessments). In addition, the ABC Framework includes all key controls which have been aligned with the policies and standards. On our global intranet, a central repository for documentation of the complete framework is in development. As from 2010 operating companies will migrate to the ABC framework, starting with the larger companies. This approach has been discussed with the Audit Committee. After implementing this risk based approach, internal audit will regularly audit compliance.

In addition to the systematic approach outlined above, it should be noted that regular communication between the various levels of management remains important to ensure that (potential) risks are identified early and addressed properly.

Management statements

Assessment of internal control

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

- Report of internal audit on their evaluation and conclusion regarding internal control in the operating companies. This was based on reports of operating company management on their testing of entity level controls, process level controls and general ICT controls. Internal audit evaluated these reports, identified areas for further improvement and discussed findings with management. Subsequently, 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 letter from the external auditor with findings and remarks regarding internal control in the operating companies. This letter has been discussed with the Audit Committee and the Supervisory Board.

The Executive Board concluded that good progress was made with further improvements to risk management and internal control in the Company 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 that to the best of its knowledge, the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2009.

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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, 2009 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 47. ■

Corporate Social Responsibility

At ARCADIS we are committed to operating our business in a socially responsible and sustainable way. To underline this commitment we have established a global policy for Corporate Social Responsibility (CSR). This policy is anchored in ARCADIS' General Business Principles, which describe our responsibilities and commitments towards society, clients, employees and shareholders. Our employees are encouraged to share these commitments and to 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 aims to give our stakeholders a clear understanding of our standards for business conduct. The policy applies to all ARCADIS employees, governs our approach to all our activities, and includes:
- Corporate governance (see separate chapter in this Annual Report)
- General Business Principles
- Environmental sustainability
- Health and safety
- Community involvement

ARCADIS has signed the U.N. Global Compact and vows to abide by its objectives and principles regarding human rights, labor standards, environmental stewardship and anti-corruption. More information on the U.N. Global Compact can be found at: www.unglobalcompact.org

General Business Principles

The ARCADIS General Business Principles guide our actions and decisions around the world. These principles are summarized in the six areas below. For the full text of the ARCADIS General Business Principles, please visit our website www.arcadis.com.

Integrity as a core value. Our goal is to conduct business in an honest and transparent manner. Our commitment to integrity determines the way we do business and how we treat our staff.

Respect for local laws and cultures. We comply with national laws and respect the cultures of the countries in which we operate. We support the principles of free enterprise and fair competition and observe applicable laws and regulations. We promote, defend and support our legitimate business interests with due regard to the law and the interests of society.

Value for customers. We are a reliable partner for our clients and aim to carry out our services without jeopardizing the interests of society, employees and shareholders. We offer services under terms that do not compromise our independent professional judgement and aim to create optimal value for clients. We focus on continuously improving our services through investment in our knowledge base and the development of employee competencies. We are transparent with clients about conflicts of interest that could emerge during the execution of our services.

Responsible employment practices. We value our employees as a key resource. We encourage employee engagement and support personal development through comprehensive policies and initiatives. Every ARCADIS employee has an equal opportunity for personal recognition, advancement, career development and compensation, regardless of background or beliefs. The same policy applies to recruitment. No form of discrimination or harassment is tolerated. We strive to ensure fundamental human rights are respected throughout our operations worldwide.

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Dealing with dilemmas. The integrity code cannot possibly anticipate the variety of dilemmas we face in our day-to-day operations. An active integrity policy means recognizing dilemmas and taking responsibility for resolving them. Most importantly, we encourage employees to discuss these dilemmas with each other and with their management.

Monitoring and accountability. In 2009, we developed a comprehensive internal program aimed at further increasing awareness of our Business Principles and providing an organizational framework for monitoring its effectiveness. In each operating company, compliance officers have been appointed and trained. In 2010 this program is being rolled out throughout ARCADIS. Management of each operating company certifies compliance with the Business Principles through a Letter of Representation. Employees are not held responsible for the loss of work resulting from compliance with the Business Principles. ARCADIS has a whistle blower procedure, which ensures employees do not suffer negative consequences from reporting violations. A breach of the Business Principles can lead to sanctions, including termination of employment.

Environmental sustainability

ARCADIS recognizes the principles of sustainable development and acknowledges the challenge of meeting human needs, while protecting the environment and natural resources for future generations. Sustainability is an integral part of our business: through our business lines it is integrated in the solutions we provide to clients, while sustainable practices are integrated in our own operations through a global team, led by our corporate director for Environment.

Providing sustainable solutions

Sustainability is an integral part of projects

The most significant impact of our work on the environment is through the projects we do for clients. We consider sustainability to be an integral part of our responsibility. Much of our work has a direct positive impact on the environment. In our Environment business line we clean up legacies and help clients reduce their waste and emissions. In Infrastructure, relating to, for example renewable energy and public transport, are contributing to sustainability. In Water, we work to supply clean, safe, potable water and treat waste water. In our Buildings business line, our activities focus on the development of sustainable buildings. Our aim is to integrate energy and resource efficiency into the design and minimize impact on the environment.

Clients expect us to provide them with information about the environmental considerations of their projects and how adverse effects can be minimized in the most cost-effective way. We may also provide unsolicited sustainable alternatives to our clients and may decline to be associated with a project if a client is unwilling to support adequate efforts to evaluate environmental issues or mitigate adverse effects.

Sustainability by Design®

We were involved in numerous sustainable design initiatives in 2009 on behalf of clients and in our own operations. A few of the many examples include: in Hasselt in Belgium, we operate out of a self-designed green office building, the first-ever in that country. As a founding member of the German Green Building Council, we co-developed the Green Building Rating System that is likely to become the national standard. In Poland, we designed sustainable highways featuring animal crossings to ensure free and safe migration of animals. For Duke Energy in the United States we worked on wind energy development to help them meet their renewable energy goals. The new office of RTKL in Chicago is certified LEED® Silver and its Washington DC office LEED® Platinum. In Manchester in the United Kingdom, we were involved in a green building that includes energy-efficient features such as rainwater harvesting, smart use of sunlight and a rooftop that attracts a rare bird species.

Minimizing our own carbon footprint

Global Sustainability Program

In 2009, we continued to implement our Global Sustainability Program, aimed at reducing the environmental impact of our own operations through global policies in the following focus areas:

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

Carbon footprint significantly reduced

After we established our carbon footprint for the first time in 2008, we focused in 2009 on reducing it by at least 10%. The program was successful, as is demonstrated in the tables below.

	2009	2008	Difference
Auto transport*	**4,700 km/fte**	8,660 km/fte	- 45.7%
Air transport	**5,500 km/fte**	7,727 km/fte	- 28.8%
Office energy use	**3,000 Kwh/fte**	4,500 Kwh/fte	- 33.3%
Paper use	**74 kg/fte**	48 kg/fte	54.2%
Post-consumer paper use	**63%**	48%	31.3%

* Excludes employee commuting

The metrics used above are consistent with those widely applied in the services industry, which correlates best to our business. The various energy uses can be converted to quantify our carbon footprint (in metric tons of carbon dioxide equivalents).

	2009	2008	Difference
Auto transport	**1.03 tons/fte**	2.37 tons/fte	- 56.5%
Air transport	**1.42 tons/fte**	2.86 tons/fte	- 50.0%
Office energy use	**1.31 tons/fte**	1.47 tons/fte	- 10.9%
Total	**3.76 tons/fte**	6.7 tons/fte	- 43.8%

Our public transit footprint is also tracked in a number of our operations, and at less than 0.1 tons/fte is negligible. It does however, in several countries, significantly reduce our auto and air transport metrics.

Objectives for 2010

We will benchmark our efforts annually against our 2008 baseline year, with the goal of reducing our carbon-footprint by 50% on a full-time equivalent basis, over a 5-year period (2009- 2013). This goal will place us within the top quartile of companies in the service sector. We acknowledge that the difficult economic climate of the past year helped in reducing the travel component of our footprint. This is likely to change, as conditions improve and travel demands on our staff increase. We continue to encourage people to use public transport and phone/video conferencing wherever possible. We intend to transition to the reporting guidelines of the Global Reporting Initiative, and provide our program results as part of the Carbon Disclosure Project.

Health and safety

Part of our company culture

We aim to provide a healthy and safe work environment for our employees. To that end, we have a company-wide health and safety vision and policy, based on a proactive and preventative behavior-based approach. To achieve our objectives we implemented a global Health and Safety management system using internationally recognized standards. This system revolves around risk assessment, proactive hazard recognition, implementation of controls, sharing of lessons learned and best practices to prevent work-related injuries and illnesses.

Health and safety is also an integral part of the solutions we provide to our clients, and a key differentiator. It is therefore part of our company culture. Our clients demand robust programs that involve continuous improvement, strong leadership and employee engagement.

Health and Safety performance continues to improve
Since 2004, ARCADIS' work-related injury rates have consistently improved, with a 65% decrease in recordable injuries and illnesses. While we saw a slight increase in these rates in 2009 as compared to 2008, we attribute this, in part, to the greater awareness of health and safety and the importance of reporting, investigating, determining root causes and sharing lessons whenever an incident does occur. We believe this greater awareness is also reflected in the 19% increase in the number of near misses reported. We address near misses in the same way we do an injury, with a thorough investigation and by sharing lessons learnt.

- Total Recordable Case Frequency (TRCF) rose to 0.40 (2008: 0.38).
- Lost Time Case Frequency (LTCF), a measure of the seriousness of an injury or illness, increased to 0.22 (2008: 0.17).

ARCADIS injury rates are still well below the average injury rates of the publicly available U.S. benchmarks for the Architecture and Engineering Industry.

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Objectives for 2010
In 2010, we will continue to drive employee work-related injuries towards zero and improve our overall health and safety programs. To do this, we have established objectives that focus on:

- Further improving our employees' capability to recognize hazards and near misses, reporting these effectively, and sharing safety knowledge;
- Enhancing Health and Safety stewardship of management through the conduct of assessments and involvement in planning of specific improvements;
- Partnering with our subcontractors to improve performance in project work;
- More and better training for staff in key activities.
- For more information about our Health & Safety policy and performance please visit our website: www.arcadis.com.

Community involvement

ARCADIS recognizes the role it plays in the global community by supporting programs addressing societal needs and sponsoring community involvement projects. ARCADIS companies make charitable contributions in accordance with applicable laws and are mindful that such contributions do not become subterfuge for bribery. At the same time, employees are encouraged to co-contribute to funding community initiatives and, in some cases, may be allowed leave-of-absence to engage in community activities.

Community involvement highlights
After severe floods in Santa Catarina, Brazil, we offered authorities our skills in surveying the extent of the damages and prioritizing recovery tasks, planned the recovery of roads and new housing facilities and assisted municipalities with applications for federal and state funding to meet the most urgent needs. In the Netherlands, we supported the work of a weekend school for less fortunate children. In addition, we developed the ARTCADIA competition, a high school project which combines technology and art, aimed at demonstrating how exciting the world of technology can be. Students participating in this competition together design creative solutions in mobility, energy supply, sustainability, water and spatial planning.

In the U.S., RTKL runs the ACE Mentor Program intended to increase high school students' awareness of career opportunities in architecture, construction, and engineering. The company also participates in Rebuilding Together, a U.S. non-profit organization that coordinates volunteers to provide free home repairs for low-income elderly and disabled homeowners, and families with children.

After the disastrous earthquake on Haiti, staff members from ARCADIS around the world, contributed to a fund, supplemented by the company, which will be used to bring our expertise in urban planning, design and water supply to the rebuild of that island. ■

Outlook 2010

The first signs of economic recovery are visible, especially in the United States. However, the recovery is still fragile and there is still significant uncertainty as to when and to what extent this will influence the different markets in which ARCADIS is active.

The **infrastructure market** is likely to remain robust in 2010 because governments will continue to invest to stimulate recovery. In Europe, multiyear investment programs provide a solid backlog. In the Netherlands, this includes an upgrade in rail as well as road projects such as the A2 tunnel through Maastricht, in Poland it concerns trans-European connections, while in Belgium and France large design-build projects are planned. In the United States, the stimulus package will start to have an effect in 2010. Synergies with Malcolm Pirnie will create more work, also internationally. Climate change drives demand for water management. In Brazil and Chile, investments will increase again, in part due to large sports events.

In the **environmental market** regulation and sustainability provide a solid basis. Clients use the recession to focus on their core business, while outsourcing portfolios of contaminated sites for clean up. In the United States, this led to a number of large contracts and higher backlog. ARCADIS and Malcolm Pirnie have both been selected for global environmental programs of the U.S. Army. Through vendor reduction and our advanced remediation technology we can increase market share. In Europe we recently signed a five-year contract for environmental services in 10 countries with ARCADIS as the preferred supplier. Demand for consultancy on energy savings, carbon footprint reduction and climate change grows.

The **buildings market** appears to be bottoming out. In the second half year of 2009, contract cancellations strongly declined, while in the fourth quarter, for the first time since the start of the crisis, backlog increased. The commercial market stabilized at a low level, without expectations for a recovery in the short term. RTKL will continue to offset declines in the U.S. and European markets with projects in Asia and the Middle East. Demand from the public sector, including schools and healthcare, will remain at a good level, although the public debate about healthcare in the United States may lead to a slowdown in projects. Facility management can grow further, because it meets the demand for costs savings.

Our backlog is healthy and compared to year-end 2008, increased by approximately 5%. In infrastructure the strong growth of recent years is softening, especially as a result of pressure in the local government market. In environment, the good order intake indicates a gradual market recovery with opportunities for growth. In buildings, activities appear stable with possible recovery in the second half of 2010. Because we have adjusted our capacity and some large projects with high levels of subcontracting are completed, also in the coming quarters revenues will decline organically. Maintaining margins remains a priority, by absorbing price pressure through cost savings and a strong client-focused approach. The integration with Malcolm Pirnie creates synergy opportunities and as of 2011, operational benefits. We continue to look for acquisitions to realize our strategic goals. Although the crisis also impacts our business, themes like sustainability, climate change, urban renewal, mobility, water and energy offer a lot of potential. Because of uncertainties about economic recovery, it is too early to give a specific outlook for 2010. ■

Arnhem, the Netherlands, March 5, 2010

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*
Steven B. Blake, *Member Executive Board*

Report by the Supervisory Board

2009 Financial statements and dividend

The Executive Board has prepared this Annual Report, including the 2009 financial statements. KPMG Accountants N.V. audited the financial statements; their report and certification are on page 111. The Supervisory Board recommends that the General Meeting of Shareholders adopt the 2009 financial statements.

The Audit Committee discussed the financial statements 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 then reviewed by the Supervisory Board.

We agree with the Executive Board's proposal to distribute a dividend of € 0.45 per share, payable in cash. The General Meeting of Shareholders will be asked to release the members of the Executive Board from liability for their management during 2009 and the members of the Supervisory Board for their supervision over said management.

The members of the Supervisory and Executive Board have signed the 2009 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

In 2009, the Supervisory Board met nine times with the Executive Board present. Four closed meetings, without Executive Board members, were held preceding regular meetings. The Chairman had regular contact with the CEO and occasionally with other Executive Board members in between meetings. Supervisory Board members were rarely absent from either 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 quarterly results were discussed prior to publication.

At the end of February, in the presence of the external auditor, we discussed the 2008 Annual Report and financial statements, as well as the external auditor's report and management letter. We agreed with the financial statements, approved the dividend proposal and reviewed legal claims and the Executive Board's assessment on internal risk management and control systems. We approved the granting of bonuses to members of the Executive Board and senior management. We evaluated the revised Corporate Governance Code and agreed on the preliminary conclusions regarding its consequences for ARCADIS. We also discussed and agreed with the policy on Corporate Social Responsibility. Considerable time was spent on the potential acquisition of Malcolm Pirnie. Especially the strategic rationale and potential synergies, but also the business profile, financial performance and potential deal terms were extensively discussed.

In March, we met in London to visit ARCADIS AYH. We discussed the Enterprise Risk Management process and agreed to enlarge the scope to include strategic risks. The draft agenda for the annual General Meeting of Shareholders was approved and we discussed and amended the profile of the Supervisory Board. We were updated on the potential merger with Malcolm Pirnie and extensively discussed the financial impact analysis, including stress-case scenarios, and the impact on strategy, organization and management. The Global Director Infrastructure gave a presentation on developments in this business line. Finally, ARCADIS AYH management briefed us on their activities and markets, and we visited the Olympic Stadium site where ARCADIS provides planning and cost management services.

Continued on next page ▶

In May, the first quarter results were discussed. We approved 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. We were updated on the Malcolm Pirnie acquisition process and reviewed preliminary deal terms and various financing scenarios. Based on a presentation by the Corporate Director Human Resources we discussed talent management. The Global Director Environment gave an update on this business line.

In June, two teleconference meetings in which U.S. management also participated, were held to discuss Malcolm Pirnie. After we reviewed due diligence outcomes, final transaction terms, financing and potential risks, we approved the acquisition, including the new financing arrangements and the issuance of up to a maximum of six million shares.

In August, we met in the United States, near New York, where we were updated by U.S. management on developments in our business and organization. We also met management and senior staff of Malcolm Pirnie who introduced their firm and explained present market conditions. In a closed meeting, we were informed on the outcome of the interviews held by the Selection and Remuneration Committee with members of the Senior Management Committee and we evaluated the composition of the Executive Board. In our regular meeting, in the presence of the external auditor, the second quarter results and the half-year review of the auditor were discussed. The Global Director Health & Safety informed us on the status of the health & safety program.

We had an additional meeting in September, mostly focused on strategy. We discussed the mid-term review of the company's strategy for 2008-2010 and the process for the upcoming strategy review for the period 2011-2013. We also agreed with the agenda for the extraordinary meeting of shareholders on November 12, including the nomination of Mr. Pérez to the Supervisory Board and Mr. Blake to the Executive Board. The Director of Investor Relations informed us on developments in that field.

In November, we had a closed meeting to reflect on the composition of our Board and to prepare our self-assessment. In the regular meeting, we discussed the third-quarter results and the evaluation of several acquisitions completed some years ago. The CEO of ARCADIS Germany gave a presentation on the developments in our German operations.

In December, we evaluated our own performance, including that of the committees, in a closed meeting. This was based on a questionnaire filled in, in advance, with the vice Chairman receiving comments on the Chairman. We also evaluated the Executive Board and its individual members. In the regular meeting, we approved plan 2010 after extensive discussions on potential scenarios and contingency plans to manage risks. Based on a presentation by the Corporate Director Human Resources, we reviewed progress on succession management.

Results and Strategy

We are pleased with the results achieved in 2009. Despite the impact of the economic crisis, ARCADIS was able to continue its strong performance and maintain its margins at good levels. Due to management's focus on working capital, cash flow was high and net debt at year end remained level. The healthy balance sheet, in combination with the geographic and market spread, will enable ARCADIS to manage the challenges ahead and take advantage of opportunities.

The most important strategic event in 2009 was the merger with Malcolm Pirnie. We fully supported this step which significantly strengthens our position in the Unites States and the global water market. As Malcolm Pirnie mainly works for governments and has a strong reputation and solid management, we agreed with the Executive Board that the risks were acceptable, despite the economic circumstances. We support the establishment of Water as a fourth business line, allowing the company to expand in the growing water market.

Corporate governance

ARCADIS complies with the Dutch Corporate Governance Code. The chapter on Corporate Governance describes the governance structure of the Company, explains the deviations from the principles and best practices of the Code and mentions the actions which were taken to implement the amended Code that became effective in December 2009. The Remuneration Report includes the conclusions from our evaluation of the remuneration policy for the Executive Board, as required by the amended Code.

The Supervisory Board meets the requirement of the Code in that all of its members are independent. It also complies with the rule that its members do not hold more than five supervisory board positions at publicly listed Dutch companies. During 2009, no transactions involving conflicts of interest occurred for Executive or Supervisory Board members that were material to the Company.

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 once with both the internal and external auditor bilaterally without management being present. In a closed meeting, the performance, independence and financial literacy of the committee and its members were evaluated.

The Committee reviewed the full year 2008 financial statements, including impairment testing and dividend proposal and discussed the external auditor's report and management letter. Based on this letter and a report of internal audit, the assessment of the Executive Board regarding internal risk management and control systems was discussed.

2009 financial results, including working capital and cash flow developments, were discussed on a quarterly basis and the quarterly press releases were reviewed. Updates were given on legal claims and pending litigation, certain project risks and integrity issues at each meeting. In August, the external auditor's half-year report and the company's 2009 outlook were discussed. In November, segment reporting and models used for acquisitions were on the agenda. The auditor provided regular updates on developments in IFRS accounting standards.

The committee approved the Internal Audit Plan 2009 and monitored progress quarterly in the presence of the internal auditor. Regular attention was paid to the implementation of Enterprise Risk Management and a control framework focused on business risks. The roll out of the Dutch management information system to other European countries was also discussed.

The committee reviewed compliance with the policy on auditor independence, evaluated the functioning of the external auditor in consultation with the Executive Board and reported its findings to the Supervisory Board. The audit plan 2009 was discussed with KPMG and the audit fee proposal approved.

Selection and Remuneration Committee

This committee met four times, mostly 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, 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. The committee determined ARCADIS ranking among the peer group as the basis for the vesting of shares and options in May 2010. Based on the 2010 plan, the performance criteria for 2010 bonuses of the Executive Board and senior management were discussed and established. For the remuneration report, please refer to page 59 of this Report.

The committee prepared the performance evaluation of Executive Board members for discussion with the Supervisory Board. The program for management succession and talent identification was extensively discussed. In relation to succession planning for the Executive Board, interviews were held with Senior Management Committee members on strategy, organization and top structure. This was used as input for discussions on composition of the Executive Board. In view of the upcoming vacancy in the Supervisory Board, the desired profile was discussed. It was concluded to look for a European candidate with international experience in the services business and/or in the markets in which ARCADIS is active.

Composition Executive Board

Given the growth of ARCADIS in recent years, especially in the United States, the Executive Board was expanded with a new member from the United States, Mr. Steve Blake, who has been with the Company since 1987 and most recently served as the CEO of ARCADIS' U.S. operations. At the extraordinary General Meeting of Shareholders on November 12, 2009, he was appointed to the Executive Board as of January 1, 2010, until the General Meeting of Shareholders in 2013. Mr. Blake combines his new role with that of CEO of ARCADIS U.S. and he will also assume responsibility for the environmental business line of ARCADIS.

Continued on next page ▶

Composition Supervisory Board

At the General Meeting of Shareholders on May 7, 2009, the first term of Mr. George Nethercutt expired and he was reappointed for his second four-year term. At the same meeting, Mrs. Ruth Markland, a U.K. lawyer with extensive experience in Asia, was appointed as new member of the Supervisory Board. At the extraordinary General Meeting of Shareholders on November 12, 2009, Mr. Armando Pérez who, after a longstanding career with ExxonMobil served as outside director of Malcolm Pirnie, was appointed as a new member of the Supervisory Board.

As of the close of the General Meeting of Shareholders on May 12, 2010, the second term of Mr R.W.F. van Tets will expire. He is available for reappointment. The last term of Mr C. Espinosa de Los Monteros will also expire. Mr. Peelen, who has been a member of the Supervisory Board since 2000, will resign from the Board. We are grateful for the advice and wisdom that Mr. Espinosa and Mr. Peelen provided to enhance ARCADIS' development.

To bring the Supervisory Board to seven members again, we intend to nominate a candidate for appointment at the General Meeting of Shareholders in May.

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

Word of thanks

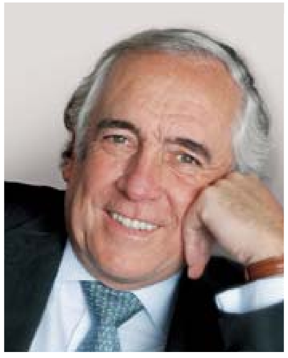
We want to thank management and all staff for their commitment and dedication that enabled ARCADIS to report these excellent results, despite the more difficult conditions facing large parts of our business. ■

Arnhem, the Netherlands, March 5, 2010
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


Ruth Markland


George Nethercutt


Jan Peelen


Armando R. Perez


Maarten Schönfeld


Gerrit Ybema

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

Dutch nationality, term 2002-2010

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 La Fraternidad, Deputy Chairman for Inditex S.A. (ZARA)

Previous positions:
Chairman and CEO DaimlerCrysler España (1990-2009), Chairman IBERIA Airlines (1983-1985).

Non-executive board functions:
• Member Supervisory Board Acciona S.A. • Schindler España S.A. • Yell Group (UK)

Ruth Markland (1953)

British nationality, term 2009-2013

Audit Committee

Previous positions:
Lawyer, Nabarro Nathanson (1975-1977); Lawyer/Partner, Freshfields (1977-2003) in their offices in London, Singapore and Hong Kong.

Non-executive board functions:
• Non-executive director The Sage Group PLC • Non-executive director Standard Chartered PLC • Chairman of board of trustees WRVS

George R. Nethercutt, Jr. (1944)

U.S. nationality, term 2005-2013

Audit Committee

Previous positions:
Chairman Permanent Joint Board on Defense, US/Canada. Member, Defense Advisory Board on Incident Preparedness (2009-2010). 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 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 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).

Armando R. Perez (1951)

U. S. nationality, term 2009 - 2013

Audit Committee

Previous positions:
Member of the Board of Directors of Malcolm Pirnie Inc (2007-July 2009), Management Consultant with several companies (1976-1980), Managed the Chemical, Industrial/Wholesale and Retail Businesses for ESSO Puerto Rico and the Central Caribbean (1980-1986), President and General Manager for ESSO Dominican Republic (1986-1989) and Deputy Retail manager for ESSO Benelux in The Netherlands (1990-1991), Managed the Lubricants and Retail Businesses for Exxon in the Caribbean and South America (1991-1996) and became President and General Manager of ESSO Chile (1996-1998), Served as Latin America Retail Executive for EXXON Company International (1998-2000), Vice-President of Retail Services for EXXONMOBIL Inter-America and member of transition teams at the time of the merger between EXXON & MOBIL (2000-2004) and as Global Market Planning Manager for EXXONMOBIL Fuels marketing (2004-2008).

Other functions:
• Vice-President Board of Directors of COANIQUEM Burned Children Foundation • Member of the Advisory Board of the International Center of Baptist Health South • Member of the Advisory Board of the School of International and Public Affairs at Florida International University • Chairman of the Executive Advisory Committee of the Chapman Graduate Business School at Florida International University (2003-2008) • Member of the Board of Directors of Malcolm Pirnie

Maarten Schönfeld (1949)

Dutch Nationality, term 2008-2012

Audit Committee (Chairman)

Previous positions:
Vice-Chairman of the Executive Board and CFO of Stork B.V. (2001-2008). Several senior international management positions within Royal Dutch Shell Plc. (1977-2001; USA, Argentina, Portugal,

and Executive Boards

Switzerland, Germany and the Netherlands). Worked in Malawi, Africa for 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) • HBKMD, Hogeschool van Beeldende Kunsten, Muziek en Dans in The Hague • Chairman Supervisory Board Skyline-Diagnostics BV • Member Supervisory Board S&B Industrial Minerals S.A., Greece • Chairman Pension Fund Stork

Gerrit Ybema M.Sc. (1945)

Dutch nationality, term 2003-2011

Audit 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. • Chairman of the Supervisory Board of Opvangregeling Leven N.V. • Member of the Supervisory Board of Alliander N.V. • Member of the Supervisory Board of CORDIS Europe N.V. (till May 31, 2009)

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 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

Executive Board


Harrie Noy


Steven Blake


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

Steven B. Blake

U. S. nationality, term 2010 - 2013

Current position:
Member of the Executive Board from 2010.

Previous positions:
Has worked for ARCADIS U.S., Inc in various management positions, most recently as a member of the Executive Board (1999-2003) and CEO (1996 -1999).

Other functions:
• Engineering Enterprises Inc

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, term 2006-2010

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, term 2006-2010

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. **Steven B. Blake, MSc (1956), U.S. nationality**
   Member of the Executive Board since 2010
   CEO ARCADIS U.S., Inc. since 2003

6. **Yann Leblais, MEng (1952), French nationality**
   Global Director Infrastructure since 2009

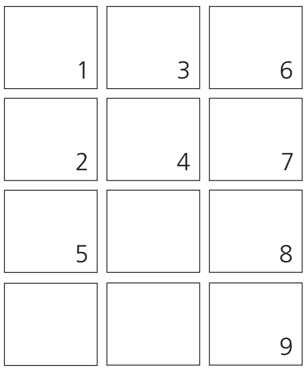
7. **Robert K. Goldman (1957), U.S. nationality**
   Global Director Environment since 2007

8. **Tom W. Haak, MSc (1956), Dutch nationality**
   Director of Human Resources since 2006

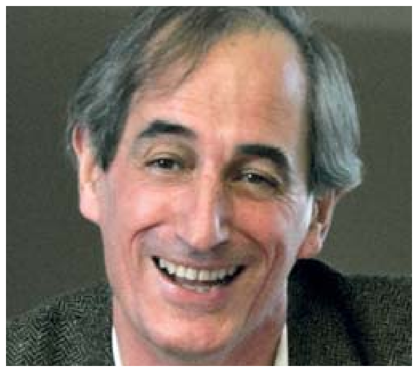
9. **Craig E. Eisen, MSc (1951), U.S. nationality**
   Director of Mergers and Acquisitions since 2002

Executive Board

Staff Directors











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. Gary Coates, BSc, 1951, U.S. Nationality
COO ARCADIS U.S. since 2010

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

14. Lance Josal, FAIA (1955), U.S. nationality
CEO RTKL Associates Inc. since 2009

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

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

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

18. Peter Vince, MRICS (1958), British nationality
CEO ARCADIS UK since 2003

19. Nicolas Simonin, MSc, 1962, French Nationality
CEO ARCADIS France since 2009

20. Bill Dee, BSCE, MSEE, 1948, U.S. Nationality
President (1999) and CEO (2002) of Malcolm Pirnie

Other members Senior Management Committee











10	11	12
13	14	15
16	17	18
19		20

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. Within the framework of the policy as adopted by the GMS, compensation of the Executive Board members is determined by the Supervisory Board, based on advice of the Selection and Remuneration Committee. The Committee reviews the remuneration policy every three years to verify its market conformity. The next review is scheduled for 2011.

Executive Board Remuneration

Remuneration policy

Compensation in line with median level of reference group
The ARCADIS remuneration policy is aimed at attracting, motivating and retaining qualified management for an international company of ARCADIS' size and complexity. The remuneration for Executive Board members consists of 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 part of the total package and is based on performance criteria that incentivise value creation in the short and longer term. The remuneration policy aims at compensation in line with the median level of primarily the Dutch part of a selected labor market reference group.

Labor market reference group
The labor market reference group consists of Dutch companies, as well as a number of European industry peers of comparable size and complexity. It includes: USG People (NL), Heymans (NL), Imtech (NL), Draka (NL), Fugro (NL), Boskalis (NL), Grontmij (NL), Ordina (NL), Atkins (U.K.), Pöyry (Fin), WSP (U.K.), RPS (U.K.), Sweco (S) and White Young Green (U.K.).

Fixed base salary

The target level for fixed base salary is based on the median level of the reference group, while maintaining a proportionate difference between the CEO and the members of the Executive Board so that the CEO salary is 1/3 higher. To bring base salary to the target level, the Supervisory Board proposed to the GMS to increase base salary in two steps of 10% each. This adjustment was considered necessary and justified in view of the increased size and changed positioning of the Company and was approved by the GMS in 2008. Per July 1, 2008 base salary was increased by 12%, including inflation, according to the table below. In view of the economic crisis, the Executive Board renounced any increase in base salary in 2009.

	Target level[2]	2008 base salary[1]
CEO	€ 450,000	€ 416,818
Member EB	€ 337,500	€ 311,779

[1] Target level is based on 2007 price level.

[2] Base salary as per July 1 of the year mentioned

Short-term variable remuneration: bonuses

Bonuses may vary from 0% to 60% of fixed base salary, with 40% being applicable when targets are achieved. Financial targets are related to the Company's financial goals and determine 75% of the bonus. They are: earnings per share (EPS), excluding currency impacts, and return on invested capital (ROIC), both as defined by the financial goals, described on page 19. Non-financial targets are set for each Executive Board member individually and relate to specific goals, usually more strategic in nature. These targets determine the remaining 25% and cannot be overachieved. The targets are preset annually by the Supervisory Board. The bonus percentage is determined using the following table:

Criterion	Weight	Cash bonus as percentage 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 2009 and performance against these targets were as follows:

- The EPS target was based on 2009 budget. Minimum and maximum are achieved at -10% and +10% compared to target. With 2009 EPS at € 1.18 the target was overachieved by more than 10%, resulting in 30% of base salary for this target.
- The ROIC target is in principle 15% but is reviewed annually based on the budget. For 2009 the target was set at 15%, with minimum being achieved at 11%, maximum at 19%. As 2009 ROIC was at 15.4%, 13% of base salary was achieved for this target.

Continued on next page

- 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 50% and 53% of base salary.

Long-term variable remuneration: shares and options

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 below show the old and new peer group as well as the old and new vesting scheme.

Peer group	
For 2005-2007[1]	For 2008-2010[1]
ARCADIS (NL)	ARCADIS (NL)
Alten (Fr)	Atkins (UK)
Atkins (UK)	Grontmij (NL)
Grontmij (NL)	Poyry (Fin)
Poyry (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 equal chances for each position.

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 is 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.

Number of shares and options

In 2008, the numbers of conditional shares and options to be granted were reset to bring the value of the long-term incentive in line with the percentage of base salary that is aimed for. This was done 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 annually were fixed for three years (2008-2010) and approved by the GMS in 2008. They 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

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.

Vested shares and options

In May 2009, the shares and options that were granted in May 2006 became unconditional at 100% of the originally granted numbers. This was due to ARCADIS' performance in the period 2005-2008 resulting in the fourth place among the peer group. Over the period 2006-2009 ARCADIS ended in the third place among the peer group, showing that the Company continued its good performance. Therefore the shares and options that were granted in May 2007 will become unconditional in May 2010 at 117% of the originally granted numbers. Please refer to the table on page 62 for more information on shares and options.

Policy in case of a takeover

In the event of a takeover 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 in principle 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. Due to his long tenure with the company, the maximum severance pay for Mr. Blake was set at 18 months. Contracts of Executive Board members do no contain provisions for the event of the termination of employment resulting from a change in control.

Remuneration overview

For more information on remuneration and share and option ownership of Executive Board members, please refer to Note 45 in the Financial Statements of this report.

Evaluation of remuneration policy

Since the remuneration policy was adopted by the GMS in May 2008, a revised code on corporate governance was issued (the code 2008) 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 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. 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 gave 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).

Remuneration supervisory board

The GMS determines the remuneration of Supervisory Board members. Remuneration was last 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, the GMS approved in May 2008, 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 package. Possible share ownership of ARCADIS shares by a Supervisory Board member is meant as a long-term investment.

For more information on remuneration and share ownership of Supervisory Board members, please refer to Note 46 in the Financial Statements of this Report.

Continued on next page ▶

Other information

The Company has not granted any loans, advances or guarantees to Executive or 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	117%	35,000	May-12
		options	75,000	19.89	250		117%	87,500	n.a.
	May-08	shares	18,000	13.03	147	May-11			May-13
		options	36,000	13.03	71				n.a.
	May-09	shares	18,000	10.91	123	May-12			May-14
		options	36,000	10.91	68				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	117%	24,500	May-12
		options	45,000	19.89	150		117%	52,500	n.a.
	May-08	shares	10,800	13.03	88	May-11			May-13
		options	21,600	13.03	42				n.a.
	May-09	shares	10,800	10.91	74	May-12			May-14
		options	21,600	10.91	41				n.a.
B. 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	117%	17,500	May-12
		options	37,500	19.89	125		117%	45,000	n.a.
	May-08	shares	10,800	13.03	88	May-11			May-13
		options	21,600	13.03	42				n.a.
	May-09	shares	10,800	10.91	74	May-12			May-14
		options	21,600	10.91	41				n.a.
F. 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	117%	17,500	May-12
		options	37,500	19.89	125		117%	45,000	n.a.
	May-08	shares	10,800	13.03	88	May-11			May-13
		options	21,600	13.03	42				n.a.
	May-09	shares	10,800	10.91	74	May-12			May-14
		options	21,600	10.91	41				n.a.

n.a. = not applicable.

Corporate Governance

ARCADIS is committed to the principles of good governance: integrity, transparency, accountability and proper supervision. It complies with the Dutch Corporate Governance Code (the "Code") that became effective in 2003, with few deviations. Compliance with the principles and best practices of the Code, including explanation of deviations, was fully discussed and accepted at the General Meeting of Shareholders in May 2004. Since that date, no changes have been made to the corporate governance structure. Any future material changes in the Company's corporate governance structure and its compliance with the Code will be submitted to shareholders for their consideration.

An overview of ARCADIS' corporate governance structure and an explanation of its deviations from the principles and best practices of the Code are provided below. In December 2008 the Monitoring Committee Corporate Governance ('the Frijns Committee') presented an amended Code which became effective by decree on December 10, 2009. At the end of this chapter, an overview is given of the actions taken to comply with the amended Code. At the Annual Meeting of Shareholders that will be held on May 8, 2010, ARCADIS' compliance with the Code will be on the agenda for discussion. For additional information about Corporate Governance at ARCADIS please visit our website at: www.arcadis.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 has been an international holding company according to Dutch regulations. As a result, shareholder rights are not limited by the Dutch structure regime and Executive Board members and Supervisory Board members are appointed and dismissed by the General Meeting of Shareholders (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 quarters of votes in a meeting where at least three quarters of the outstanding capital is represented. If such a quorum is not present, a second meeting is needed, during which amendments can be passed by at least three quarters of the votes, regardless of the capital represented.

Executive Board

The Executive Board manages the Company and is responsible for achieving its goals and objectives, strategy and policy, and results. The Supervisory Board determines the number of Executive Board members, who, in turn, are appointed by the GMS. For every appointment, the Supervisory Board is entitled to make a nomination.
The GMS can only defeat a binding nomination by passing a resolution by at least a two-thirds majority of the votes, representing more than one-half of the outstanding capital. For 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 eight). These members 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 of 12 years in office. The Supervisory Board has established two committees from its members — 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 their charters, which can be found on our website.

The present composition of the Supervisory Board and further 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 currently represent 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 a scheduled 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 shareholder meetings. Since 2007, the Articles of Association allow for communication and voting by electronic means. For more information about the powers of the GMS as well as the Company's Articles of Association, please visit our website.

Share capital

ARCADIS' share capital comprises the following types of shares: 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 600 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 acquisitions and divestments. The Board of the Foundation comprises 10 members from the Executive and Supervisory Boards and 10 members from ARCADIS' employee base. All decisions require a majority of at least 60% of the votes, implying that employee support is needed for far-reaching decisions. For more information, please see Note 17 to the Financial Statements.

Cumulative Preferred Shares

The objective of the ARCADIS Preferred Stock Foundation (Stichting Preferente Aandelen ARCADIS NV) is to protect the interest of ARCADIS NV and its affiliates. In the event of an unfriendly or hostile takeover attempt, the preferred shares can be used 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 have entered into an option agreement. For more information, please see Note 17 to the Financial Statements.

Regulation concerning securities

ARCADIS has regulations concerning the ownership of and transactions in securities, which apply to all employees unless stipulated otherwise. These regulations also prohibit Executive and Supervisory Board members from executing transactions in the securities of certain other listed companies, regardless of whether they have inside information or not.

Financial reporting and role of auditors

The Company's 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 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 must approve all audit, audit-related and permitted non-audit services to be provided by the external auditor.

The Audit Committee annually evaluates the functioning of the external auditor, in consultation with the Executive Board and the outcome is reviewed by the Supervisory Board. Also the desirability of rotating the external auditor's partners is evaluated. ARCADIS changed partners in 2001, 2006 and 2008.

ARCADIS has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO and the Audit Committee. The scope of work of the internal audit function is regulated in an Internal Audit Charter. The external auditor and the Audit Committee are involved in the drafting and approval of the annual internal audit plan. Internal Audit Reports are discussed with the Audit Committee in the presence of the external auditor.

Compliance with Dutch Corporate Governance Code

ARCADIS applies the principles and best practices of the Dutch Corporate Governance Code published in December

Continued on next page ▶

2003 and as subsequently amended in December 2009, except for the following and for the reasons 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 maximum four-year term will apply. This is the case for the members appointed to the Executive Board in 2006 and 2009.

II.2.8: For Executive Board members to be (re)appointed after the Code became effective, in principle a maximum severance payment consistent with the Code will be included in their contracts. This applies to the two members appointed to the Executive Board in 2006. 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. The Executive Board member appointed in November 2009 is, in case of not-for-cause termination of his contract by the Company, eligible to a severance payment of 18 months fixed (base) salary, which is in line with his existing employment contract with the Company and justified due to his longstanding tenure with ARCADIS.

III.5: ARCADIS does not have a separate remuneration committee and selection and appointment committee but combines the two 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. Under 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 by 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 stipulated 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 adopting the amendments at their 2003 meeting.

Actions taken to comply with amended code

The Supervisory Board and the Executive Board discussed the amended Code as presented by the Frijns Committee.
The following actions have been taken to comply with the additional requirements of the amended Code:

II.1.2: Corporate social responsibility. ARCADIS has a Corporate Social Responsibility policy that has been discussed with the Supervisory Board and can be found on the ARCADIS' website (www.arcadis.com). Also please refer to the chapter on this subject on page 43 of this Report for further information.

II.1.4 and II.1.5: Risk management. In 2009, an Enterprise Risk Management approach was implemented, including a systematic (re)assessment of potential risks. Based on the outcome, risk management procedures have been reviewed. The chapter on Risk Management on page 39 of this Report gives an overview of ARCADIS' approach to risk management.

II.1.9: Role of the Executive Board and the Supervisory Board in takeover situations. When a public offer is prepared on shares in the company's share capital and/or when the company receives a request from a competing bidder, the Executive Board will inform the Supervisory Board without delay and the latter will be closely involved.

I.2: Remuneration of the Executive Board. The Supervisory Board, based upon advice of the Selection and Remuneration Committee, has evaluated the amended principles and best practices regarding executive remuneration and their potential consequences for the remuneration policy for the Executive Board members. The 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.

III: Supervisory Board. The profile for the Supervisory Board has been updated to include an objective related to diversity (see the ARCADIS' website). The Report of the Supervisory Board (see page 49) describes how the evaluation of its functioning, including that of its committees and members, has been conducted. The Supervisory Board has a vice-chairman, who replaces the Chairman on occasion and acts as contact concerning the functioning of the Chairman.

III.6.5: Ownership/trading in other securities. Since 2005, the Company has had a regulation in place regarding ownership of and transactions in some other defined securities.

IV.3: Information to shareholders/logistics of GMS: Most items are already long-standing practice at ARCADIS. Since 2009, shareholders and other persons entitled to vote have had the possibility of issuing proxies or voting instructions to an independent third party prior to the GMS. The policy on bilateral contacts with shareholders can be found on ARCADIS' website www.arcadis.com. ■

Financial Statements 2009

Consolidated statement of financial position as at December 31

Before allocation of profit

In EUR 1,000

Assets	Note	2009	2008
Non-current assets			
Intangible assets	7	**342,691**	249,263
Property, plant & equipment	8	**84,788**	66,467
Investments in associates	9	**26,221**	15,682
Other investments	10	**211**	204
Other non-current assets	11	**19,818**	14,801
Deferred tax assets	20	**17,959**	12,226
Derivatives	13	**1,207**	3,816
Total non-current assets		**492,895**	362,459
Current assets			
Inventories	12	**467**	771
Derivatives	13	**102**	236
(Un)billed receivables	14	**555,090**	538,539
Other current assets	15	**35,871**	32,023
Corporate income tax receivable		**6,219**	6,461
Cash and cash equivalents	16	**224,509**	117,875
Total current assets		**822,258**	695,905
Total assets		**1,315,153**	1,058,364
Equity and liabilities			
Shareholders' equity			
Share capital		**1,354**	1,239
Share premium		**106,788**	36,193
Cumulative translation reserve		**(28,397)**	(40,213)
Hedging reserve		**78**	
Retained earnings		**199,128**	153,036
Net income		**72,753**	57,330
Total equity attributable to equity holders of the Company		**351,704**	207,585
Minority interest		**16,833**	12,344
Total equity	17	**368,537**	219,929
Non-current liabilities			
Provisions	19	**28,363**	26,665
Deferred tax liabilities	20	**10,790**	6,034
Loans and borrowings	21	**342,056**	266,784
Derivatives	13	**843**	16,881
Total non-current liabilities		**382,052**	316,364
Current liabilities			
Billing in excess of cost	14	**158,777**	182,653
Corporate tax liabilities		**7,363**	18,671
Current portion of loans and borrowings	21	**5,600**	4,886
Current portion of provisions	19	**6,039**	4,375
Derivatives	13	**2,686**	145
Accounts payable		**128,940**	133,235
Accrued expenses		**21,294**	12,250
Bank overdrafts and short-term borrowings		**26,906**	9,821
Other current liabilities	22	**206,959**	156,035
Total current liabilities		**564,564**	522,071
Total liabilities		**946,616**	838,435
Total equity and liabilities		**1,315,153**	1,058,364

The notes on pages 72 to 104 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income for the year ended December 31

In EUR 1,000

	Note	2009	2008
Gross revenue	*25*	**1,785,773**	1,739,949
Materials, services of third parties and subcontractors		**(568,219)**	(578,011)
Net revenue		**1,217,554**	1,161,938
Personnel costs	*26*	**(865,548)**	(801,203)
Other operational costs	*26*	**(207,668)**	(207,575)
Depreciation and amortization	*7,8*	**(24,513)**	(23,266)
Amortization other intangible assets	*7*	**(7,140)**	(12,202)
Other income	*27*	**1,734**	1,947
Total operational costs		**(1,103,135)**	(1,042,299)
Operating income		**114,419**	119,639
Finance income	*28*	**6,369**	6,388
Finance expenses	*28*	**(14,902)**	(38,097)
Fair value change of derivatives	*13, 28*	**4,896**	8,074
Net finance expense		**(3,637)**	(23,635)
Income from associates		**15**	(47)
Profit before income tax		**110,797**	95,957
Income taxes	*29*	**(36,989)**	(32,937)
Profit for the period		**73,808**	63,020
Other comprehensive income			
Exchange rate differences for foreign operations		**15,453**	(13,159)
Effective portion of changes in fair value of cash flow hedges		**78**	
Taxes related to share-based compensation		**3,117**	(714)
Other comprehensive income, net of income tax		**18,648**	(13,873)
Total Comprehensive income for the period		**92,456**	49,147

Net income from operations			
Profit for the period attributable to equity holders of the company (net income)		**72,753**	57,330
Net effect of financial instruments[1]		**(5,583)**	4,455
Lovinklaan employee share purchase plan[2]		**2,598**	160
Amortization identifiable intangible assets, net of taxes		**4,534**	8,069
Net income from operations		**74,302**	70,014

Profit attributable to:			
Equity holders of the company (net income)		**72,753**	57,330
Minority interest		**1,055**	5,690
Profit for the period		**73,808**	63,020
Total Comprehensive income attributable to:			
Equity holders of the Company		87,764	46,232
Minority interest		4,692	2,915
Total Comprehensive income for the period		92,456	49,147
Earnings per share (in euros)			
Basic earnings per share	*18*	1.15	0.95
Diluted earnings per share	*18*	1.13	0.94
Net income from operations per share (in euros)			
Basic earnings per share	*18*	1.18	1.16
Diluted earnings per share	*18*	1.16	1.15

1) Net effect of financial instruments relates to the fair value changes of the swap related to the $350 million loan, which was settled early January 2009. (2008: currency translation adjustment on the $350 million loan and the fair value changes of the related swaps, after taxes).

2) The Lovinklaan employee share purchase plan 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.

The notes on pages 72 to 104 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

In EUR 1,000

	Attributable to equity holders of the parent company							
	Share capital	Share premium	Hedging reserve	Cumulative translation reserve	Retained earnings	Total share-holders' equity	Minority interest	Total equity
Balance at January 1, 2008	1,030	36,402		(29,829)	180,112	187,715	11,483	199,198
Profit for the period					57,330	57,330	5,690	63,020
Exchange rate differences				(10,384)		(10,384)	(2,775)	(13,159)
Taxes related to share-based compensation					(714)	(714)		(714)
Other comprehensive income				(10,384)	(714)	(11,098)	(2,775)	(13,873)
Total comprehensive income for the period				(10,384)	56,616	46,232	2,915	49,147
Dividends to shareholders					(24,842)	(24,842)	(1,171)	(26,013)
Share-based compensation					5,969	5,969		5,969
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**
Profit for the period					**72,753**	**72,753**	**1,055**	**73,808**
Exchange rate differences				**11,816**		**11,816**	**3,637**	**15,453**
Effective portion of changes in fair value of cash flow hedges			**78**			**78**		**78**
Taxes related to share-based compensation					**3,117**	**3,117**		**3,117**
Other comprehensive income			**78**	**11,816**	**3,117**	**15,011**	**3,637**	**18,648**
Total comprehensive income for the period			**78**	**11,816**	**75,870**	**87,764**	**4,692**	**92,456**
Dividends to shareholders					**(27,060)**	**(27,060)**	**(203)**	**(27,263)**
Share-based compensation					**9,341**	**9,341**		**9,341**
Issue of shares	**115**	**70,595**				**70,710**		**70,710**
Share options exercised					**3,364**	**3,364**		**3,364**
Balance at December 31, 2009	**1,354**	**106,788**	**78**	**(28,397)**	**271,881**	**351,704**	**16,833**	**368,537**

The notes on pages 72 to 104 are an integral part of these consolidated financial statements

Consolidated statement of cash flows for the year ended December 31

In EUR 1,000

Cash flows from operating activities	Note	2009	2008
Profit for the period		**73,808**	63,020
Adjustments for:			
Depreciation and amortization	*7,8*	**31,653**	35,468
Taxes on income	*29*	**36,989**	32,937
Net finance expense	*28*	**3,637**	23,635
Income from associates		**(15)**	47
		146,072	155,107
Share-based compensation	*17, 24*	**9,341**	5,969
Sale of activities, net of cost		**(1,879)**	(1,027)
Change in operational derivatives		**51**	
Change in inventories		**340**	(237)
Change in receivables		**81,512**	(56,996)
Change in deferred taxes		**3,963**	(9,389)
Change in provisions		**1,903**	1,771
Change in billing in excess of costs		**(30,220)**	29,524
Change in current liabilities		**(327)**	9,408
Dividend received		**288**	564
Interest received		**3,360**	6,316
Interest paid		**(16,213)**	(21,774)
Corporate tax paid		**(45,699)**	(38,725)
Net cash from operating activities		**152,492**	80,511
Cash flows from investing activities			
Investments in (in)tangible assets	*7, 8*	**(26,307)**	(28,368)
Proceeds from sale of (in)tangible assets	*7, 8*	**1,883**	1,788
Investments in consolidated companies	*6*	**(80,218)**	(73,670)
Proceeds from sale of consolidated companies	*6*	**1,763**	475
Investments in associates and other investments	*9, 10*	**(6,342)**	(5,861)
Proceeds from sale of associates and other investments	*9, 10*	**22**	6,228
Investments in other non-current assets		**(6,191)**	(5,285)
Proceeds from sale of other non-current assets		**3,111**	4,443
Net cash used in investing activities		**(112,279)**	(100,250)
Cash flows from financing activities			
Proceeds from exercise of options	*17*	**3,364**	1,624
Proceeds from issue of shares	*17*	**5,764**	
Purchase of own shares	*17*		(9,113)
Settlement of financing derivatives	*13*	**(5,615)**	
New long-term loans and borrowings		**90,962**	108,715
Repayment of long-term loans and borrowings		**(16,867)**	(15,011)
New short-term borrowings		**18,430**	372
Repayment of short-term borrowings		**(9,152)**	(202)
Dividend paid		**(27,263)**	(26,013)
Net cash from financing activities		**59,623**	60,372
Net change in cash and cash equivalents less bank overdrafts		**99,836**	40,633
Exchange rate differences		**1,040**	(677)
Cash and cash equivalents less bank overdrafts at January 1	*16*	**111,676**	71,720
Cash and cash equivalents less bank overdrafts at December 31	*16*	**212,552**	111,676

The notes on pages 72 to 104 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, water, environment and buildings.

2 Basis of preparation

Compliance Statement
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 March 5, 2010. The financial statements as presented in this report are subject to adoption by the General Meeting of Shareholders, to be held on May 12, 2010.

Basis of measurement
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.

Functional and presentation currency
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.

Estimates and management judgements
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

Changes in accounting policies
As of January 1, 2009, revised IAS 1 *Presentation of Financial Statements* became effective. As a result all non-owner changes in equity are presented in the consolidated statement of comprehensive income, whereas the consolidated statement of changes in equity presents all owner changes in equity. Comparative information has been adjusted. Since this only is a change in presentations, there is no impact on earnings per share.

3 Significant accounting policies

The accounting policies set out 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.

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 operating 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 against the investment 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.

The company recognizes the following classes of non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if the purchase and sale decisions are based on fair value in accordance with the Company's risk management and investment strategy. The assets are measured at fair value, and the changes in fair value are recognized in the statement of income. Attributable transaction costs are recognized in the statement of income as incurred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequently these assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

Debt securities issued and subordinated liabilities are recognized on the date they are originated. All other financial liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial liabilities include loans and borrowings, bank overdrafts and trade and other payables. Initially these liabilities are recognized at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

Derivative financial instruments include forward exchange rate contracts and interest rate derivatives.
The Company only uses derivative financial instruments for specific purposes in order 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.

All derivative financial instruments are recognized initially at fair value. Attributable transaction costs are recognized in the statement of income when incurred. Subsequently, derivatives are measured at fair value, with the fair value changes recognized in the statement of income, unless hedge accounting is applied. The gain or loss on re-measurement to fair value of the interest rate related derivatives is recognized 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.

In specific cases hedge accounting is applied for cash flow hedges. In that case, the effective part of the fair value changes is deferred in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is released to the related specific lines in the statement of income or balance sheet at the same time as the hedged cash flows affect the statement of income. Any ineffective portion of changes in the fair value of the derivatives is included in the statement of income immediately.

At inception of the hedge, the relationship between the hedging instrument and the hedged item is documented, and in case of hedge-accounting the methods that will be used to asses the effectiveness of the hedge. Both at the hedge inception and at each reporting date, the Company makes an assessment whether the derivatives used are highly effective in offsetting changes in fair values or cash flows of hedged items. When a derivative is not highly effective, hedge accounting is discontinued prospectively. When a cash flow hedge relationship is terminated, the fair value changes deferred in equity are released to the statement of income only when the hedged transaction is no longer expected to occur. Otherwise these will be released to the statement of income at the same time as the hedged item.

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.

Initially these other intangible assets are recognized at the fair value at the moment of acquisition. Subsequently they are amortized over the estimated useful life, which varies from 0.5 to 5 years. 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 are 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. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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 for unused tax losses, tax credits and deductible temporary differences are only recognized when it is probable that there will be future taxable profits against which to settle the temporary differences or not-yet-compensated taxable 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 is based on the first in – first out principle, and 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 bank overdrafts 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.
Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

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. Unwinding of the discount is recognized as a finance expense.

Employee benefits
Pensions
Most pension plans within ARCADIS qualify as a defined contribution plan. The Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognized as a cost in the statement of income in the period during which services are rendered by employees.

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 payment transactions
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 for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the actual number of awards meeting these conditions at vesting date.

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 forfeited. 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 reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

Receivables are first individually assessed for impairment, and if they are found not to be impaired they are collectively assessed for impairment. In the collective impairment testing receivables with similar risk characteristics are grouped together, and historical trends of the Company and management judgement are used to assess an impairment.

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 fair value less cost to sell 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 is not 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

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. The stage of completion for revenues from services is determined as a percentage of the contract costs incurred in relation to the total estimated contract costs (input measure), and are only recognized to the extent of costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statement of income.

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.

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 these 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. Generally 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.

Materials, services of third parties and subcontractors

Under materials, services of third parties and subcontractors 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 at fair value through profit and loss. 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 business combinations or to items recognized directly in equity or other comprehensive income.

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 these have a potential dilutive effect, e.g. 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

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 is 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.

Revenue recognition
For construction contracts and part of the service contracts revenue is recognized based upon percentage of completion. In determining the percentage of completion estimates of project management are used to assess the progress of the project and the estimated outcome. The estimates influence the timing of revenue recognition.

(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.

Derivative financial instruments
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 counterparties, 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, 2009, 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 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.

Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement clarifies the existing principles that determine whether specific risks or portion of cash flows are eligible for designation in a hedging relationship. This amendment, which becomes mandatory for the Group's 2010 consolidated financial statements is not expected to have a significant impact on the consolidated financial statements.

In addition to the changes mentioned above, there are other changes to existing standards that are not yet effective for the year ended December 31, 2009, but these are not expected to have a material impact on the consolidated financial statements of ARCADIS.

4 Segment information

The company has 4 reportable segments, which are based on the reporting structure of the Company to the Board of Management. The information which management uses to monitor progress and for decision making about operational matters, is at operating company level and as such, the segments are based on the operational companies. 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. Inter-segment pricing is determined on an arm's length basis.

Operating companies are active in four main area's: infrastructure, water, environment and buildings. In infrastructure ARCADIS provides consultancy, design and construction management for rural and urban infrastructure. The water activities include water management, water quality, hydraulic engineering, water supply, waste water treatment. 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.

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	
	2009	**2008**	**2009**	**2008**
The Netherlands	**288.2**	273.1	**121.6**	74.0
Europe excluding the Netherlands	**271.4**	299.9	**73.4**	71.8
United States	**578.9**	496.8	**235.2**	183.3
Rest of World	**79.1**	92.1	**62.7**	33.4
Total	**1,217.6**	1,161.9	**492.9**	362.5

	The Netherlands		Europe excluding the Netherlands		United States		Rest of World		Eliminations		Total Segments		Corporate and unallocated amounts		Total Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
External gross revenue	**422.7**	404.2	**324.4**	361.0	**883.0**	817.3	**155.7**	157.4			**1,785.8**	1,739.9			**1,785.8**	1,739.9
Intersegment	**1.7**	2.5	**2.8**	2.7	**1.0**	0.3	**0.2**	0.2	**(5.7)**	(5.7)	**-**	-			**-**	-
Total revenue	**424.4**	406.7	**327.2**	363.7	**884.0**	817.6	**155.9**	157.6	**(5.7)**	(5.7)	**1,785.8**	1,739.9			**1,785.8**	1,739.9
Materials, third parties and subcontracting	**136.2**	134.6	**61.1**	77.8	**292.5**	297.5	**84.1**	73.8	**(5.7)**	(5.7)	**568.2**	578.0			**568.2**	578.0
Net revenue	**288.2**	272.1	**266.1**	285.9	**591.5**	520.1	**71.8**	83.8			**1,217.6**	1,161.9			**1,217.6**	1,161.9
Operating costs	**251.2**	242.4	**245.9**	255.3	**511.7**	446.0	**61.0**	59.3			**1,069.8**	1,003.0	**3.4**	5.7	**1,073.2**	1,008.7
Other income	**0.3**	1.6	**1.0**	0.3							**1.3**	1.9	**0.4**		**1.7**	1.9
Depreciation	**5.4**	5.4	**5.1**	5.3	**11.9**	10.5	**1.9**	1.8			**24.3**	23.0	**0.2**	0.3	**24.5**	23.3
EBITA	**31.9**	25.9	**16.1**	25.6	**67.9**	63.6	**8.9**	22.7			**124.8**	137.8	**(3.2)**	(6.0)	**121.6**	131.8
Amortization identifiable intangible assets	**0.2**	0.5	**1.2**	3.8	**5.5**	7.0	**0.1**	0.9			**7.0**	12.2	**0.2**		**7.2**	12.2
Operating income	**31.7**	25.4	**14.9**	21.8	**62.4**	56.6	**8.8**	21.8			**117.8**	125.6	**(3.4)**	(6.0)	**114.4**	119.6
Finance expense	**(0.7)**	(0.9)	**(0.2)**	(2.1)	**(3.8)**	(18.4)	**(2.0)**	(4.9)			**(6.7)**	(26.3)	**3.1**	2.7	**(3.6)**	(23.6)
Segment profit before tax	**31.0**	24.5	**14.7**	19.7	**58.6**	38.2	**6.8**	16.9			**111.1**	99.3	**(0.3)**	(3.3)	**110.8**	96.0
Income from associates	**0.3**	(0.1)	**0.1**	0.2		-	**(0.5)**	(0.2)			**(0.1)**	(0.1)	**0.1**			(0.1)
Taxes	**(8.5)**	(6.2)	**(4.8)**	(6.4)	**(21.5)**	(15.8)	**(2.2)**	(5.1)			**(37.0)**	(33.5)		0.6	**(37.0)**	(32.9)
Profit for the period	**22.8**	18.2	**10.0**	13.5	**37.1**	22.4	**4.1**	11.6			**74.0**	65.7	**(0.2)**	(2.7)	**73.8**	63.0
Minority interest		0.1	**0.5**	(0.3)	-	-	**(1.5)**	(5.5)			**(1.0)**	(5.7)			**(1.0)**	(5.7)
Net income	**22.8**	18.3	**10.5**	13.2	**37.1**	22.4	**2.6**	6.1			**73.0**	60.0	**(0.2)**	(2.7)	**72.8**	57.3
EBITA on recurring basis	**31.9**	25.9	**16.1**	25.6	**70.1**	63.6	**8.9**	22.7			**127.0**	137.8	**(3.2)**	(6.0)	**123.8**	131.8
Net income from operations	**23.4**	18.9	**12.1**	16.1	**42.3**	34.4	**3.1**	7.0			**80.9**	76.4	**(6.6)**	(6.4)	**74.3**	70.0
Total assets	**224.6**	201.7	**273.1**	269.5	**590.4**	475.6	**108.0**	66.7			**1,196.1**	1,013.5	**119.1**	44.9	**1,315.2**	1,058.4
Investments in associates	**1.2**	1.3	**0.7**	0.7	**0.1**	0.1	**23.9**	13.6			**25.9**	15.7	**0.3**		**26.2**	15.7
Other financial assets	**0.3**	0.3	**1.3**	1.4	**12.5**	9.1	**7.6**	4.3			**21.7**	15.1	**(0.5)**	3.7	**21.2**	18.8
Total liabilities	**141.4**	149.6	**118.7**	127.0	**597.4**	507.5	**66.1**	39.1			**923.6**	823.2	**23.0**	15.2	**946.6**	838.4
Total capital expenditures	**4.7**	7.1	**5.2**	6.9	**10.6**	9.8	**5.1**	4.5			**25.6**	28.3	**0.7**	0.1	**26.3**	28.4
Total number of employees	**2,958**	2,778	**3,523**	3,789	**6,071**	4,847	**1,675**	1,700			**14,227**	13,114	**60**	57	**14,287**	13,171

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*
Malcolm Pirnie Inc., (100%) White Plains, *New York, United States (as per July 9, 2009)*
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 2009, the following changes in consolidated interests took place:

Per February 1, 2009 ARCADIS Nederland Holding BV acquired 100% of the shares of ReGister, a Dutch environmental services company.
Per July 9, 2009, ARCADIS U.S. Inc. merged with the White Plains, New York based company Malcolm Pirnie Inc., active in water and environmental consulting and engineering.
Per November 6, 2009 ARCADIS Logos Ltda increased its shareholding in the proportionally consolidated Brazil based company Biogas from 33.33% to 47.37%. Biogas is active in collecting and selling landfill gas.
Additionally divestment of some smaller activities took place.

The acquisitions contributed € 134 million to annual gross revenue in 2009, of which € 132 million relates to Malcolm Pirnie. The contribution to the consolidated profit for the period amounted to € 4 million, which is excluding financing expenses related to these acquisitions and after net amortization of identifiable intangible assets of € 3 million (Malcolm Pirnie € 3 million). If the acquisitions had occurred on January 1, 2009, management estimates that the consolidated gross revenue would have been € 283 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 € 7 million.

The total investment in acquisitions in 2009 was € 168 million, including goodwill of € 90 million. The goodwill related to the Malcolm Pirnie acquisition is expected to be deductible for income tax purposes. Consideration transferred consisted of € 75 million in cash, € 65 million in equity instruments and € 21 million deferred consideration.

The fair value of the ordinary shares issued was based on the listed closing share price of ARCADIS NV at July 9, 2009 of € 12.53 per share.

Deferred consideration for Malcolm Pirnie of € 21 million relates to a 36-month indemnity period. The retention is not held in escrow. This retention will function as security for the indemnification for the representations and warranties provided by the selling shareholders. The deferred consideration will be paid, plus accrued interest, and net of resolved claims, plus pending and unresolved claims in tranches in the period between December 2010 and July 2012.

The goodwill recognized in the financial statements relates to the workforce of the companies acquired and the synergies expected from the business combinations. Goodwill changed as a result of acquisitions and adjustments on after-payments and acquisition accounting as follows:

Goodwill on acquisitions in 2009	90,141
Adjustments due to after-payments and acquisition accounting	2,325
Total Goodwill	**92,466**

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

Goodwill per geographic segment	
The Netherlands	458
Europe excluding the Netherlands	2,330
United States	89,061
Rest of World	617
Total Goodwill	**92,466**

The acquisitions and divestments had the following effect on assets and liabilities:

			Malcolm Pirnie	Other acquisitions		Divestments	Total
Assets	**Pre-acquisition carrying amount**	**Fair value adjustments**	**Recognized values on acquisition**	**Recognized values on acquisition**	**Adjustments previous PPA**	**Recognized values on acquisition**	**Recognized values on acquisition**
Non-current assets							
Intangible assets	4,960	7,080	12,040	52	(2,053)	(9)	10,030
Property, plant & equipment	9,044		9,044	5,535	(2)	(485)	14,092
Investments in associates							
Other investments							
Other non-current assets	555		555	785	(338)		1,002
Deferred tax assets	1,932	1,450	3,382	247	(27)		3,602
Total non-current assets	**16,491**	**8,530**	**25,021**	**6,619**	**(2,420)**	**(494)**	**28,726**
Current assets							
Inventories							
(Un)billed receivables	93,127	(2,555)	90,572	387	115	(842)	90,232
Other current assets	3,708		3,708	30		144	3,882
Corporate tax assets				62			62
Cash and cash equivalents				6,533		(7)	6,526
Total current assets	**96,835**	**(2,555)**	**94,280**	**7,012**	**115**	**(705)**	**100,702**
Total assets	**113,326**	**5,975**	**119,301**	**13,631**	**(2,305)**	**(1,199)**	**129,428**
Non-current liabilities							
Provisions	1,947		1,947		(542)		1,405
Deferred tax liabilities				13	(324)		(311)
Loans and borrowings	397	(1)	396	3,767		(76)	4,087
Total non-current liabilities	**2,344**	**(1)**	**2,343**	**3,780**	**(866)**	**(76)**	**5,181**
Current liabilities							
Billing in excess of cost	8,849		8,849			(337)	8,512
Corporate tax liabilities	37	(1)	36	191			227
Bank overdrafts	424		424				424
Trade and other liabilities	35,867	1,077	36,944	2,853	111	(538)	39,370
Total current liabilities	**45,177**	**1,076**	**46,253**	**3,044**	**111**	**(875)**	**48,533**
Total liabilities	**47,521**	**1,075**	**48,596**	**6,824**	**(755)**	**(951)**	**53,714**
Total net asset value			**70,705**	**6,807**	**(1,550)**	**(248)**	**75,714**
Recorded goodwill			89,061	1,080	2,325		92,466
Book (gain) / loss						(1,522)	(1,522)
Consideration paid			**159,766**	**7,887**	**775**	**(1,770)**	**166,658**
Issued shares			(64,946)				(64,946)
After-payments unpaid			(21,384)	(50)	(758)		(22,192)
Cash (acquired) / disposed			424	(6,519)		7	(6,088)
Net cash outflow related to 2009 transactions			**73,860**	**1,318**	**17**	**(1,763)**	**73,432**
After-payments related to earlier acquisitions				5,023			5,023
Total net cash outflow / (inflow)			**73,860**	**6,341**	**17**	**(1,763)**	**78,455**

For some acquisitions the purchase accounting is included on a provisional basis, due to the fact that the underlying details for the determination of the fair value of assets and liabilities at acquisition date were not completely available before the issuance of this annual report. For the same reason some smaller adjustments on previous purchase accountings were included in the 2009 figures, which can be derived from the table above.

The total amount of after-payments and earn outs for acquisitions is as follows:

	2009
Balance at January 1	12,407
Acquisitions	22,192
Interest accrual	1,136
Payments / Redemptions	(5,023)
Exchange rate differences	(406)
Total after payments	**30,306**

Of the total amount of after-payments € 6.3 million is included under loans and borrowings as other long term debt, while € 24.0 million (due within one year) is included under other current liabilities.

7 Intangible assets

	Goodwill	Other Intangible assets	Software	Total
Cost				
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
Balance at January 1, 2009	**233,477**	**37,202**	**27,147**	**297,826**
Acquisitions through business combinations	**92,466**	**7,725**	**2,314**	**102,505**
Investments			**3,104**	**3,104**
Divestments			**(9)**	**(9)**
Disposals			**(1,552)**	**(1,552)**
Exchange rate differences	**(1,299)**	**182**	**232**	**(885)**
Other changes			**126**	**126**
Balance at December 31, 2009	**324,644**	**45,109**	**31,362**	**401,115**
Amortization and depreciation				
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
Balance at January 1, 2009		**27,514**	**21,049**	**48,563**
Amortization charge for the year		**7,140**	**3,845**	**10,985**
Disposals			**(1,462)**	**(1,462)**
Exchange rate differences		**208**	**97**	**305**
Other changes			**33**	**33**
Balance at December 31, 2009		**34,862**	**23,562**	**58,424**
Carrying amounts				
At January 1, 2008	209,042	11,788	6,076	226,906
At December 31, 2008	233,477	9,688	6,098	249,263
At January 1, 2009	233,477	9,688	6,098	249,263
At December 31, 2009	**324,644**	**10,247**	**7,800**	**342,691**

The main part of the other intangible assets and software will be amortized within the coming 2 years. During 2009 and 2008, 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:

	2009	2008
The Netherlands	**22,717**	22,286
Europe excluding the Netherlands	**67,725**	62,615
United States	**227,250**	143,612
Rest of world	**6,952**	4,964
Total goodwill	**324,644**	233,477

The goodwill in the United States relates to three cash-generating units, being RTKL (€ 49.7 million), ARCADIS US (€ 90.4 million) and Malcolm Pirnie (€ 87.2 million), while the goodwill in Europe, excluding the Netherlands, mainly relates to the cash-generating unit in the UK.

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

	2009	2008
Amortization other intangible assets	**7,140**	12,202
Depreciation and amortization	**3,845**	3,637

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 forecasts for 2010 as approved by the Executive Board. Projections are extrapolated beyond this 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% (2008: 3%) in our calculations. The pre-tax discount rate used in discounting cash flows to their present value in order to determine the value in use is 12%, and where applicable, a surcharge is added for specific country risks.

The pre-tax discount rate has been determined by iterative computation so that value in use determined using pre-tax cash flows and a pre-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate. The post-tax WACC used is 8% (2008: 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 2009 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, 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
Balance at January 1, 2009	**12,851**	**133,575**	**146,426**
Acquisitions through business combinations	**3,714**	**10,863**	**14,577**
Investments	**76**	**23,128**	**23,204**
Divestments		**(485)**	**(485)**
Disposals	**(218)**	**(7,467)**	**(7,685)**
Exchange rate differences	**2,595**	**1,294**	**3,889**
Other changes	**890**	**334**	**1,224**
Balance at December 31, 2009	**19,908**	**161,242**	**181,150**
Depreciation			
Balance at January 1, 2008	2,821	69,791	72,612
Depreciation charge for the year	808	18,821	19,623
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
Balance at January 1, 2009	**3,007**	**76,952**	**79,959**
Depreciation charge for the year	**936**	**19,732**	**20,668**
Divestments			
Disposals	**(21)**	**(6,227)**	**(6,248)**
Exchange rate differences	**380**	**285**	**665**
Other changes	**684**	**634**	**1,318**
Balance at December 31, 2009	**4,986**	**91,376**	**96,362**
Carrying amounts			
At January 1, 2008	10,416	53,453	63,869
At December 31, 2008	9,844	56,623	66,467
At January 1, 2009	9,844	56,623	66,467
At December 31, 2009	**14,922**	**69,866**	**84,788**

During 2009, no changes were made in the useful lives, depreciation methods and the residual values of the property, plant & equipment.

At December 31, 2009, the carrying amount of tangible fixed assets financed by financial lease, was € 0.7 million (2008: € 0.5 million). Both at December 31, 2009 and December 31, 2008, no properties were registered as security for bank loans.

9 Investments in associates

	2009	2008
Balance at January 1	**15,682**	20,046
Equity share in income	**15**	(47)
Investments	**6,632**	6,262
Divestments	**(468)**	(6,685)
Received dividends	**(288)**	(564)
Other changes and exchange rate differences	**4,648**	(3,330)
Balance at December 31	**26,221**	15,682

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	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Retiro Baixo Energetica	25.5	**181.8**	83.3	**100.5**	43.4	**81.3**	39.9	**13.6**		**(0.2)**	
Hidropower Energia	16.0*								3.6		
Geodynamique	42.7	**1.9**	1.8	**0.5**	0.5	**1.4**	1.3	**1.8**	1.8	**0.3**	0.4
Breitener Energética S.A.	5.5*	**226.9**	142.8	**175.0**	95.8	**51.9**	47.0	**135.4**	109.0	**(8.1)**	(3.5)
Operaciones Relave S.A.	24.8	**1.0**	0.8	**0.1**	0.2	**0.9**	0.6	**0.2**	3.1	**0.1**	0.1
Duo Flora	50.0	**1.3**		**0.8**		**0.5**		**4.2**		**0.4**	
Bio Science park	50.0	**3.3**		**3.3**		**0.0**					
VOF De Ruyterkade	50.0		0.7		0.7				1.7		
VOF EMC Starc	35.0	**0.2**	2.0	**0.1**	0.6	**0.1**	1.4			**0.3**	0.4
VOF X-pact	12.0*	**0.2**	0.6	**0.0**	0.1	**0.2**	0.5		0.6		0.2
VOF De Ploen	50.0	**0.3**		**0.1**		**0.2**		**0.2**		**0.0**	
		416.9	232.0	**280.4**	141.3	**136.5**	90.7	**155.4**	119.8	**(7.2)**	(2.4)

* 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.

10 Other investments

	2009	2008
Balance at January 1	**204**	970
Investments	**10**	-
Acquisitions/divestments	**(4)**	(329)
Other changes and exchange rate differences	**1**	(437)
Balance at December 31	**211**	204

The other investments relate to shareholdings in companies where ARCADIS has no significant influence. These are all measured at cost less impairment losses.

11 Other non-current assets

	2009	2008
Balance at January 1	**14,801**	7,009
Acquisitions/divestments	**1,002**	338
New receivables	**5,892**	12,064
Received	**(2,661)**	(3,655)
Other changes and exchange rate differences	**784**	(955)
Balance at December 31	**19,818**	14,801

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

	2009	2008
Raw materials and supplies	**467**	771
Balance at December 31	**467**	771

13 Derivatives

During 2009 the Company has entered into new interest rate swaps to hedge interest rate risk on the $ 450 million long-term loans (2008: $ 350 million) and has elected at inception to apply hedge accounting to these interest rate derivatives.

	Asset		Liability		Total	
	2009	2008	2009	2008	2009	2008
Interest rate derivatives						
- current	**-**		**-**	-	**-**	-
- non-current	**1,209**	3,816	**(843)**	(16,881)	**366**	(13,065)
FX derivatives						
- current	**102**	236	**(2,686)**	(145)	**(2,584)**	91
- non-current	**(2)**	-	**-**	-	**(2)**	-
	1,309	4,052	**(3,529)**	(17,026)	**(2,220)**	(12,974)

The market value of these derivatives as at end 2009 was € 0.4 million. There were no outstanding interest rate swap transactions as at end 2008.

In January 2009 the Company closed-out all outstanding cross currency swaps on USD borrowings, resulting in a profit of € 7.5 million being recognized in early 2009. During 2009 the Company hedged currency exposures on foreign currency income in the UK, Poland and Germany by way of FX forward deals in order to minimise volatility in net income due to changes in currency rates. In addition, foreign currency balance sheet positions arising due to foreign currency receivables and loan balances in the UK and Belgium were hedged by way of FX forward transactions.
Fair value changes are recognized immediately in the statement of income, unless hedge-accounting was applied. In that case revaluation results were posted in equity, under the condition that hedge documentation, derivatives valuations and effectiveness testing were in place.

The fair value of the derivatives decreased in 2009 from a liability of € 13.0 million to a liability of € 2.2 million. The difference of € 10.8 million is recognized as an income from fair value changes of derivatives under financing items for € 4.9 million, exchange rate difference corporate financing for € 0.3 million as well as the cash settlement of derivatives during 2009 with a value of € 5.6 million. In 2008 the fair value of the derivatives decreased from a liability of € 21.2 million to a liability of € 13.0 million. The difference of € 8.2 million was recognized for an amount of € 8.1 million as income from fair value changes of derivatives under financing items and for € 0.1 million as operational costs.

During 2009 ARCADIS NV began applying hedge accounting on $ 305 million worth of interest rate hedges with the resulting change in market value being posted to equity. In addition, a limited amount of FX transactions were also classified as cash flow hedges and their change in value was similarly posted to equity. The total posted to equity is amounted to a gain of € 0.1 million.

Equity	2009	2008
Interest rate derivatives	134	-
FX derivatives	(56)	-
	78	-

14 (Un)billed receivables

Includes items maturing within one year

	2009	2008
Unbilled receivables	235,072	215,817
Trade receivables	358,957	337,439
Provision for bad debts	(45,159)	(21,907)
Receivables from associates	6,220	7,190
Total receivables	**555,090**	538,539

The provision for bad debts has developed as follows:

	2009	2008
Balance at January 1	21,907	11,709
Acquisitions/divestments	8,927	3,533
Additions charged to income	11,277	10,710
Release of unused amounts	(3,926)	(2,302)
Utilizations	(3,958)	(1,688)
Other changes	11,320	
Exchange rate differences	(388)	(55)
Balance at December 31	**45,159**	21,907

The exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 33.

Work in progress

Costs and estimated earnings on uncompleted contracts are as follows:

	2009	2008
Cost incurred on uncompleted contracts and estimated earnings	3,576,192	2,953,005
Billings to date	(3,499,898)	(2,919,841)
Total work in progress	**76,294**	33,164

All amounts are expected to be collected within one year.

	2009	2008
Cost incurred and estimated earnings in excess of billings	235,071	215,817
Billings in excess of costs incurred and estimated earnings	(158,777)	(182,653)
Balance at December 31	**76,294**	33,164

Amount of advances received	25,606	16,018
Amount of retentions held by clients	2,291	312

15 Other current assets

	2009	2008
Other receivables	13,095	16,038
Prepaid expenses	22,776	15,985
Balance at December 31	**35,871**	32,023

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, 2009, and 2008 consisted of the following:

	2009	2008
Deposits	5,564	5,519
Cash in banks restricted for taxes/social premiums	6	106
Bank and cash	218,939	112,250
Balance at December 31	**224,509**	117,875
Bank overdrafts used for cash management purposes	(11,957)	(6,199)
Cash and cash equivalents in the cash flow statement	**212,552**	111,676

The effective interest rates for cash at the balance sheet date was 1.0% (2008: 2.3%).
At December 31, 2009 € 203.7 million of cash and cash-equivalents was freely available for use by the group (2008: € 116.3 million). The remainder of € 15 million can not be repatriated by the group without significant cost or penalties.

17 Share capital

At December 31, 2009, 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.

The development of shares outstanding during 2009 is presented in the table below:

	Common stock		Priority shares		Total shares outstanding	
	2009	2008	2009	2008	2009	2008
Outstanding per January 1	**60,100,948**	60,501,555	**600**	600	**60,101,548**	60,502,155
Shares issued	**5,739,351**				**5,739,351**	
Repurchased shares		825,000				825,000
Exercise of shares and options	**652,888**	424,393			**652,888**	424,393
Outstanding per December 31	**66,493,187**	60,100,948	**600**	600	**66,493,787**	60,101,548

During 2009, no preferred shares or financing preferred shares were issued or outstanding. The shares issued related to the Malcolm Pirnie acquisition.

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
- Michel J. Hoogervorst
- C. Michiel Jaski
- Patrick J. Keaney
- Karla M. Kiffer de Moraes
- Ruth Markland
- Piotr Miaso
- George R. Nethercutt Jr.
- Jan Peelen
- Friedrich M.T. Schneider
- J.C. Maarten Schönfeld
- C.B. Seymour
- Peter E. Yakimowich
- Gerrit Ybema

During 2009 Ewoud R. van der Sluis and Marcel P. Stuart stepped back from the board of Stichting Prioriteit ARCADIS NV, while Michel J. Hoogervorst, Ruth Markland and C.B. Seymour were appointed as members of the board of Stichting Prioriteit ARCADIS N.V.

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. Therefore 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. For example 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. Since 2009 its Articles of Association stipulate that the Foundation appoints and dismisses its own Board members, after prior approval by the Executive Board of ARCADIS NV.

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 it 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.

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 2009, no shares were issued as a result of options being exercised (2008: nil). The following numbers of shares were purchased:

Year	Number of shares	Price at time of purchase
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
2009	0	-

The repurchased shares are to cover for the options granted. This temporary repurchase has been deducted from the retained earnings.

Of the shares purchased, a total number of 652,888 has been placed back in the market through the exercise of options in 2009. The net proceeds were € 3.4 million (2008: € 1.6 million).

At December 31, 2009, the number of repurchased shares in stock was 1,183,009 (2008: 1,835,897).

Outstanding shares of common stock:

	January 1	Issued shares	Repurchased shares	Reissued shares	December 31
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
2009	60,100,948	5,739,351		652,888	66,493,187

Share premium

Share premium 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 share premium, at least € 78.4 million of the share premium 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. In 2009, € 11.8 million was added to the cumulative translation reserve, including a tax benefit of € 1.5 million.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Ultimo 2009, the reserve amounted to € 0.1 million, net of € 0.2 million tax.

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 reserved for dividend. The remaining 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 2009, the Executive Board with the approval of the Supervisory Board proposes to add the amount of € 42.9 million to the retained earnings. The remainder of € 29.9 million can be distributed as a dividend, which represents a dividend of € 0.45 per outstanding share of common stock. For fiscal year 2008, a dividend was proposed and accepted amounting to € 0.45 per outstanding share of common stock. Of the total amount of retained earnings € 38.5 million is restricted in distribution. See also note 39 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
2009	**600**	**63,096,660**	**64,205,170**
2008	600	60,518,257	60,952,116

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. Only options with exercise prices below the average stock price are taken into account.

The weighted average number of ordinary shares used for the calculation of earnings per share for the years 2009 and 2008 is calculated as follows:

	2009	2008
Average number of issued shares	**64,699,151**	61,937,445
Average number of repurchased shares	**1,601,891**	1,418,588
Average number of outstanding shares	**63,097,260**	60,518,857
Of which priority shares	**600**	600
Shares of common stock	**63,096,660**	60,518,257

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

Total earnings of ARCADIS:

	2009	2008
Net income from operations	**74,302**	70,014
Net income	**72,753**	57,330
Earnings per share (in euros):		
Net income from operations	**1.18**	1.16
Net income	**1.15**	0.95

At December 31, 2009, the number of outstanding options is 8,310,836 (2008: 5,725,205). Of the outstanding options at December 31, 2009, 2,093,733 options were in the money and exercisable (2008: 1,621,934 in the money and exercisable). Exercising options may lead to dilution. This dilution is calculated on a weighted average basis. To avoid dilution as much as possible, ARCADIS repurchases own shares, which are reissued the moment options are exercised.

	2009	2008
Average number of outstanding shares	**63,097,260**	60,518,857
Average number of diluting shares	**1,107,909**	433,259
Average number of diluted shares	**64,205,170**	60,952,116
Earnings per diluted share (in euros):		
Net income from operations	**1.16**	1.15
Net income	**1.13**	0.94

19 Provisions

	Pension obligations	Deferred compensation	Restructuring	Litigation	Other	Total
Balance at January 1, 2009*	4,320	9,175	775	15,489	1,281	31,040
Acquisitions	(542)			1,947		1,405
Additions	626	2,904	940	3,637	1,420	9,527
Amounts used	(326)	(1,015)	(398)	(2,240)	(278)	(4,257)
Release of unused amounts	(195)	(275)	(348)	(1,592)	(636)	(3,046)
Exchange rate differences	1	(254)		(84)	70	(267)
Balance at December 31, 2009	**3,884**	**10,535**	**969**	**17,157**	**1,857**	**34,402**
Non-current	**3,660**	**10,100**	**167**	**13,063**	**1,373**	**28,363**
Current	**224**	**435**	**802**	**4,094**	**484**	**6,039**
	3,884	**10,535**	**969**	**17,157**	**1,857**	**34,402**

* The opening balance of pension obligations and deferred compensation has been adjusted to reflect the reclassification of the US deferred compensation plan, which was previously reported under pension obligations.

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 2009, these provisions amounted to € 3.4 million (2008: € 3.1 million). Additionally a provision has been recorded related to an early retirement plan for a former manager of an acquired company.

Deferred compensation

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 2009, the amount recognized under deferred compensation for these deferred salaries was € 9.5 million (2008: € 7.7 million). This amount is covered by a receivable on the fund, which is recognized under other non current assets. In 2009 the receivable was € 9.5 million (2008: € 7.4 million).Additionally € 0.8 million is recognized for 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 2009, a deferred tax asset of € 1.8 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. At December 31, 2009, the gross amounts of the net operating loss carry forwards for which no deferred tax assets have been recognized in the balance sheet, with a total of € 6.1 million, expire as follows:

2010	2011	2012	2013	2014	Later	Unlimited
-	-	-	0.2	-	-	5.9

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

	Balance at January1, 2009	Additions	Recognition	Recognition in equity	Exchange rate differences	Balance at December 31, 2009
Tax losses	2,385	58	(8)	(740)	87	**1,782**
Tax credits		225				**225**
	2,385	283	(8)	(740)	87	**2,007**

The amount of tax credits of € 0.2 million can be carried forward indefinitely.

Recognized deferred tax assets

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

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Goodwill/identifiables	**4,303**	1,109	**6,500**	3,684	**(2,197)**	(2,575)
Property Plant and Equipment	**2,826**	2,621	**1,017**	620	**1,809**	2,001
Work in progress	**619**	1,021	**26,496**	16,307	**(25,877)**	(15,286)
Accrued expenses	**23,341**	15,745	**189**	38	**23,152**	15,707
Derivatives		-	**1,516**	-	**(1,516)**	
Share-based compensation	**4,604**	1,268	**-**	-	**4,604**	1,268
Deferred compensation	**1,355**	1,386	**-**	-	**1,355**	1,386
Net operating losses	**4,638**	2,578		-	**4,638**	2,578
Others	**1,679**	1,460	**478**	347	**1,201**	1,113
Offsetting	**(25,406)**	(14,962)	**(25,406)**	(14,962)	**-**	-
Balance at December 31	**17,959**	12,226	**10,790**	6,034	**7,169**	6,192

Deferred tax assets and liabilities are offset only when the deferred tax assets and liabilities relate to the same taxation authority and same taxable entity, and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

Approximately € 30.3 million of the deferred tax liabilities at December 31, 2009, will be utilized within one year (2008: € 18.2 million). The estimated utilization of deferred tax assets within one year at December 31, 2009, is € 28.4 million (2008: € 18.9 million).

The gross operating losses that might be compensated by future profits amount to € 15.6 million (this is including a minority interest of € 3.0 million) at December 31, 2009, and € 7.8 million (including a minority interest of € 1.1 million) at December 31, 2008.

At December 31, 2009, the gross amounts of the net operating loss carry forwards for which deferred tax assets have been recognized in the balance sheet, with a total of € 15.6 million, expire as follows:

2010	2011	2012	2013	2014	Later	Unlimited
-	-	-	1.9	1.9	2.0	9.8

The movement in temporary differences during the year 2009 was as follows:

	Balance at January 1, 2009	Recognized net in income	Recognized in equity	(De)-consolidations	Exchange rate differences	Balance at December 31, 2009
Goodwill/identifiables	(2,575)	86		295	(3)	**(2,197)**
Property, Plant, Equipment	2,001	(167)			(25)	**1,809**
Work in progress	(15,286)	(11,106)			515	**(25,877)**
Accrued expenses	15,707	4,989		2,892	(436)	**23,152**
Derivatives		(2)	(1,510)		(4)	**(1,516)**
Share-based compensation	1,268	1,225	2,112		(1)	**4,604**
Deferred compensation	1,386	(30)			(1)	**1,355**
Net operating losses	2,578	1,483	38	234	305	**4,638**
Others	1,113	(477)		492	73	**1,201**
Tax assets /(liabilities)	**6,192**	**(3,999)**	**640**	**3,913**	**423**	**7,169**

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

	Balance at January 1, 2008	Recognized net in 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**

21 Loans and borrowings

	2009	2008
Bank loans	**337,872**	259,308
(interest rates between 0.6% and 16.4%)		
Financial lease contracts	**1,236**	2,070
(interest rates between 5.9% and 8.0%)		
Other long-term debt	**8,548**	10,292
(interest rates between 3.9% and 6.0%)		
Subtotal	**347,656**	271,670
Current portion	**5,600**	4,886
Balance at December 31	**342,056**	266,784

Aggregate maturities of long-term debt are as follows:		
2010		6,548
2011	**73,016**	54,300
2012	**100,775**	31,342
2013	**86,541**	86,075
2014	**27,927**	33,399
After 2014	**53,797**	55,120
	342,056	266,784

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 € 322.9 million (2008: € 240.6 million).
The weighted average interest rate for 2009 and 2008 on interest-bearing debt (including the interest effect of the swaps) was 2.9% and 5.0%, respectively. From the total amount of bank loans at December 31, 2009, € 315.8 million has interest rates in the range of 0% to 4%. The remainder of € 22.1 million has interest rates in the range of 4% to 17%. Ultimo 2008 the interest rates ranged from 3.2% to 6.0% for total bank loans of € 251.6 million and from 11% to 19% for bank loans of € 7.7 million.

Under other long-term debt, retentions and expected after-payments not due within one year are included, amounting to € 6.3 million (2008: € 4.7 million).

The long-term bank loans include $ 450 million (2008: $ 350 million) with a US LIBOR denominated interest rate. $ 305 million of these loans have been converted by way of interest rate swaps into USD fixed rate debt, at an average rate of 2.25% and the average remaining lifetime of these swaps is 3.6 years. For disclosures 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 and will be confirmed on a quarterly basis in 2010. At December 2009, the Net Debt : EBITDA ratio calculated in accordance with agreements with the banks is 1.04 (2008: 1.27).

As of end 2008 ARCADIS had term loans of $ 350 million with a consortium of four banks as well as a € 50 million guarantee facility with one bank. During 2009, $ 180 million of additional financing was negotiated to finance the acquisition of Malcolm Pirnie. Of this, a term loan of $ 100 million was drawn, with the remainder unused. The interest rate on the medium and long-term facilities is USD LIBOR-denominated. In addition, ARCADIS has approx € 38 million of additional undrawn committed facilities.

ARCADIS has short term uncommitted debt facilities of € 76 million with three 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 € 169.9 million, which include all uncommitted loans and the guarantee facility with the consortium (2008: € 192 million including multi-currency and guarantee facility). The effective interest rates for bank overdrafts are between 1.16% and 13.5% (2008: 2.65% - 22.8%).

By the end of the year 2009, the total amount of bank guarantees and letters of credit that were outstanding under the € 50 million short-term guarantee facility amounted to € 28.1 million (2008: € 35.1 million). The total amount of outstanding guarantees and letters of credit amounted to € 67.0 million (2008: € 64.8 million).

22 Other current liabilities

	2009	2008
Taxes and social security contributions	**48,221**	33,253
Payable to employees	**97,780**	88,376
After-payments for acquisitions	**23,967**	7,703
Other liabilities	**36,991**	26,703
	206,959	156,035

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
2009		81,970
2010	**60,767**	59,832
2011	**51,031**	46,997
2012	**37,043**	31,612
2013	**24,041**	50,236
Thereafter	**62,892**	
	235,774	270,647

The Company's lease arrangements mainly relate to contracts for leased cars and buildings. Car leases typically run for a period of 3 years, while lease contracts for buildings in most instances run for a period between 5 to 10 years, with an option to renew the lease after that date.

During the year ended December 31, 2009, € 82.0 million was recognized as an expense in the statement of income with regard to operating leases (2008: € 47.7 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 € 15.1 million (2008: € 4.8 million). Guarantees related to investments in associates totaled € 33.8 million (at December 31, 2008: € 26.8 million).

24 Share-based compensation

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.

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. 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, Conditional shares 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 11th, 2009, 687,000 conditional options with an exercise price of € 10.91 were granted under this plan and accepted by 284 employees worldwide. At the same date, a total of 100,800 conditional options were granted to the members of the Executive Board and 119,800 conditional options were granted to the members of the Senior Management Committee. All these options had an exercise price of € 10.91. In addition on May 11th, 2009, 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 59,900 conditional shares were granted for the members of the Senior Management Committee.

On May 17, 2009, the conditional options that were granted in 2006 to the members of the Executive Board became unconditional. At the end of this 3 year period ARCADIS reached the fourth position in comparison to the peer group, and based on this performance measure, the number of options granted remained at 100%.

Several times during 2009, a total of 2,206,486 options with exercise prices ranging from € 12.33 to € 12.53 were granted to employees of Malcolm Pirnie and the Corporate Director of Mergers & Acquisitions, related to acquisitions.

During 2009, a total of 516,779 options were exercised while 181,676 options were cancelled or forfeited.

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 € 5.6 million is included for the options granted to personnel in 2009, 2008, 2007 and 2006 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 largest series of options granted were:

	2009 May options	2009 Acquisition	2009 Other	2008
Fair value at grant date	**2.07-2.39**	**2.28**	**3.62**	2.38
Share price	**10.91**	**12.53**	**12.33**	13.03
Exercise price	**10.91**	**12.53**	**12.33**	13.03
Expected dividend yield	**3.96**	**3.96**	**3.96**	3.06
Risk-free interest rate (%)	**2.7**	**2.9**	**2.7**	4.4
Expected volatility (%)	**40.9**	**41.2**	**41.5**	32.4
Expected life of option (years)	**5**	**5**	**5**	5
Expected forfeitures (%)	**9.2**	**9.2**	**9.2**	9.2

The expected volatility is calculated based on the share price movements of the 60 months prior to grant date.

The number and weighted average exercise price of the share options under the combined ARCADIS Stock Option Plans are as follows:

	Number of ARCADIS options in $	Weighted average exercise price in $	Number of ARCADIS options in €	Weighted average exercise price in €
Balance at January 1, 2008	155,955	5.12	4,960,875	13.22
Increase by performance measure	-	-	39,999	5.98
Granted			1,048,396	13.29
Exercised	-	-	(296,684)	4.89
Forfeited	(58,811)	5.06	(124,523)	16.82
Balance at December 31, 2008	**97,144**	**5.16**	**5,628,063**	**13.54**
Granted			**3,284,086**	**12.06**
Exercised	**(37,479)**	**6.96**	**(479,300)**	**5.47**
Forfeited / cancelled	**(9,000)**	**5.00**	**(172,678)**	**15.32**
Balance at December 31, 2009	**50,665**	**3.97**	**8,260,171**	**13.55**
Excercisable at December 31	**50,665**		**2,043,107**	

No granted options expired in 2009. The weighted average share price at the date of exercise for share options exercised in 2009 was € 13.01.

Total options outstanding and exercisable at December 31, 2009 were as follows:

Year of issue	Exercise price	Outstanding January 1, 2009	Granted in 2009	Exercised in 2009	Cancelled/Forfeited in 2009	Outstanding December 31, 2009
Unconditional options:						
2000	$ 2.25	2,100				2,100
2001	$ 2.67	10,200				10,200
2002	€ 3.60	75,600		17,000		58,600
2003	€ 2.80	310,005		71,254		238,751
2003	$ 3.83	21,300		2,000		19,300
2004	$ 5.00	37,425		9,400	9,000	19,025
2005	€ 6.48	1,139,185		333,500	14,658	791,067
2005	$ 7.67	26,119		26,079		40
2006	€ 12.37	1,052,178		57,546	39,903	954,729
Conditional options:						
2007	€ 20.23	2,035,614			70,650	1,964,964
2008	€ 13.77	1,015,479			32,424	983,055
2009	€ 12.06		3,284,086		15,041	3,269,045
Total		5,725,205	3,284,086	516,779	181,676	8,310,836

The outstanding options per December 31, 2009 have a weighted average contractual life of 7.9 years (2008: 7.7 years).

Incentive shares

On an annual basis the Annual General Meeting of Shareholders approves the conditional granting of incentive shares to the members of the Executive Board. The costs are spread over the three year vesting period, and are included in the other personnel costs.

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
Share price at grant date 2009	€ 10.91
Foregone dividend	7.2%
Performance discount	36.4%

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 (2009 and 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	Percentage of conditional options and shares that vest for management	Percentage 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

Overview of incentive shares granted

Provisional (rights to) shares granted on	Granted	Unconditional in	In(de)crease 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	0	1,105,000	7,349
October 1, 2006	3,000	2009	0	22,000	
May 18, 2007	141,150	2010		1,763,000	1,950
May 9, 2008	101,700	2011		831,900	
May 11, 2009	110,300	2012		755,500	

Employee Share Purchase Plan (Lovinklaan Foundation)

Employee Share Purchase Plan (Lovinklaan Foundation)
The Company has an Employee Share Purchase Plan in place which offers employees the opportunity to acquire ARCADIS shares at a 10 % to 20% discount on the market value at the moment of purchase. Conditions under which the shares can be purchased are equal for all employees within a country. Based upon fiscal regulations different lock-up periods per country can be applicable. The investment per employee is limited to € 400 per month. The Employee Share Purchase Plan is owned by and executed by the Lovinklaan Foundation. Ultimo 2009 4,405 employees participated in the plan (2008: 4,134). The cost of the Employee Share Plan in 2009 included in the Company's financial statements amounted to € 2.6 million. This includes a one-time grant of gift shares to employees on the occasion of the 25th anniversary of the Lovinklaan Foundation.

25 Revenue

The company's revenues arise from the following categories:

	2009
Revenue from Services	1,450,661
Construction Contract Revenue	334,410
Carbon Credits	702
Total revenues	**1,785,773**

Construction contracts include the rendering of services which are directly related to the construction of assets, contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

26 Operational costs

	2009	2008
Salaries and wages	**649,288**	605,350
Social charges	**85,828**	82,679
Pension and early retirement charges	**28,261**	25,314
Other personnel costs including temporary labor	**102,171**	87,860
Total personnel costs	**865,548**	801,203
Occupancy expenses	**66,094**	58,254
Travel expenses	**40,458**	48,811
Office expenses	**39,039**	39,802
Audit and consultants costs	**17,984**	17,634
Insurance costs	**10,234**	9,804
Marketing and advertising expenses	**6,569**	6,065
Other operational costs	**27,290**	27,205
Total other operational costs	**207,668**	207,575
Total operational costs	**1,073,216**	1,008,778

The average number of employees in 2009 was 13,519 (2008: 13,180). The headcount includes the total number of employees of the proportionately consolidated companies ARCADIS Aqumen Facility Management BV and Biogas Energia Ambiental S.A. (2009: 371; 2008: 403).

27 Other income

	2009	2008
Book gain on sale of assets	**334**	511
Result on sale of activities	**1,400**	1,302
Other income		134
	1,734	1,947

Under sale of activities the book gains on the divestment of some activities in Germany and the afterpayment on the divestment of Grupo EP in 2005 are included. In 2008 the result on sale of activities included the divestment of Copijn and some other smaller activities.

28 Net finance expense

	2009	2008
Financial income	**6,369**	6,388
Financial expenses	**(14,902)**	(38,097)
Fair value changes of derivatives	**4,896**	8,074
	(3,637)	(23,635)

In financial income and expenses, exchange rate differences on foreign currency loans are also included. Financial expenses in 2009 decreased considerably compared to 2008 due to the impact of lower interest rates as well as there being a limited exchange gain instead of a loss during 2009. Interest expense in 2009 amounted to € 14.9 million (2008: € 24.1 million).

In 2008 there were significant exchange rate losses on our external US-dollar loans, increasing financial expense. For 2009, the result on the change in fair value of derivatives mainly reflects the gains achieved on cross currency swaps during Q1 2009. Changes in the valuation of external US-dollar loans since then have not been hedged due to the natural hedge achieved from having large US-dollar assets in the consolidated accounts as well.

As a result of applying hedge accounting on the $ 305 million notional value of interest rate swaps outstanding as a hedge of interest rate risk for ARCADIS, a gain of € 0.1 million net of taxes has been posted to equity as at end 2009.

29 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 33.4% (2008: 34.3%).

Explanation of effective tax rate	2009			2008		
	Gross amount	Taxes	In %	Gross amount	Taxes	In %
Profit before taxes from operations	110,782	36,989	**33.4**	96,004	32,937	34.3
Profit before taxes from associates	15		**0.0**	(47)		0.0
Profit before taxes	**110,797**	**36,989**	**33.4**	95,957	32,937	34.3
Nominal tax rate in the Netherlands			**25.5**			25.5
Foreign tax rate differences			**8.5**			9.1
Tax losses previously not recognized			**0.0**			0.0
Settlements related to previous years			**0.2**			(0.2)
Income from associates			**0.0**			0.0
Non-taxable amounts and others			**(0.8)**			(0.1)
Effective tax rate			**33.4**			34.3

Explanation taxes	2009	2008
Current year	**32,769**	42,643
Adjustments for previous years	**259**	(209)
Total current tax	**33,028**	42,434
Deferred tax	**3,961**	(9,497)
Total Taxes on income	**36,989**	32,937

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.

30 Subsequent events

There were no material events after December 31, 2009 that would have changed the judgement and analysis by management of the financial condition of the Company at December 31, 2009 or the profit for the period of the year 2009.

31 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.

Jointly controlled entities

The financial transactions between the Company and its joint ventures comprise operational project related transactions amounting to € 6.2 million (2008: € 6.2 million) and financing transactions amounting to € 0.6 million (2008: € 0.4 million). At the end of 2009, there were no outstanding payables to joint ventures (2008: € 0.5 million), while receivables from joint ventures were € 0.6 million (2008: € 0.6 million). See also note 32.

Associates

The financial transactions between the Company and its associates are operational project related and amount to € 34.5 million (2008: € 19.8 million), while the Company received € 0.3 million dividends (2008: € 0.2 million). At the end of 2009, the payables from the Company to its associates was € 1.5 million (2008: € 1.1 million), while receivables from associates were € 6.2 million (2008: € 7.2 million).

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

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 44 and 45. During 2009, no transactions involving conflicts of interest for Executive or Supervisory Board members which were material to the Company occurred.

Stichting Lovinklaan (Lovinklaan Foundation)

Lovinklaan Foundation is the main shareholder of ARCADIS. The board of the Foundation consists of ARCADIS employees. Ultimo 2009, the Foundation had an interest of 19.2% in ARCADIS (2008: 21.2%).The Foundation has an employee share purchase plan in place where ARCADIS employees can purchase ARCADIS shares from the Foundation with a discount. The Company has no involvement in executing the plan, besides facilitating payments from employees to the foundation through the salary system of the Company. During 2009 and 2008, no financial transactions took place between the Foundation and the Company, except for the dividends on the shares.

Stichting Pensioenfonds ARCADIS Nederland (SPAN) (pension fund)

SPAN is the independent 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 2009, the transactions between ARCADIS NV and SPAN comprise of the transfer of pension premiums, and amounted to € 18.7 million (2008: € 17.5 million). At year-end 2009, the amount due to SPAN was € 2.1 million (2008: € 1.6 million).

Stichting Bouwcentrum Pensioenfonds (SBP) (pension fund)

SBP is an independent 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 2009, the transactions between ARCADIS and SBP comprise of the transfer of pension premiums, and amounted to € 3.5 million (2008: € 3.3 million). At year-end 2009, the amount due to SBP was € 0.8 million (2008: € 1.1 million).

32 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 47.4% interest in the jointly controlled entity Biogás Energia Ambiental S.A. The financial statements of the proportionally consolidated jointly controlled entities (in millions of euros) are:

	2009	2008
Non-current assets	**53.3**	34.6
Current assets	**60.8**	62.7
Total assets	**114.1**	97.3
Non-current liabilities	**30.9**	22.5
Current liabilities	**74.7**	61.6
Minority interest	**-**	-
Total liabilities	**105.6**	84.1
Gross revenue	**149.2**	135.9
Expenses	**137.0**	122.9

33 Financial risk management

ARCADIS' activities expose to a variety of financial risks. These include:
- credit risk
- liquidity risk
- market 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 the Company's 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 the Company.

Credit risk

Credit risk arises from receivables from customers as well as balances and settlements with banks. The credit risk on customers is influenced mainly by the individual characteristics of each customer. ARCADIS usually invoices clients for services according to the progress of the work (percentage of completion – method). 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 € 45.2 million (2008: € 21.9 million).

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

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	**184,714**	**(2,089)**	165,088	(2,061)
Past due 0-30 days	**62,487**	**(402)**	63,388	(407)
Past due 31-120 days	**46,283**	**(2,079)**	56,131	(1,097)
More than 120 days due	**65,473**	**(40,589)**	52,832	(18,342)
Total	**358,957**	**(45,159)**	337,439	(21,907)

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:

	2009	2008
Opening balance	**(21,907)**	(11,709)
Additions charged to income	**(11,277)**	(10,710)
Release of unused amounts	**3,926**	2,302
Utilizations	**3,958**	1,688
Acquisitions / divestments	**(8,927)**	(3,533)
Other	**(11,320)**	
Exchange rate differences	**388**	55
Closing balance	**(45,159)**	(21,907)

The Company provided bank guarantees and letters of credit. The total amount of outstanding guarantees and letters of credit to consolidated companies amounted to € 67.0 million (2008: € 64.8 million). In addition, 2 corporate guarantees issued by ARCADIS NV to Brazilian banks for a maximium amount of BRL 79 million (€ 31.6 million, 2008: € 24.4 million) in support of local project financing remain outstanding although less than one fifth of this guaranteed amount has been borrowed to date.

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

	2009	2008
Loans and receivables:		
(Un)billed receivables	**555,090**	538,539
Other receivables	**13,104**	16,038
Other non-current assets	**19,818**	14,801
Derivatives	**1,284**	
Loans to associates	**1,970**	2,120
	591,266	571,498
Cash and cash equivalents	**224,509**	117,875
	815,775	689,373

The credit risk of cash and cash equivalents is the risk that counter parties are not able to repay amounts owed to ARCADIS upon request of ARCADIS. The objective of ARCADIS is to minimize the credit risk exposure in cash and cash equivalents by investing in cash and cash equivalents and entering in transactions involving derivative financial instruments only with counterparties that have sound credit ratings and good reputation. The related risk is monitored on an ongoing basis both at local entity and corporate level. ARCADIS keeps approximately 75% of its cash reserves at our core banks and only invests in liquid securities with counterparties that have an investment grade rating from S&P, Moodys or Fitch. Management monitors these ratings and does not expect any such counterparty to fail to meet its obligations.

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:

- Utilized Term Loans amounting to $ 450 million (2008: $ 350 million) paying a USD LIBOR denominated rate. During 2009 the company obtained a new 3 year term loan of $ 100 million as well as a $ 30 million Revolving Credit Facility, while a $ 50 million forward starting facility was also agreed.
- There are € 38 million of undrawn committed facilities with an interest rate that is EURIBOR-denominated.
- Uncommitted multicurrency facilities of € 76 million with a consortium of banks. The interest rate on the uncommitted facilities is EONIA-denominated. At the end of both 2009 and 2008 uncommitted facilities were unused.
- A € 50 million guarantee facility with one bank. The interest paid on this guarantee facility amounts to 0.35% of the utilized part of the facility. At end 2009, € 28.1 million (2008: € 35.1 million) of this facility was used.
- Additionally there are several other facilities dealing with both loans and guarantees, totaling € 67.7 million, and as at end 2009 € 48.2 million was used (2008 € 6.2 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 net debt to EBITDA ratio.

The following table describes, as of December 31, 2009, 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, 2009.

Contractual obligations 2009	Payments due by period				
	Total obligation	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	**235,774**	**60,767**	**88,074**	**41,315**	**45,618**
Capital (finance) lease obligations	**1,236**	**563**	**622**	**51**	
After-payments for acquisitions	**29,072**	**23,387**	**5,567**	**118**	
Interest	**57,435**	**11,794**	**21,103**	**15,512**	**9,026**
Other long term liabilities	**340,080**	**5,037**	**169,237**	**112,010**	**53,796**
Short-term bank debt	**14,949**	**14,949**			
Total	**678,546**	**116,497**	**284,603**	**169,006**	**108,440**

Contractual obligations 2008	Payments due by period				
	Total obligation	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	
After-payments for acquisitions	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

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 intercompany loans of € 48 million for a company which has the British pound as functional currency, of € 4 million for a company which has the Polish Zloty as functional currency, and $ 91 million for a company with a Euro functional currency.

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 thousends of euros

December 31, 2009	€	$	£	元
Trade receivables	**5,911**	**7,473**	**2,322**	**3,779**
Cash and cash equivalents	**1,314**	**58,262**		
	(7,920)	**(53,899)**		
Loans and borrowings	**(52,000)**	**67,317**	**(713)**	
Trade payables	**(4,031)**	**(396)**	**(76)**	
Balance exposure	**(56,726)**	**78,757**	**1,533**	**3,779**
December 31, 2008				
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

The following significant exchange rates applied during the year:

Eur per unit	2009		2008	
	Average	Ultimo	Average	Ultimo
US Dollar	**0.72**	**0.70**	0.68	0.72
Pound Sterling	**1.12**	**1.13**	1.26	1.04

The Group uses derivatives in order to manage market risks associated with changes in both foreign exchange rates as well as interest rates. All transactions are carried out in accordance with Group Treasury Policy guidelines. The group seeks to apply hedge accounting where possible to manage volatility in the statement of income.

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 € 7.9 million, while the impact on equity would be nil. At December 31, 2008, the impact on profit and loss would have been a loss of € 24.6 million, while the impact on equity would be nil. The Company entered into interest rate swaps which partly offset the currency and interest rate risk of the $ 450 million over the term of the loan.
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 a gain of € 5.3 million. At December 31, 2008, the impact on profit and loss would have been a loss of € 0.2 million, while the impact on equity would be a gain of € 5.0 million.

The analysis above assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008. 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.

Sensitivity analysis

A 10 percent strengthening / weakening of the euro against the US dollar at December 31, with all other variables held constant would have increased / decreased net income by € 3.3 million (2008 € 1.8 million), while equity would have been € 0.2 million higher / lower (2008: € 3.2 million). A 10 percent strengthening / weakening of the Euro against the Pound Sterling at December 31, with all other variables held constant would have increased / decreased net income by € 0.5 million (2008: € 0.1 million), while equity would have been € 5.5 million higher / lower (2008: € 5.7 million).

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 2009 to cover part of the interest rate risk on long-term financing. This risk is applicable to long-term debt, short-term debt and bank overdrafts in our balance sheet amounting to € 374.6 million at year-end 2009 (2008: € 281.5 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. During 2009 ARCADIS swapped $ 305 million floating rate US-LIBOR debt into US fixed rate debt at an avarange fixed rate of 2.25%, with remaining duration of 3.6 years as at end 2009. In January 2009 the Company decided to unwind all $ 160 million of cross-currency interest rate swaps outstanding on the US dollar-loans, resulting in a profit of € 7.5 million.

Treasury policy states that the net Fixed Debt ratio should be at least 60% to protect against increases in interest rates as well as providing some certainty on expectations for interest expense in the statement of income. ARCADIS has been compliant with this policy during 2009.

Sensitivity analysis

At December 31, 2009 if interest rates had been 10 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been € 0.1 million (2008: € 0.2 million) higher/lower. In 2009, there would also have been a higher/lower change in equity of € 0.6 million reflecting a change in valuation of IRS transactions at year end used to hedge interest rate risk. The Company entered into interest rate swaps with a $ 305 million notional amount during the year which remain outstanding at end 2009. These derivatives limit the exposure the Company runs to changes in US floating interest rates on its floating debt portfolio.

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.

During 2009, ARCADIS' strategic goal on financing, which was unchanged from 2008, was to maintain a net debt to EBITDA ratio not greater than 2.0 in order to secure access to finance at a reasonable cost. The net debt to EBITDA ratios at December 31, 2009 and at December 31, 2008 were as follows:

	December 31, 2009	December 31, 2008
Long-term debts	**342.1**	266.9
Current portion of long-term debt / after-payments	**29.5**	12.5
Bank overdraft and short-term bank debt	**26.9**	9.8
Total debt	**398.5**	289.2
Less: cash and cash equivalents	**(224.5)**	(117.9)
Net debt	**174.0**	171.3
EBITDA	**146.0**	155.1
Net debt to EBITDA ratio*	**1.1**	1.2
Net debt to EBITDA ratio according to bank agreements (max 3:1)*	**1.04**	1.27

* 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. For bank agreements this is on average of June 30 and December 31, whereby short-term after-payments are not included

The decrease in the net debt to EBITDA ratio during 2009 resulted primarily from significant cash generation from the business during the second half of 2009, which compensated for an increase in debt by $ 100 million as a result of the aquisition of Malcolm Pirnie.

Fair value

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

December 31, 2009	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	Fair value through equity	Carrying amount	
Investments in associates	24,251	24,251					
Other investments	211	211					
Other non-current assets	19,817		19,817			19,817	19,817
(Un)billed receivables							
- Trade receivables	325,118		325,118			325,118	325,118
- Unbilled receivables	235,072		235,072			235,072	235,072
Derivatives	1,309			100	1,209	1,309	1,309
Cash and cash equivalents							
Cash and cash equivalents	224,509		224,509			224,509	224,509
Total financial assets	**830,287**	**24,462**	**804,516**	**100**	**1,209**	**805,825**	**805,825**
Loans and borrowings							
- Long term	342,056		342,056			342,056	328,488
- Current	5,600		5,600			5,600	5,600
Derivatives	3,529			2,630	899	3,529	3,529
Billing in excess of cost	170,097		170,097			170,097	170,097
Accounts payable	128,940		128,940			128,940	128,940
Bank overdrafts and short-term borrowings	26,906		26,906			26,906	26,906
Total financial liabilities	**677,128**		**673,599**	**2,630**	**899**	**677,128**	**663,560**

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	
Investments in associates	13,562	13,562				
Other investments	204	204				
Other non-current assets	14,801		14,801		14,801	14,801
(Un)billed receivables						
- Trade receivables	315,532		315,532		315,532	315,532
- Unbilled 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	**681,843**	**13,766**	**664,025**	**4,052**	**668,077**	**668,077**
Loans and borrowings						
- Long term	266,784		266,784		266,784	235,597
- Current	4,886		4,886		4,886	4,886
Derivatives	17,026			17,026	17,026	17,026
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	**614,405**		**597,379**	**17,026**	**614,405**	**583,218**

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.

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.

Financial income and expense

Recognized in profit or loss	2009	2008
Interest income on bank deposits	**4,375**	6,388
Foreign exchange differences on financial liabilities	**1,994**	(13,954)
Fair value changes of derivatives	**4,896**	8,074
Financial expense	**(14,902)**	(24,143)
Net finance cost	**(3,637)**	(23,635)

Recognized directly in equity	2009	2008
Currency translation differences for foreign operations	**10,323**	(10,841)

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 statement of financial position as at December 31

before allocation of profit

In Eur 1,000

Assets	Note	2009	2008
Non-current assets			
Intangible assets	34	**460**	63
Property, plant & equipment	35	**734**	692
Investment in subsidiaries	36	**132,156**	62,214
Other investments	37	**5,213**	37,529
Deferred tax assets	41	**5,112**	1,856
Derivatives	13	**19**	3,816
Total non-current assets		**143,694**	106,170
Current assets			
Derivatives	13	**2,494**	236
Receivables	38	**207,303**	141,221
Corporate tax assets		**3,377**	2,741
Cash and cash equivalents		**95,892**	8,119
Total current assets		**309,066**	152,317
Total		**452,760**	258,487

Equity and liabilities	Note	2009	2008
Shareholders' equity			
Share capital		**1,354**	1,239
Share premium		**106,788**	36,193
Cumulative translation reserve		**(28,397)**	(40,213)
Statutory reserves		**38,501**	24,120
Hedging reserve		**78**	-
Retained earnings		**160,627**	128,916
Undistributed profits		**72,753**	57,330
Total Shareholders' equity	39	**351,704**	207,585
Non-current liabilities			
Provisions	40	**7,125**	7,500
Deferred tax liabilities	41	**1,669**	-
Long-term debt		**72,611**	-
Derivatives	13	**19**	16,881
Total non-current liabilities		**81,424**	24,381
Current liabilities			
Corporate tax liabilities		**1,542**	-
Derivatives		**2,746**	145
Trade and other liabilities	42	**15,344**	26,376
Total current liabilities		**19,632**	26,376
Total		**452,760**	258,487

Company statement of income at December 31

	2009	2008
Net income subsidiaries	**56,576**	43,442
Other results	**15,947**	13,888
Net income	**72,523**	57,330

The notes on page 106 to 110 are an integral part of these company financial statements

Notes to the Company balance sheet

General

Unless stated otherwise, all amounts are rounded in thousands 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 2 and 3 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.

34 Intangible assets

	Software	Total
Cost		
Balance at January 1, 2008	3,849	3,849
Investments	11	11
Balance at December 31, 2008	3,860	3,860
Balance at January 1, 2009	**3,860**	**3,860**
Investments	**501**	**501**
Balance at December 31, 2009	**4,361**	**4,361**
Amortization		
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
Balance at January 1, 2009	**3,797**	**3,797**
Amortization charge for the year	**104**	**104**
Balance at December 31, 2009	**3,901**	**3,901**
Carrying amounts		
At January 1, 2008	271	271
At December 31, 2008	63	63
At January 1, 2009	63	63
At December 31, 2009	**460**	**460**

35 Property, plant & equipment

	Furniture and fixtures
Cost	
Balance at January 1, 2008	916
Investments	68
Balance at December 31, 2008	984
Balance at January 1, 2009	984
Investments	162
Divestments	(1)
Balance at December 31, 2009	**1,145**
Depreciation	
Balance at January 1, 2008	192
Depreciation charge for the year	100
Divestments	
Balance at December 31, 2008	292
Balance at January 1, 2009	**292**
Depreciation charge for the year	120
Divestments	(1)
Balance at December 31, 2009	**411**
Carrying amounts	
At January 1, 2008	724
At December 31, 2008	692
At January 1, 2009	692
At December 31, 2009	**734**

36 Investments in subsidiaries

	2009	2008
Balance at January 1	**62,214**	140,393
Share in income	**56,576**	43,442
Cost of share-based payments recognized in subsidiaries	**7,328**	3,865
Exchange rate differences	**9,952**	(10,102)
Dividends received	**(5,000)**	(115,744)
Other changes	**1,086**	360
Balance at December 31	**132,156**	62,214

37 Other investments

	2009	2008
Balance at January 1	**37,529**	59,180
Loans issued to subsidiaries	**-**	33,763
Redemptions	**(32,040)**	(55,776)
Exchange rate differences	**(276)**	362
Balance at December 31	**5,213**	37,529

38 Receivables

	2009	2008
Receivables from subsidiaries	**206,728**	139,796
Taxes and social security contributions	**123**	182
Other receivables	**452**	1,243
Balance at December 31	**207,303**	141,221

39 Shareholders' equity

	Share capital	Share premium	Hedging reserve	Cumulative translation reserve	Statutory reserve	Retained earnings	Undis-tributed profits	Total
Balance at January 1, 2008	1,030	36,402		(29,829)	24,452	100,808	54,852	187,715
Profit for the period							57,330	57,330
Exchange rate differences				(10,384)				(10,384)
Tax related to share-based payments						(714)		(714)
Other comprehensive income				(10,384)		(714)		(11,098)
Total comprehensive income for the period				(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
Balance at January 1, 2009	**1,239**	**36,193**		**(40,213)**	**24,120**	**128,916**	**57,330**	**207,585**
Profit for the period							**72,753**	**72,753**
Exchange rate differences				**11,816**				**11,816**
Effective portion of changes in fair value of cash flow hedges			**78**					**78**
Tax related to share-based payments						**3,117**		**3,117**
Other comprehensive income			**78**	**11,816**		**3,117**		**15,011**
Total comprehensive income for the period			**78**	**11,816**		**3,117**	**72,753**	**87,764**
Share-based payments						**9,341**		**9,341**
Dividends to shareholders							**(27,060)**	**(27,060)**
Issuance of shares	**115**	**70,595**						**70,710**
Addition to other (statutory) reserves					**14,381**	**15,889**	**(30,270)**	**-**
Options exercised						**3,364**		**3,364**
Balance at December 31, 2009	**1,354**	**106,788**	**78**	**(28,397)**	**38,501**	**160,627**	**72,753**	**351,704**

Statutory reserves include € 14.1 million for reserves relating to earnings retained by subsidiaries and € 24.4 million for earnings from associates and joint ventures. Statutory reserves are non-distributable.

For information on shares purchased to cover the Company's option plans, see note 17 of the Consolidated Financial Statements.

40 Provisions

	Deferred compen-sation	Litigation	Other	Total
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
Balance at January 1, 2009	1,100	6,400		7,500
Additions			399	399
Releases	(275)	(100)	(74)	(449)
Balance at December 31, 2009	**825**	**6,300**	**325**	**7,450**
Non-current	**825**	**6,300**		**7,125**
Current	**-**	**-**	**325**	**325**
	825	**6,300**	**325**	**7,450**

The provision for deferred compensation relates to a relatively small number of staff that is eligible for jubilee payments.

41 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities	Total
Balance at January 1, 2008	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**
Additions	**1,315**	**(300)**	**1,015**
Deductions	**(133)**	**-**	**(133)**
Changes recognized directly in equity	**2,074**	**(1,369)**	**705**
Balance at December 31, 2009	**5,112**	**(1,669)**	**3,443**

42 Trade and other liabilities

	2009	2008
Bank overdrafts	4,376	41
Suppliers	1,251	1,045
Payable to group companies	6,758	19,335
Pension liabilities	370	51
Other liabilities	2,589	5,904
Balance at December 31	**15,344**	26,376

The short-term credit facilities total € 126 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 2009 the Company had commitments for rent and lease obligations amounting to € 2.7 million (2008: € 2.9 million).

At December 31, 2009, guarantees were issued on behalf of associates to the amount of € 31.6 million, relating to the activities in the associate Retiro Baixo (December 31, 2008 € 24.4 million).

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 € 126 million of which € 28.1 million was used at the balance sheet date.

43 Net income subsidiaries

Net income of subsidiaries is the share of ARCADIS NV in the results of its subsidiaries.
Other results relate to the financial performance of ARCADIS NV, and mainly include intercompany financial income, and the fair value change of the interest rate currency swaps for the $350 million loan.

Notes to the Company statement of income

44 Remuneration of Executive Board and Supervisory Board

In 2009 an amount of € 2.2 million (2008: € 2.1 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. For information on the shares repurchased to cover for the exercise of options granted to Executive Board Members and other key management personnel please see note 17 of the consolidated financial statements. In the schedule below, the different components of the remuneration for each Executive Board member are provided. For Steven B. Blake no details are included, since he joined the Board on January 1, 2010. For an explanation of the remuneration policy, see the remuneration report included in the annual report on pages 59 to 62.

Amounts in thousands of euros	Year	Salary	Bonus [1)]	Pension	Performance shares		Performance options	
					Number	Amount [2)]	Number	Amount [2)]
Harrie L.J. Noy	2009	417	225	100	18,000	123	36,000	68
	2008	395	205	86	18,000	147	36,000	71
C. Michiel Jaski	2009	312	156	54	10,800	74	21,600	41
	2008	295	144	47	10,800	88	21,600	42
Ben A. van der Klift	2009	312	156	54	10,800	74	21,600	41
	2008	295	144	46	10,800	88	21,600	42
Friedrich M.T. Schneider [3]	2009	243	156	48	10,800	74	21,600	41
	2008	228	144	41	10,800	88	21,600	42

1) The bonus is based on the results achieved in 2009 respectively 2008. This bonus is paid in 2010 respectively 2009.
2) This amount is charged over a 3-year period to the Company's statement of income.
3) 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 regulations. The net amount of salary received is equal to the other Board members mentioned.

Currently, the Supervisory Board consists of seven members. The joint fixed remuneration for 2009 totaled € 0.3 million (2008: € 0.2 million), specified as follows.

Amounts in thousands of euros	2009	2008
Rijnhard W.F. van Tets	**53**	53
Thomas M. Cohn (until May 7, 2008)		15
Carlos Espinosa de los Monteros	**47**	39
Ruth Markland (as of May 7, 2009)	**42**	
George R. Nethercutt	**54**	42
Jan Peelen	**35**	33
Armando R. Pérez		
Gerrit Ybema	**35**	33
J.C. Maarten Schönfeld (as from May 7, 2008)	**38**	18

45 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 ARCADIS NV	December 31, 2009	December 31, 2008
Harrie L.J. Noy	**162,367**	147,351
C. Michiel Jaski	**34,983**	24,406
Ben A. van der Klift	**10,764**	3,036
Friedrich M.T. Schneider	**9,262**	336
Conditional shares ARCADIS NV*		
Harrie L.J. Noy	**66,000**	78,000
C. Michiel Jaski	**42,600**	52,800
Ben A. van der Klift	**36,600**	40,800
Friedrich M.T. Schneider	**36,600**	40,800

* Amounts based on granting of 100% of the reference numbers, with maximal extention to 150%. See note 17.
The conditional shares granted in 2006 became unconditional in May 2009.
For description of the plan, please refer to the paragraph "long-term variable remuneration" on page 60 of this annual report.

In 2009, 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, 2009	Granted in 2009	Increase by performance measure	Exercised in 2009	Outstanding at December 31, 2009	Expiration date
Harrie L.J. Noy	2003	2.98	52,500				52,500	05-13-2013
	2005	5.98	99,999				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
	2009			36,000			36,000	05-09-2019
C.Michiel Jaski	2005	5.98	40,000				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
	2009			21,600			21,600	05-09-2019
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
	2009			21,600			21,600	05-09-2019
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
	2009			21,600			21,600	05-09-2019

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

46 Shares and options held by members of the Supervisory Board

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

47 Employees

The number of employees (fte) in ARCADIS NV in 2009 was 42 (2008: 36).

For information on the options granted to employees of ARCADIS NV (excluding members of the Executive Board) as meant by BW2 article 383d paragraph1, see note 24 of the consolidated financial statements.

48 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	2009	2008
Audit fees [1]	**2.1**	2.2
Audit-related fees [1, 2]	**0.2**	0.5
Tax fees [1, 3]	**0.5**	0.4
Other non-audit fees [1, 4]	**0.4**	
	3.2	3.1

[1] Of audit fees € 1.4 million relates to KPMG Accountant N.V., for audit related fees this amounts to € 0.1 million, for tax fees this is an amount of € 0.2 million, and for other non-audit fees this amounts to € 0.2 million

[2] Audit-related fees for the years ended December 31, 2009 and 2008 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, audits in connection with acquisitions or divestments and special purpose IT audits or review of setup of IT-system.

[3] Tax fees for the years ended December 31, 2009 and 2008 consist of fees expensed for tax consultations.

[4] Other non-audit fees for due dilligence.

Arnhem, the Netherlands, March 5, 2010

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

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 2009 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 statement of financial position as at December 31, 2009, the consolidated statement of comprehensive income, changes in equity, and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2009, 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 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 December 31, 2009, 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 December 31, 2009, 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 board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, the Netherlands, March 5, 2010

KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

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 € 42.9 million and distribute a dividend amount of € 29.9 million from the profits of the fiscal year 2009, amounting to € 72.8 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.

Other financial data

net revenue = 100%

Consolidated statement of income in %	2009	2008
Gross revenue	**146.7**	149.7
Materials, services of third parties, and subcontractors	**(46.7)**	(49.7)
Net revenue	**100.0**	100.0
Operational costs	**(88.1)**	(86.8)
Depreciation and amortization	**(2.0)**	(2.0)
Amortization other intangible assets	**(0.6)**	(1.1)
Other income	**0.1**	0.2
Operating income	**9.4**	10.3
Financial items	**(0.3)**	(2.0)
Income before taxes	**(9.1)**	8.3
Taxes	**(3.0)**	(2.8)
Income of consolidated companies after taxes	**6.1**	5.4
Income of equity-accounted associates and cost-accounted associates	**0.0**	0.0
Group income after taxes	**6.1**	5.4
Attributable to:		
Income for the period (equity holders of the parent)	**6.0**	4.9
Minority interest	**0.1**	0.5
Net income from operations	**6.1**	**6.0**
EBITA margin recurring	**10.2**	**11.3**

Quarterly financial data				2009				2008
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Gross Revenue								
Quarterly	**418,038**	**414,625**	**469,666**	**483,444**	399,864	427,398	427,197	485,490
Cumulative	**418,038**	**832,663**	**1,302,329**	**1,785,773**	399,864	827,262	1,254,459	1,739,949
Quarterly (%)	**23.4**	**23.2**	**26.3**	**27.1**	23.0	24.6	24.5	27.9
Cumulative (%)	**23.4**	**46.6**	**72.9**	**100.0**	23.0	47.6	72.1	100.0
Net income from operations								
Quarterly	**15,565**	**17,046**	**18,224**	**23,467**	15,273	16,330	16,255	22,156
Cumulative	**15,565**	**32,611**	**50,835**	**74,302**	15,273	31,603	47,858	70,014
Quarterly (%)	**20.9**	**23.0**	**24.5**	**31.6**	21.8	23.3	23.3	31.6
Cumulative (%)	**20.9**	**43.9**	**68.4**	**100.0**	21.8	45.1	68.4	100.0
Net income from operations per share (in euros)								
Quarterly	**0.26**	**0.28**	**0.28**	**0.35**	0.25	0.27	0.27	0.37
Cumulative	**0.26**	**0.54**	**0.82**	**1.18**	0.25	0.52	0.79	1.16

Ten-year summary

These figures are derived from the published financial statements of the years concerned.

Consolidated balance sheet	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Intangible assets	**342.7**	249.3	226.9	154.2	127.9	55.4	41.4	12.7	7.6	7.1
Tangible assets	**84.8**	66.5	63.9	55.0	56.0	43.6	44.9	41.2	37.8	40.6
Investments in non-consolidated companies	**26.2**	15.7	20.0	5.2	7.5	5.6				
Other non-current assets	**20.0**	15.0	8.0	12.0	12.6	8.1	12.4	9.6	6.4	10.5
Deferred tax assets	**18.0**	12.2	14.1	8.3	13.2	9.7				
Derivatives	**1.2**	3.8								
Total non-current assets	**492.9**	362.5	332.9	234.7	217.1	122.4	98.7	63.4	51.8	58.2
Inventories	**0.5**	0.8	0.7	0.5	0.4	0.5	15.2	21.5	27.5	30.2
Derivatives	**0.1**	0.2	-	-	1.7	-				
(Un)billed Receivables	**591.0**	570.6	492.3	397.3	353.0	271.3	202.1	205.7	187.0	192.1
Corporate tax receivable	**6.2**	6.4	3.2	2.6	4.0	-				
Cash and cash equivalents	**224.5**	117.9	92.6	101.5	73.9	48.2	31.3	53.2	43.7	18.3
Total current assets	**822.3**	695.9	588.8	501.8	433.0	320.0	248.6	280.4	258.2	240.6
Total assets	**1,315.2**	1,058.4	921.7	736.5	650.1	442.3	347.3	343.8	310.0	298.8
Total shareholders' equity	**351.7**	207.6	187.7	188.9	176.2	136.4	136.5	134.7	133.7	115.2
Minority interest	**16.8**	12.3	11.5	11.8	11.9	9.0	7.6	7.1	6.1	4.4
Total group equity	**368.5**	219.9	199.2	200.7	188.1	145.4	144.1	141.8	139.8	119.6
Provisions	**28.4**	26.7	15.7	19.9	15.8	27.4	20.0	13.5	13.1	14.4
Deferred tax liabilities	**10.8**	6.0	14.7	20.4	26.3	12.1				
Long-term debts	**342.1**	266.8	165.1	119.3	116.1	13.0	29.7	27.6	22.0	23.1
Derivatives	**0.8**	16.9	21.2	5.8	-	-				
Total non-current liabilities	**382.1**	316.4	216.7	165.5	158.2	52.5	49.7	41.1	35.1	37.5
Billing in excess of cost	**158.8**	182.7	142.9	111.9	89.3	40.3				
Corporate tax payable	**7.4**	18.7	17.2	1.9	8.2	9.9				
Trade and other liabilities	**398.4**	320.7	345.7	256.5	206.4	194.3	153.5	160.9	135.1	141.7
Total current liabilities	**564.6**	522.1	505.8	370.3	303.8	244.5	153.5	160.9	135.1	141.7
Total equity and liabilities	**1,315.2**	1,058.4	921.7	736.5	650.1	442.3	347.3	343.8	310.0	298.8
Total equity as % of balance sheet total	**28**	21	22	27	29	33	41	41	45	40
Interest coverage ratio	**10**	7	14	17	17	10	13	19	15	11
Net Debt/EBITDA ratio	**1.1**	1.2	1.1	0.4	0.6	(0.1)	0.7	0.7	0.6	0.7
Acquisitions	**92.8**	84.8	98.0	53.8	80.9	17.3	46.1	16.2	5.6	7.3
Investments	**26.3**	28.4	33.3	19.3	17.7	12.5	18.2	14.2	15.3	17.2
Depreciation	**24.5**	23.3	20.4	17.7	15.2	15.7	16.1	15.9	15.4	17.9
Cash flow (net income + amortization and depreciation)	**104.4**	92.8	87.5	70.9	54.6	38.3	38.6	40.8	40.6	38.7
Net cash provided by operating activities	**152.5**	80.5	78.9	86.4	66.8	44.8	59.1	45.8	49.7	49.7
Average number of employees (in thousands)	**13,519**	13,180	11,304	9,685	9,208	9,419	8,827	8,020	7,619	7,657
Total shares issued (x 1,000)*	**67,676**	61,937	61,937	61,937	61,937	61,937	61,293	60,891	60,855	60,825
Maximum increase from exercising options	**8,311**	5,725	5,117	3,810	4,311	3,801	4,683	3,402	2,076	2,157

* 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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Gross revenue	**1,785.8**	1,739.9	1,510.2	1,233.0	1,001.1	900.8	840.6	819.1	797.4	776.2
Materials. services of third parties and subcontractors	**(568.2)**	(578.0)	(505.8)	(395.6)	(297.8)	(268.2)	(245.2)	(241.4)	(233.9)	(225.3)
Net revenue	**1,217.6**	1,161.9	1,004.5	837.5	703.3	632.5	595.4	577.8	563.5	550.9
Personnel costs	**(865.5)**	(801.2)	(693.3)	(581.3)	(484.5)	(448.7)	(428.8)	(413.4)	(404.4)	(397.4)
Other business costs	**(207.7)**	(207.6)	(185.2)	(159.6)	(143.2)	(132.3)	(114.5)	(105.5)	(104.8)	(100.4)
Depreciation	**(24.5)**	(23.3)	(20.4)	(17.7)	(15.2)	(15.7)	(16.1)	(15.9)	(15.4)	(17.9)
Other income	**1.7**	2.0	1.6							
EBITA	**121.6**	131.8	107.2	78.8	60.4	35.9	36.0	42.9	38.9	35.2
Amortization goodwill and identifiable intangible assets	**(7.1)**	(12.2)	(12.2)	(8.3)	(6.0)	(0.4)	(1.2)	(0.2)	(0.1)	-
Operating income	**114.4**	119.6	95.0	70.5	54.4	35.5	34.9	42.7	38.8	35.2
EBITA margin %	**10.0**	11.3	10.7	9.4	8.6	5.7	6.0	7.4	6.9	6.4
Financial items	**(3.6)**	(23.6)	(8.6)	(3.5)	(1.8)	(3.5)	(2.8)	(2.2)	(2.7)	(3.3)
Income from associates	**-**	(0.1)	(0.8)	(0.5)	1.4	2.4	2.6	0.7	0.5	0.8
Income before taxes	**110.8**	95.9	85.5	66.5	53.9	34.5	34.6	41.2	36.6	32.7
Taxes	**(37.0)**	(32.9)	(28.0)	(20.1)	(17.3)	(10.4)	(11.7)	(14.4)	(12.5)	(11.2)
Income after taxes	**73.8**	63.0	57.5	46.4	36.6	24.1	22.9	26.7	24.1	21.5
Extraordinary items after taxes	**-**	-	-	-	-	-	-	-	2.0	-
Income after taxes	**73.8**	63.0	57.5	46.4	36.6	24.1	22.9	26.7	26.1	21.5
Attributable to:										
Net income (Equity holders of the parent)	**72.8**	57.3	54.9	44.9	33.4	22.2	21.4	24.7	25.1	20.7
Minority interest	**1.0**	5.7	2.6	1.5	3.2	1.9	1.5	2.1	1.0	0.8
Net income from operations	**74.3**	70.0	62.3	50.0	33.4	23.8	22.5	24.9	23.2	20.7
Return on equity in %	**26.0**	29.0	29.2	24.6	21.4	16.3	15.8	18.4	20.2	19.2
Return on assets in %	**9.3**	9.7	10.3	9.6	9.9	8.7	10.0	12.6	12.0	11.0
Dividend proposal	**29.9**	27.0	24.8	20.3	13.4	9.9	9.8	9.7	8.9	7.9
Data per share (in euros. unless otherwise stated)										
Earnings per share from operations*	**1.18**	1.16	1.02	0.82	0.55	0.39	0.38	0.41	0.38	0.35
Net earnings per share*	**1.15**	0.95	0.90	0.74	0.55	0.37	0.36	0.41	0.41	0.35
Dividend proposal*	**0.45**	0.45	0.41	0.33	0.22	0.16	0.16	0.05	0.15	0.13
Shareholders' equity*	**5.20**	3.35	3.03	3.05	2.84	2.20	2.23	2.21	2.20	1.89
Closing price Amsterdam Euronext*	**15.83**	9.40	15.77	15.57	8.93	4.57	3.11	2.65	3.12	2.85
Closing price Nasdaq in $*	**22.610**	13.600	22.717	20.387	10.533	6.139	3.933	2.793	2.797	2.542

* 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

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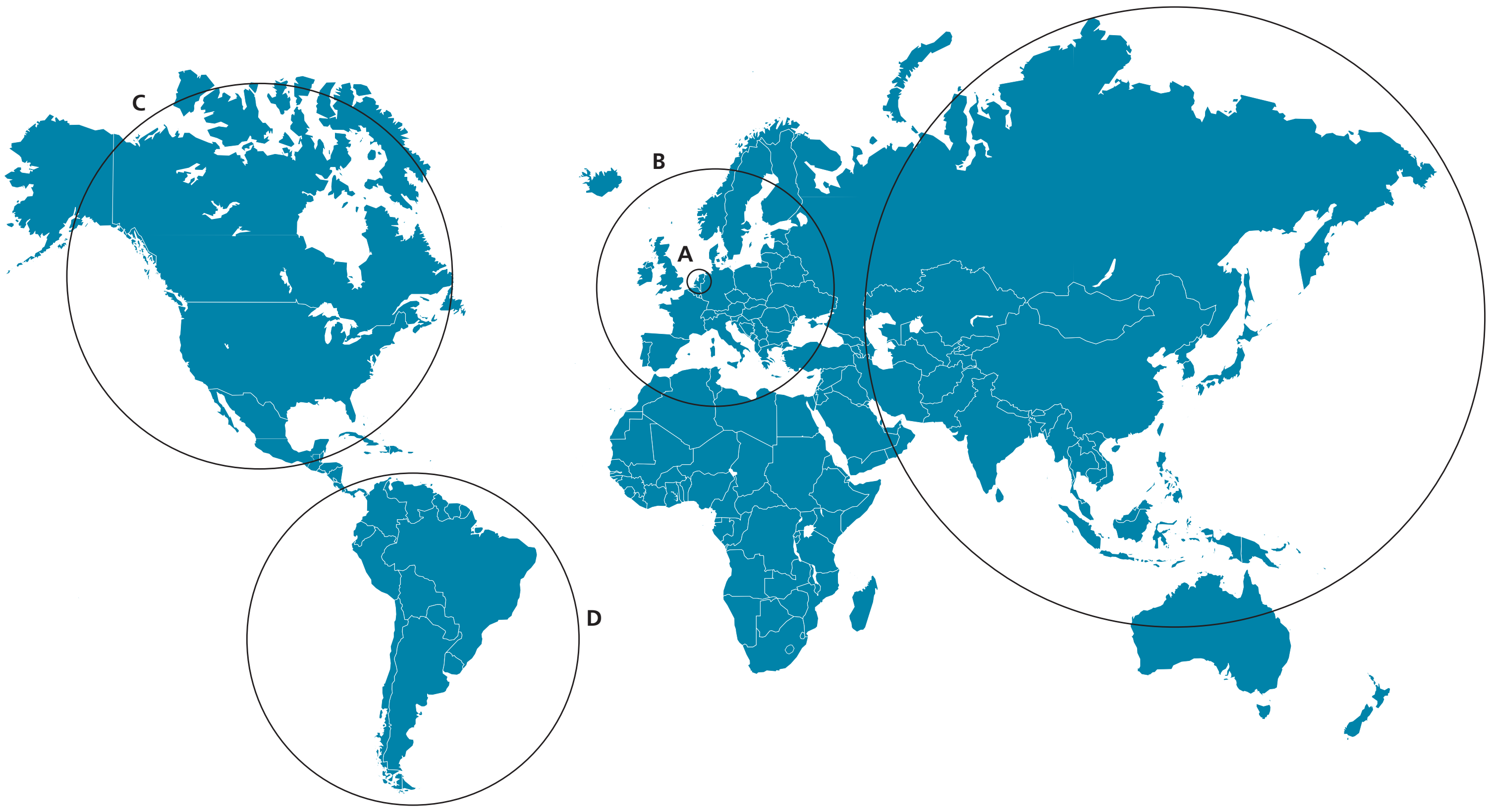

	Gross revenue[1]		Geographical mix (gross revenue)	
	2009	2008	2009	2008
A The Netherlands	423	404	24%	23%
B Europe excl. the Netherlands	331	378	18%	22%
C United States	868	791	49%	45%
D Rest of world	164	167	9%	10%
Total	**1,786**	**1,740**	**100%**	**100%**

1) Based on origin of production

	EBITA, recurring[1,2]		Margin, recurring	
	2009	2008	2009	2008
A The Netherlands	31.6	24.5	11.0%	8.9%
B Europe excl. the Netherlands	16.2	28.3	6.0%	9.5%
C United States	68.4	56.0	11.8%	11.3%
D Rest of world	7.6	23.0	9.6%	25.0%
Total	**123.8**	**131.8**	**10.2%**	**11.3%**

1) Based on origin of production
2) After allocation of corporate costs

Organization structure ARCADIS NV

The Netherlands

ARCADIS Nederland

PRC

Europe excl. the Netherlands

Belgium
ARCADIS Belgium

Czech Republic
ARCADIS CZ

France
ARCADIS FCI

Germany
ARCADIS Deutschland

Italy
ARCADIS SET

Poland
ARCADIS Polska

Romania
ARCADIS Eurométudes

United Kingdom
ARCADIS UK

RTKL

United States

ARCADIS US

RTKL

Malcolm Pirnie

Rest of world

Brazil
ARCADIS Logos

Chile
ARCADIS Geotécnica

China
ARCADIS Asia

RTKL

Glossary

AAC: ARCADIS Audit Committee.
Advanced Management Program: Internal training program for ARCADIS managers.
Backlog: Value of signed orders in the portfolio to be filled, expressed as gross or net revenue.
Billability: Number of hours worked chargeable to a client.
Carbon Credits: Permits to emit CO_2 awarded to countries or groups which have reduced their greenhouse gas emissions below their agreed quota under the Kyoto protocol.
Cash Flow Operating Activities: Profit for the period adjusted for non-cash items and cash flow from working capital.
DBFO: Design Build Finance and Operate projects are those in which ARCADIS is responsible (alone or in cooperation with partners) for design, realization, finance and operations.
Net debt to EDITDA: A measure of a company's ability to pay off its incurred debt. This ratio gives the investor the approximate amount of time that would be needed to pay off all debt, excluding interest, taxes, depreciation and amortization.
Defined Benefit: When the benefit on retirement from a pension fund to its participants is fixed.
Defined Contribution: When the value of the contribution to the pension fund made by the company is fixed.
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization/Impairment of goodwill/identifiable assets.
EBITA: Earnings Before Interest, Taxes and Amortization/ Impairment of goodwill/identifiable assets.
Facility management: The management of buildings, grounds and infrastructure of our clients' facilities, including services like catering, security and purchasing utilities like water and electricity.
Flexibility (flex) index: Measurement of the capability to adjust staffing levels in the short term by adjusting the number of temporary staff contracts in relation to the total.
Free cash flow: Cash flow from operating activities minus investments in property plant and equipment.
General Business Principles: A set of working ethics for our employees.
Goodwill: The difference between the cost of an acquisition over the fair value of the identifiable net assets acquired.
Gross revenue: The gross inflow of economic benefits during the period arising in the course of ordinary activities.
GRiP®: Guaranteed Remediation Program is an environmental service whereby ARCADIS takes responsibility for possible risks.
IFRS: International Financial Reporting Standards
Impairment test: An assessment on the value of an asset in use, whereby estimated future cash flows are discounted to reflect market conditions and the risks specific to the asset.
Multinational clients: Private sector clients with locations in various countries.
Net debt: Interest bearing debt minus all cash and cash equivalents.
Net income from operations: Net income before extraordinaries, the amortization/impairment of goodwill/ identifiable assets and share-based payments related to the Lovinklaan Foundation share purchase plan.
Net revenue: Gross revenue minus materials, subcontracting and services from third parties which is the revenue produced by the activities of ARCADIS staff.
Net working capital: Sum of unbilled receivables, inventories and trade receivables minus suppliers and billing in excess of costs.
One-stop shopping concept: Offering a full range of activities to each client.
Operating income: Earnings before interest and taxes
Order intake: The amount of new projects for which contracts have been signed, expressed in gross or net revenue.
Organic growth: Changes of revenue and income of the ordinary activities as a result of change in output of the company, which is excluding acquisitions, divestments and currency effects.
Peer group: Group of listed companies that are comparable to ARCADIS both in size and activity.
Percentage-of-completion: Method to recognize revenue and expenses in a statement of income in proportion to the percentage of completion of the contract
Proxy solicitation: Means to provide shareholders the opportunity to vote without being present at the shareholders meeting.
Return On Invested Capital: The sum of earnings before interest after taxes before amortization (EBIA) and income from associates divided by average group equity and net debt.
Sarbanes Oxley Act (SOX): American governance legislation for companies that are listed on American stock exchanges.
SEC Securities and Exchange Commission: The United States stock market authority.
Senior Management Committee: ARCADIS Senior Management consisting of the Executive Board, the Staff Directors and the CEOs of major operating companies.
Total shareholder return: Stock price appreciation plus dividend yield
US GAAP: United States Generally Accepted Accounting Principles are U.S. valuation principles for financial reporting.
Voluntary turnover percentage: Voluntary termination of permanent own staff divided by the average number of permanent own staff during the period.
Webcasting: Broadcast via the internet of press conferences or analyst meetings.

Note: all definitions relate to how these terms are used by ARCADIS.

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