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INTERIM FINANCIALS 2013

ARCADIS NV

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

FIRST HALF YEAR 2013 ENDED JUNE 30, 2013

Introduction

This report contains the interim financial report of ARCADIS NV ('the Company' or 'the Group'), and consists of the interim management report and condensed consolidated interim financial statements, including risk assessment and the responsibility statement of the Executive Board. The information in this interim financial report is unaudited.

The principal activities of the Company and its subsidiaries ('the Group') are described in the management report hereafter.

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MANAGEMENT REPORT FIRST HALF YEAR 2013

Highlights

- Organic net revenue growth at 2%, driven by all regions except Continental Europe
- Operating margin slightly above last year despite margin decline in Continental Europe
- Net income from operations up 5% for the first half year, reflecting growth of revenues and margin
- $90 million US private placement completed to replace maturing bank debt; average net debt to EBITA ratio improved to 1.5
- Project Europe achieved cost savings of €5.1 million in the first half year and is at annual run rate of €12.9 million with cost actions ahead of schedule
- 2013 outlook updated: a further increase of revenues, and a profit growth of 0% to 5%, barring unforeseen circumstances

Our strategy to expand into Emerging Markets continues to pay off in growing our revenues and profit. Implementing our new operating model in Continental Europe is on plan. We accelerated our cost actions, increased backlog by 7%, and expect a positive margin effect in the second half of the year. Firm wide backlog in the quarter was stable and is still ahead 5% compared to the end of 2012. Major wins included global frameworks for multinational clients and the Zuidas project in Amsterdam. We continue to look at acquisitions with a focus on strengthening our leadership positions. Barring unforeseen circumstances, we expect for full year 2013 a further increase of revenues and a profit growth of 0% to 5%.

Key figures

Amounts in € millions unless otherwise noted	**First half year**		
	2013	2012	Δ
Gross revenues	1,240	1,225	1%
Organic gross revenue growth	-1%		
Net revenues	950	906	5%
Organic net revenue growth	2%		
EBITA	76.4	70.6	8%
Operating EBITA	**86.2**	**81.5**	**6%**
Operating margin	**9.1%**	**9.0%**	
Net income	41.4	37.9	9%
Ditto per share (in €)	0.58	0.54	6%
Net income from operations [1)]	**49.5**	**47.2**	**5%**
Ditto per share (in €) [1)]	**0.69**	**0.68**	**2%**
Average # of shares outstanding (million)	71.5	69.7	3%

1) Before amortization and non-operational items

Analysis

Gross revenues in the first six months of 2013 rose 1% with acquisitions contributing 4%, while the currency effect was a negative 2%. Growth was aided by projects executed for multinational clients, which were up 15%. Organically, revenues declined 1% mostly as a result of lower Continental European revenues.

Net revenues rose 5%, of which 5% can be attributed to acquisitions and 2% to organic growth, the currency effect was a negative 2%.

Operating EBITA increased 6% with acquisitions contributing 9% to the increase. The currency effect was 3% negative. Organic development was flat. Restructuring, integration and acquisition costs totaled €9.8 million (2012: €10.9 million).

Operating margin in the first half year was 9.1%, compared to 9.0% in 2012 reflecting a strong contribution from Emerging Markets and improved margins in the UK, offsetting margin declines in Europe and North America.

Financing charges were €10.1 million (2012: €10.4 million) and at 28% the tax rate was in line with last year. Net income from operations was 5% higher.

Net working capital at the end of the quarter was at 18.4%, which was higher than last year (2012: 17.9%), but lower than at the end of the first quarter (19.9%) as we continue to execute our working capital reduction program. The reduction in operating cash flow to minus €40.6 million compared to €4.9 million in the first half of 2012 can be mainly explained by timing differences in salary and tax payments and payment of obligations related to prior year acquisitions.

Net debt was €401 million and flat with last year (2012: €402 million) despite the acquisitions that were completed in the past 12 months. The net debt to EBITDA ratio at the end of the second quarter amounted to 1.5, as calculated per our bank covenants.

Developments by business line

Figures below are for the first half year of 2013 compared to the same period last year, unless otherwise mentioned.

	Infrastructure	Water	Environment	Buildings
Gross revenue growth[1)]	-8%	+5%	+1%	+10%
Of which:				
- Organic	-5%	-2%	-1%	+4%
- Acquisitions	0%	+6%	+3%	+9%
- Currency impact	-3%	-1%	-1%	-1%
Net revenue growth[1)]	0%	+6%	+5%	+9%
Of which:				
- Organic	+3%	-2%	+3%	+2%
Backlog development[2)]	4%	-5%	0%	+12%

1) *Rounding and reclassifications may impact totals*
2) *Organic development compared to year-end 2012*

- ***Infrastructure*** *(25% of revenues)*
  The decline in organic gross revenues results in large part from lower subcontracting activities in Continental Europe. Emerging Markets and the UK contributed most to the increase in net revenue. Growth was also achieved in North America. The operating margin was 7.0% and below 2012 due to fierce competition in Continental Europe.

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- ***Water*** *(15% of revenues)*
  The acquisition of ETEP in Brazil delivered most of the revenue increase. Organic development was positive in the UK, but negative in Continental Europe, with austerity measures impacting the business environment, particularly in water management. The operating margin was 8.3%, lower mainly due to lower volumes affecting utilization rates.

- ***Environment*** *(33% of revenues)*
  Increases in Emerging Markets and parts of Continental Europe offset a decline in North America, resulting from reduced subcontracting. Organic net revenue growth improved versus the prior year. The acquisitions of SENES and BMG also contributed to growth. At 11.8% operating margin was essentially flat compared to last year as a decline in North America was compensated by improved profitability in Emerging Markets.

- ***Buildings*** *(27% of revenues)*
  Strong revenue growth was achieved in Emerging Markets but was somewhat offset by declines in Continental Europe and the US. In the first quarter Langdon & Seah still counted towards acquisition growth, as of the second quarter it contributes to organic growth. Architectural unit RTKL improved its commercial revenues in North America and Asia. Net revenue developments were in line with those in gross revenue. Operating margin improved to 8.8% especially in Emerging Markets and at EC Harris.

Progress in Project Europe

Implementing our new operating model in Europe is on plan and we are ahead of schedule with accelerated cost measures. Year-to-date savings reached €5.1 million at the end of the second quarter, and were at an annualized run rate of €12.9 million. Restructuring charges to date are €6.5 million. Operating margins are expected to improve in the second half of 2013 from their first half levels.

Backlog

Backlog was flat for the quarter despite the high level of organic growth and for the first half grew organically by 5% compared to year-end 2012. The Buildings business line saw the highest backlog increase, followed by Infrastructure. Environment was flat, while Water saw a small decrease.

Outlook

In the **infrastructure market,** good opportunities for further growth exist with clients in Brazil, where ARCADIS has a strong market position. The Middle Eastern market also offers good growth potential. In Chile, the slowdown in the mining market and increased competition from Spanish companies in public sector infrastructure cause revenue and price pressure. Higher government spending in North America and the UK is likely to stimulate demand. We expect a stabilization of activities in Continental Europe in the second half of 2013.

In the **water market** an improvement is anticipated as the North American market is expected to pick up, while Emerging Markets, including Brazil and the Middle East also offer growth opportunities. During the second quarter, ARCADIS launched water activities in Asia. A decline in the water business in Continental Europe is expected, but opportunities from the recent flooding events in Central Europe could first lead to projects from private sector companies seeking to protect assets and at a later stage, from public sector river planning projects. We continue to see good growth opportunities from our Water for Industry initiative with our multi-national clients.

In the **environmental market**, ARCADIS expects to maintain momentum and organic net revenue growth, driven by the private sector and especially by multinational clients. Also, in mining, good growth opportunities are presenting themselves as evidenced by the strong synergy pipeline with SENES. We believe that growth could be generated in North America, the UK and Emerging Markets, mainly Brazil. Higher utilization and rate increases are expected to improve margins in North America.

In the **buildings market**, ARCADIS' strong presence and synergies with acquired companies will lead to further growth. Combined revenue synergies with EC Harris and Langdon & Seah in the first half year of 2013 amounted to €70 million of newly booked work, already equaling the amount achieved in full year 2012. This will generate growth in Emerging Markets and the UK while a further decline of activities is likely in Continental Europe. Built Asset Consultancy, ARCADIS's offering aimed at maximizing value throughout an asset's lifecycle, is creating new opportunities for growth globally.

Risk Assessment

In our Annual Report 2012, we have extensively described risk categories and risk factors that could adversely affect our business and financial performance. These risk factors are deemed to be included by reference in this report.

For the remainder of 2013, we have not assessed any additional risks and uncertainties, which might result in pressure on revenues and income.

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

Responsibility Statement

This interim financial report contains the figures of ARCADIS NV for the first half year of 2013, and consists of the first half year management report, segment reporting, condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements, and the responsibility statement of the Executive Board. The financial information in this report is unaudited.

The Executive Board of ARCADIS NV hereby declares that at the best of their knowledge, the interim financial statements, which have been prepared in accordance with IAS 34, *'Interim Financial Reporting'* and additional Dutch disclosure requirements for interim financial reports, give a true and fair view of the assets, liabilities, financial position and profit of ARCADIS NV and its consolidated companies, and the first half year management report gives a fair view of the information pursuant to section 5:25d subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, the Netherlands, July 30, 2013

Neil C. McArthur, Chairman of the Executive Board
Renier Vree, Chief Financial Officer
Stephanie Hottenhuis, Member of the Executive Board
Friedrich M.T. Schneider, Member of the Executive Board
Zack Smith, Member of the Executive Board

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in € millions **Assets**	*Note*	**June 30, 2013**	December 31, 2012[1]
Intangible assets	*5*	**608.3**	596.2
Property, plant & equipment		**74.0**	79.0
Investments in joint ventures and associates		**32.1**	32.3
Other investments		**1.0**	0.8
Deferred tax assets		**32.8**	38.4
Other non-current assets		**24.6**	23.8
Total non-current assets		**772.8**	770.5
Inventories		**0.6**	0.7
Derivatives		**1.6**	1.6
(Un)billed receivables		**775.3**	716.6
Corporate income tax receivable		**24.9**	11.8
Other current assets		**56.3**	37.7
Cash and cash equivalents		**134.5**	226.4
Total current assets		**993.2**	994.8
Total assets		**1,766.0**	1,765.3
Equity and liabilities			
Shareholders' equity		**535.1**	535.6
Non-controlling interests		**1.4**	1.1
Total equity	*6,7*	**536.5**	536.7
Provisions for employee benefits		**36.3**	35.2
Provisions for other liabilities and charges		**22.1**	24.4
Deferred tax liabilities		**40.5**	41.1
Loans and borrowings	*9*	**372.7**	300.5
Derivatives		**2.7**	3.8
Total non-current liabilities		**474.3**	405.0
Billing in excess of cost		**178.9**	176.3
Corporate tax liabilities		**11.3**	13.6
Current portion of loans and borrowings		**0.4**	68.7
Current portion of provisions		**10.7**	9.7
Derivatives		**1.8**	0.8
Accounts payable		**117.0**	134.1
Accrued expenses		**45.5**	37.2
Bank overdrafts		**4.9**	50.0
Short term borrowings		**145.5**	80.5
Other current liabilities		**239.2**	252.7
Total current liabilities		**755.2**	823.6
Total equity and liabilities		**1,766.0**	1,765.3

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionately consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in € millions, unless otherwise stated	*Note*	First half year **2013**	2012[1]
Gross revenue		**1,239.8**	1,225.0
Materials, services of third parties and subcontractors		**(289.7)**	(318.6)
Net revenue		**950.1**	906.4
Operational cost		**(859.3)**	(820.8)
Depreciation		**(14.9)**	(15.6)
Other income		**0.5**	0.6
EBITA[2]		**76.4**	70.6
Amortization identifiable intangible assets		**(8.6)**	(6.0)
Operating income		**67.8**	64.6
Net finance expense	*12*	**(10.1)**	(10.4)
Income from joint ventures and associates	*13*	**1.4**	(0.2)
Profit before income tax		**59.1**	54.0
Income taxes	*14*	**(16.6)**	(15.7)
Profit for the period		**42.5**	38.3
Other comprehensive income			
Items never to be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans		**(1.2)**	1.1
		(1.2)	1.1
Items to be reclassified subsequently to profit or loss:			
Exchange rate differences from foreign operations		**(12.3)**	6.6
Effective portion of changes in fair value of cash flow hedges		**0.7**	0.6
		(11.6)	7.2
Other comprehensive income, net of income tax		**(12.8)**	8.3
Total comprehensive income for the period		**29.7**	46.6

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionately consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.
[2] This is a non-GAAP performance measure, to make the underlying performance of the business more transparent.

Amounts in € millions, unless otherwise stated	*Note*	First half year 2013	2012[1]
Profit for the period attributable to equity holders of the Company (net income)		**41.4**	**37.9**
Amortization identifiable intangible assets, net of taxes		**6.7**	**4.9**
Lovinklaan employee share purchase plan		**0.5**	**0.2**
Acquisition related items[2, 3]		**0.9**	**4.2**
Net income from operations[3]		**49.5**	**47.2**
Profit attributable to:			
Equity holders of the Company (net income)		**41.4**	**37.9**
Non-controlling interests		**1.1**	**0.4**
Profit for the period		**42.5**	**38.3**
Total comprehensive income attributable to:			
Equity holders of the Company		**28.6**	**46.2**
Non-controlling interests		**1.1**	**0.4**
Total comprehensive income		**29.7**	**46.6**
Earnings per share (in euros)			
- Basic	*8*	**0.58**	**0.54**
- Diluted		**0.56**	**0.53**

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionately consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

[2] In 2013 the acquisition related items (net of tax) concern the acquisition cost for SENES, while in 2012 the acquisition cost for Langdon & Seah was included.

[3] This is a non-GAAP performance measure, to make the underlying performance of the business more transparent.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in € millions	Share capital	Share premium	Hedging reserve	Cumulative translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance at December 31, 2011	1.4	168.4	(6.2)	(18.1)	310.0	455.5	(0.1)	455.4
Profit for the period					37.9	37.9	0.4	38.3
Other comprehensive income:								
Taxes related to defined benefit pension plans					1.1	1.1		1.1
Exchange rate differences				6.6		6.6	-	6.6
Effective portion of changes in fair value of cash flow hedges			0.6			0.6		0.6
Other comprehensive income			0.6	6.6	1.1	8.3	-	8.3
Total comprehensive income for the period			0.6	6.6	39.0	46.2	0.4	46.6
Transactions with owners of the Company:								
Dividends to shareholders					(33.5)	(33.5)		(33.5)
Issuance of shares	0.1	33.1				33.2		33.2
Share-based compensation					4.6	4.6		4.6
Taxes related to share-based compensation					1.7	1.7		1.7
Purchase of own shares					(28.5)	(28.5)		(28.5)
Options exercised					6.7	6.7		6.7
Acquisition of non-controlling interests							0.2	0.2
Total transactions with owners of the Company	0.1	33.1			(49.0)	(15.8)	0.2	(15.6)
Balance at June 30, 2012	1.5	201.5	(5.6)	(11.5)	300.0	485.9	0.5	486.4
Balance at December 31, 2012	**1.5**	**201.5**	**(4.8)**	**(27.9)**	**365.3**	**535.6**	**1.1**	**536.7**
Profit for the period					**41.4**	**41.4**	**1.1**	**42.5**
Other comprehensive income:								
Changes in defined benefit pension plans					**(1.2)**	**(1.2)**		**(1.2)**
Exchange rate differences				**(12.3)**		**(12.3)**	**-**	**(12.3)**
Effective portion of changes in fair value of cash flow hedges			**0.7**			**0.7**		**0.7**
Other comprehensive income			**0.7**	**(12.3)**	**(1.2)**	**(12.8)**	**-**	**(12.8)**
Total comprehensive income for the period			**0.7**	**(12.3)**	**40.2**	**28.6**	**1.1**	**29.7**
Transactions with owners of the Company:								
Dividends to shareholders[1]		**(16.7)**			**(20.6)**	**(37.3)**	**(0.8)**	**(38.1)**
Issuance of shares	**-**	**16.7**				**16.7**		**16.7**
Share-based compensation					**3.8**	**3.8**		**3.8**
Taxes related to share-based compensation					**(1.9)**	**(1.9)**		**(1.9)**
Purchase of own shares					**(29.1)**	**(29.1)**		**(29.1)**
Options exercised					**18.7**	**18.7**		**18.7**
Total transactions with owners of the Company					**(29.1)**	**(29.1)**	**(0.8)**	**(29.9)**
Balance at June 30, 2013	**1.5**	**201.5**	**(4.1)**	**(40.2)**	**376.4**	**535.1**	**1.4**	**536.5**

[1] For the stock dividend 785,682 shares with a total value of € 16.7 million were issued, which were paid out of share premium reserve

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	First half year 2013	2012[1]
Cash flows from operating activities		
Profit for the period	**42.5**	38.3
Adjustments for:		
- Depreciation and amortization	**23.5**	21.6
- Taxes on income	**16.6**	15.7
- Net finance expense	**10.1**	10.4
- Income from associates	**(1.4)**	0.2
	91.3	86.2
Share-based compensation	**3.8**	4.6
Change in fair value of derivatives in operating income	**(1.8)**	(2.3)
Settlement of operational derivatives	**1.9**	2.9
Change in inventories	**0.1**	0.2
Change in receivables	**(70.8)**	(60.9)
Change in provisions	**(0.3)**	(5.9)
Change in billing in excess of costs	**2.9**	(14.2)
Change in current liabilities	**(29.7)**	20.3
Dividend received	**0.8**	0.4
Interest received	**1.3**	1.7
Interest paid	**(10.5)**	(12.3)
Corporate tax paid	**(29.6)**	(15.8)
Net cash from operating activities	**(40.6)**	4.9
Cash flows from investing activities		
Investments in (in)tangible assets	**(21.1)**	(14.0)
Proceeds from sale of (in)tangible assets	**1.0**	0.5
Investments in consolidated companies	**(17.4)**	(46.8)
Investments in associates and other financial non-current assets	**(2.8)**	(5.4)
Proceeds from sale of associates and other financial non-current assets	**1.0**	1.3
Net cash used in investing activities	**(39.3)**	(64.4)
Cash flows from financing activities		
Proceeds from options exercised	**18.7**	6.7
Purchase of own shares	**(29.1)**	(28.5)
Settlement of financing derivatives	**1.2**	(5.2)
New long-term loans and borrowings	**68.8**	0.5
Repayment of long-term loans and borrowings	**(68.8)**	(0.1)
Changes in short-term borrowings	**65.3**	96.9
Dividend paid	**(21.4)**	(33.5)
Net cash from financing activities	**34.7**	36.8
Net change in cash and cash equivalents less bank overdrafts	**(45.2)**	(22.7)
Exchange rate differences	**(1.5)**	3.9
Cash and cash equivalents less bank overdrafts at January 1	**176.4**	150.7
Cash and cash equivalents less bank overdrafts at June 30	**129.7**	131.9

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionately consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

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SEGMENT INFORMATION[1]

The Company has four reportable segments, based on the Company's internal reporting structure to the Executive Board. The Company's internal reporting to the Executive Board is at Operating Company level (OpCo), which is subsequently aggregated into the reportable segments based on qualitative and quantitative measures.

Starting January 1, 2013 the (internal) reporting structure of the Company changed, and consequently also the segment reporting was adjusted. One operating segment Continental Europe, with European management has been created. The Netherlands is included in Continental Europe. All activities of ARCADIS UK and EC Harris have been merged into the operating segment United Kingdom.

The 2012 figures have been restated for comparative reasons.

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

Segment	**Gross Revenue external**		**Total Gross revenue**	
	First half year		First half year	
Amounts in € millions	**2013**	2012	**2013**	2012
North America	**558.9**	576.0	**559.9**	576.8
Emerging markets	**213.4**	165.9	**213.6**	167.4
Continental Europe	**263.2**	295.6	**265.4**	296.7
United Kingdom	**204.3**	187.5	**205.5**	188.3
Total segments	**1,239.8**	1,225.0	**1,244.4**	1,229.2
Inter-segment revenue			**(4.6)**	(4.2)
Total consolidated	**1,239.8**	1,225.0	**1,239.8**	1,225.0

Segment	**EBITA**	
	First half year	
	2013	2012
North America	**41.3**	49.2
Emerging markets	**24.9**	13.2
Continental Europe	**2.1**	7.5
United Kingdom	**15.8**	5.6
Total segments	**84.1**	75.5
Corporate and unallocated segments	**(7.7)**	(4.9)
Total consolidated	**76.4**	70.6

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionately consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*. Additionally the comparative numbers have been restated to reflect the new segmenting as from January 1, 2013 onwards.

Segment	Total Assets		Total Liabilities	
	As per June 30		As per June 30	
Amounts in € millions	**2013**	2012	**2013**	2012
North America	**721.2**	756.7	**536.9**	592.3
Emerging markets	**271.1**	220.7	**110.2**	109.3
Continental Europe	**349.5**	390.3	**140.7**	202.4
United Kingdom	**298.2**	303.4	**114.8**	109.4
Total segments	**1,640.0**	1,671.1	**902.6**	1,013.4
Corporate and unallocated segments	**126.0**	140.3	**326.9**	311.6
Total consolidated	**1,766.0**	1,811.4	**1,229.5**	1,325.0

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

	First half year	
Amounts in € millions	**2013**	2012
EBITA for reportable segments	**84.1**	75.5
Corporate and unallocated	**(7.7)**	(4.9)
Amortization	**(8.6)**	(6.0)
Operating income	**67.8**	64.6
Net finance expense	**(10.1)**	(10.4)
Income from associates	**1.4**	(0.2)
Profit before taxes	**59.1**	54.0

Geographical information differs from segment information above due to the activities of:

- RTKL, which geographically is also represented in Emerging Markets and United Kingdom; and
- EC Harris, which has business activities in the Middle East and Asia and therefore is also represented in Emerging Markets.

The geographical information is as follows:

Geographical classification	Gross revenues by origin	
	First half year	
Amounts in € millions	**2013**	2012
North America	**543.0**	560.1
Emerging markets	**291.4**	229.0
Continental Europe	**263.2**	295.5
United Kingdom	**142.2**	140.4
Total	**1,239.8**	1,225.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

ARCADIS NV ('the Company' or 'Group') is a public company organized under Dutch law. Its statutory seat is Arnhem and its principal office is located in Amsterdam, the Netherlands. The condensed consolidated interim financial statements as at and for the six month-period ended June 30, 2013 include the financial statements of ARCADIS NV, its subsidiaries, and the interests in associates and jointly controlled entities.

2. General information

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's independent auditor. The review report of KPMG is published on page 22 of this report.

3. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*, and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2012, which have been prepared in accordance with IFRS as adopted by the European Union. These consolidated financial statements are available upon request from the Company's registered office at Gustav Mahlerplein 97-103, 1082 MS Amsterdam, The Netherlands or at www.arcadis.com.

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Executive Board and Supervisory Board on July 30, 2013.

Estimates and management judgements

The preparation of interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense during the period as well as the information disclosed. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, management used judgements, estimates and assumptions in the application of the accounting policies and valuation principles in the same areas as those applied for the preparation of the 2012 consolidated financial statements.

Seasonality

There is no significant seasonal pattern included in the year-to-date figures, since the Company's activities are hardly subject to seasonality.

4. Significant accounting policies

Except as described below, the accounting policies applied and methods of computation used in preparing these condensed consolidated interim financial statements are the same as those applied in the Company's 2012 consolidated financial statements.

Following IAS 34, taxes on income in the condensed consolidated interim financial statements are accrued using the tax rate that would be applicable to the expected total annual earnings.

The company has implemented a number of changes in accounting policies as described below. Where applicable, the 2012 comparative figures have been restated. These changes however are not material, and mainly relate to the changes resulting from IFRS 11 *'Joint Arrangements'*.

Changes in accounting policies

As of January 1, 2013, the Company has adopted the following new standards, including consequential amendments to other standards.

- **IFRS 10 *'Consolidated Financial Statements'*** changes the definition of control, with the same criteria to be applied to all entities. The revised control definition focuses on the need to have both power to control and risk related to the returns before control applies. The application of this new standard had no material impact on the consolidation of investments held by the Group.

- As a result of **IFRS 11 *'Joint Arrangements'***, the Company has changed the accounting policy for interests in joint arrangements. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the joint arrangements.

  Investments in joint ventures are now accounted for based on the equity method, and no longer proportionately consolidated. The standard has been applied retrospectively and comparative figures have been restated. This resulted in a deconsolidation of assets and liabilities as per December 31, 2012 of EUR 5.5 million (January 1, 2012: EUR 5.8 million). The deconsolidation resulted in lower gross revenues for 2012 of EUR 8.3 million, while EBITA decreased with EUR 1.0 million.

- **IFRS 12 *'Disclosure of Interests in Other Entities'*** will extend the disclosures on consolidated and non-consolidated entities in which the Company has involvement. For ARCADIS these disclosures relate to its subsidiaries, joint arrangements and associates. The information should give insights in the basis of control, any restrictions on consolidated assets and liabilities, and the involvement of non-controlling interest holders in the activities of the consolidated companies. The disclosures will be used in the consolidated financial statements 2013 and are applied retrospectively.

- **IFRS 13 *'Fair Value Measurement'*** provides a single framework that defines fair value, provides guidance on fair value determination and contains disclosure requirements for fair value measurements. The standard is applicable to both financial and non-financial items measured at fair value and is applied prospectively as from

January 1, 2013. The standard has no material impact on the fair value measurements carried out by the Group and on ARCDADIS' financial position or performance.

- As a result of the amendments in **IAS 1 *'Presentation of Financial Statements'* *('Presentation of Items of Other Comprehensive Income')*** the disclosures related to other comprehensive income have been modified to present separately items that may be reclassified subsequently to profit or loss and items that will not be reclassified. The amendment has no impact on the Group's financial position or performance.

- **Revised IAS 19 *'Employee Benefits'*** has limited impact on the ARCADIS consolidated financial statements, since the Company already changed its accounting policy in 2011 and eliminated the deferral of actuarial gains and losses and plan changes ('the corridor approach'), which is the most important change in revised IAS 19. All actuarial gains and losses are recognized immediately in other comprehensive income and the effects of plan changes are generally recognized in the statement of income when they occur. Besides this change, the recognition and measurement of defined benefit pension expenses and their presentation in the statement of income were amended. Changes in defined benefit obligations and plan assets have been split into three components: service costs, net interest on the net defined benefit liability/(asset) and remeasurements of the net defined benefit liability/(asset). Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 have been replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined liability or asset. Differences between actual returns on plan assets and the (estimated) interest income are recognized as part of the remeasurements in other comprehensive income. Additional disclosure requirements have been added for risks and plan objectives.

  The adjustments only had a minor impact on the Company's financial position and for materiality reasons comparative numbers have not been restated.

- Following the **Annual Improvements to IFRSs 2009-2011** and the related amendment in IAS 34 '*Interim Financial Reporting*' the additional disclosures for total assets and total liabilities per reportable segment have been added . These amounts are regularly provided to the Executive Board. There is no material change from the amounts disclosed in the last annual financial statements.

5. Changes in consolidated interests

In the first half of 2013 the following changes in consolidated interests occured:

- On January 30, 2013, ARCADIS Chile acquired 100% of the shares in Geohidrología Consultores Ltda., one of the largest hydro consulting companies in Chile with 55 employees. The company, headquartered in Santiago, was initially established as a groundwater resources and groundwater modeling firm. It has developed capabilities in surface hydrology, environmental and hydraulic engineering services. More recently Geohidrología has added geothermal resources capabilities to assist its clients in reducing their energy consumption. In addition the company offers environmental services. With the acquisition of Geohidrología, ARCADIS is adding the core capability of hydrogeological engineering and becomes the market leader in this field.
- On March 21, 2013, ARCADIS US acquired 100% of the shares in SENES Consultants Limited and its affiliated company DCS Limited. SENES is a Canadian-

based firm specializing in environmental, radiological and risk assessment services for the mining, energy, oil & gas and industrial sectors. DCS provides site assessment and remediation services. Together they have approximately 250 employees. SENES has 6

offices spread throughout Canada, 1 office in the United States and a majority interest in a subsidiary with 4 offices in India.

The acquisitions entered into in the first half year of 2013 have been accounted for using the acquisition method. The purchase accounting for both acquisitions is included on a provisional basis. None of the acquisitions are considered to be individually significant. The total consideration for these acquisitions amounted to € 22.4 million, consisting of € 16.4 million in cash (net of purchased cash) and € 5.2 million deferred consideration that will be paid between 2013 and 2016. The goodwill measured was € 6.9 million and identifiable intangible assets amounted to € 9.4 million. The provisional goodwill recognized in the condensed consolidated interim financial statements relates to the workforce of the companies acquired and the synergies expected from the business combinations. Goodwill related to these acquisitions is expected not to be tax-deductible for income tax purposes. Measured on a half-yearly basis, the aggregated impact on consolidated gross revenue and profit for the period is not material in respect of IFRS 3 disclosure requirements.

After-payments for acquisitions prior to 2013 amounted to € 0.1 million.

The window period for remeasurement of goodwill following the provisional purchase price allocation for Langdon & Seah expired in April 2013 and did not result in any adjustment to the goodwill recognised.

6. Shareholders' equity

In accordance with Article 7 paragraph 1 of the Articles of Association, the Company is authorized to purchase own shares to cover the liabilities in line with share and option plans for employees.

In the first half of 2013 1,450,000 shares were repurchased. Through the exercise of options 1,426,808 shares were reissued. The options were exercised at a weighted average price of € 12.71 per share. Additionally, 134,864 shares granted in 2010 under the 2010 Long-Term Incentive Plan became unconditional and as such were reissued again.

For stockdividend 785,682 new shares were issued.

At June 30, 2013, the number of ordinary shares outstanding was 72,484,896 (December 31, 2012: 71,587,542).

7. Dividend

The dividend for the period ended December 31, 2012 was paid in May 2013. Based on the number of shares outstanding and a declared dividend of € 0.52 per share, the total dividend amounted to € 38.1 million, of which the cash dividend paid in May amounted to € 21.4 million, while € 16.7 million was paid as stockdividend. Relating to the stockdividend, 785,682 new shares were issued with a total value of € 16.7 million which has been paid from the share premium reserve.

8. Earnings per share

For calculating the earnings per share, weighted average numbers of shares were used, which have been calculated as follows:

	2013	First half year 2012
Average number of issued shares	**74,167,143**	72,803,229
Average number of repurchased shares	**(2,643,928)**	(3,132,953)
Average number of outstanding shares*	**71,523,215**	69,670,276
Average number of diluting shares	**2,732,751**	2,186,495
Average number of diluted shares	**74,255,966**	71,856,771
*Of which:		
Priority shares	**600**	600
Ordinary shares	**71,522,615**	69,669,676

The diluted number of shares is calculated by using the weighted average number of options outstanding and the average stock price on the Euronext Amsterdam. Only options with exercise prices below the average stock price are taken into account. In assessing the "per share" performance, one of the key-indicators is net income from operations.

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

Earnings per share (in euros)	**2013**	First half year 2012
- Basic	**0.58**	0.54
- Diluted	**0.56**	0.53
Net income from operations per share (in euros)		
- Basic	**0.69**	0.68
- Diluted	**0.67**	0.66

9. Loans and borrowings

In the first half of 2013 ARCADIS refinanced $90 million of maturing bank debt by way of issuing debt through a US Private Placement (USPP) for a similar amount. The USPP was issued in June 2013 to an amount of $90 million for a period of 5 years at a fixed rate of 5%. No other credit lines, committed or uncommitted have been concluded during this period. ARCADIS made use of the € 150 million Revolving Credit Facility (RCF) to help finance acquisitions and ongoing business, with usage as per June 30, 2013 on this particular facility being € 110 million (June 30, 2012: € 100 million), as well as making use of existing bilateral credit facilities.

10. Financial instruments

The carrying amount of financial assets and financial liabilities is a reasonable approximation of fair value. There are only non-material differences between the carrying amount and fair value for both the non-current and current part of the loans and borrowings. These differences are comparable to the differences as disclosed in the last annual financial statements.

All financial instruments carried at fair value within the Company are categorized in 'level 2', which is equal to last year. The valuation techniques and the inputs used in the fair value measurement did not change in the first half of 2013 compared to last year.

11. Share-based payments

In the first half of the year, 714,700 options were granted under the Company's Long-term Incentive Plan 2010. The fair value of the options granted and the assumptions used in calculating the related option cost were as follows:

	May options 2013	May options 2012	Acquisition L&S 2012
Fair value at grant date	3.68 – 4.19	3.49 – 3.84	4.56
Exercise price	20.96	15.74	14.72
Expected dividend yield	2.48	2.89	2.85
Risk-free interest rate (%)	0.93	1.56	1.61
Expected volatility (%)	39.85	42.12	42.06
Expected life of options (years)	5	5	5
Expected forfeitures (%)	11.0	11.0	11.0

Under the Company's Long-term Incentive Plan 2010 also incentive shares were granted to members of the Executive Board and members of the Senior Management Committee. The total number of shares granted was 177,100 in the first half of 2013. The share price at grant date was € 20.96 (2012: € 15.74).

The options and shares are granted conditionally and depend on achieving certain performance measures after three years. The costs of the options and incentive shares are spread over the three-year vesting period.

12. Net finance expense

Financing charges were € 10.1 million (2012: € 10.4 million). Like-for-like costs are a little lower than in 2012 due to lower Euro interest rates and an increase in the amount of floating rate debt due to the maturity of interest rate swaps. These positive items more than compensated for the stronger US dollar which increased the costs in Euro terms of our USD denominated interest cost.

13. Income from joint ventures and associates

Income from associates of € 1.4 million (last year -/- € 0.2 million) increased by € 1.6 million, mainly as a result of € 1 million higher income of the Malaysian associate of Langdon & Seah (acquired in Q2 2012) and € 1.2 million higher results for Logos Energia. This was partly offset by lower results in some other associated companies.

14. Income taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average effective tax rate applied for the first half year of 2013 is 28% (2012: 29%).

15. Related party transactions

From time to time ARCADIS enters into related party transactions with associates and jointly controlled entities. These transactions are conducted on an arm's length basis with terms comparable to transactions with third parties. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation.

There were no significant related party transactions in the first six month-period ended June 30, 2013, and the nature of the related party transactions conducted do in substance not deviate from the transactions as reflected in the consolidated financial statements as at and for the year ended December 31, 2012.

ARCADIS was no party to any material transaction or loan with parties who hold at least 10% of the shares in ARCADIS.

16. Subsequent events

There were no material events after June 30, 2013 that would have changed the judgement and analysis by management of the financial condition of the Company at June 30, 2013 or the profit for the period of the first half of 2013.

Amsterdam, the Netherlands, July 30, 2013
The Executive Board

Review report

To: the Executive Board and Supervisory Board of ARCADIS NV

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of ARCADIS NV, Arnhem, which comprises the condensed consolidated statement of financial position as at June 30, 2013, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the 6-month period ended June 30, 2013, and the notes. The Executive Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2013 is not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

Amstelveen, The Netherlands, July 30, 2013

KPMG Accountants N.V.

R.P. Kreukniet RA