Interim Financial Statements 2010

Grontmij

planning connecting
respecting
the future

Grontmij

VISION

Making our daily working and living environments more sustainable.

MISSION

Grontmij's mission is to be the leading European sustainable design, engineering and management consultancy for the built and natural environment.

PROFILE

Grontmij is a leading sustainable design, engineering and management consultancy active in the growth markets of water, energy, transportation and sustainable planning and design. At the core of our business is the principle of sustainability by design that is a leading value proposition for our customers. Grontmij is the fourth largest engineering consultancy in Europe with over 300 offices across the region and a further 50 offices globally. We employ over 11,000 professionals across the world.

Our value chain of services stretches from major renewable water and energy infrastructure through designing efficient and environmentally-sensitive mobility and transportation networks to shaping our urban and green living spaces.

Whilst we are approaching our 100th anniversary and benefit from the experience nearly a century provides, we prefer to look to the future to enhance the world we live in. By applying sustainability considerations to all our design, consultancy and management services right across the value chain, our highly-skilled, expert people are able to create lasting solutions that plan for, connect and respect the future.

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Contents

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Grontmij N.V. Management Report First Half Year 2010

The second quarter of 2010 was consistent with the first quarter, with the underlying performance of the business beginning to stabilise and the forward order book starting to improve. The new required IFRS treatment of the Ginger S.A. ('Ginger') acquisition and refinancing costs (€ -2.6 million), combined with further restructuring to reduce the cost base (€ -4.4 million), and no comparable result on divestments (€ -0.5 million), resulted in non-recurring costs of € -7.5 million in the first six months of 2010 compared to income of € 3 million in the first six months of 2009 – a total difference of above € 10 million. All of these actions are designed to strengthen and grow the business for the future. In these weaker trading conditions, Grontmij's net debt was reduced through the proceeds of planned divestments of non-core assets.

The acquisition of Ginger continues on plan, with the launch of the public offer for the remainder of the Ginger shares on 23 July 2010.

The forward order situation started to slightly improve in the second quarter in all business line areas, the effects of which will begin to show at the end of this year and the beginning of next year, although the local markets in Planning & Design suffer from cuts in governmental spending. There were also increasing instances of cross border contract awards in line with the new focus for organic growth through the three business lines.

There was some recovery in the Nordic region, after a difficult start in the first quarter. The slight improvement in the Benelux region improved EBITA margins compared to 2009, as the benefits of cost reductions begin to show. Trading in the UK remained slow, although the AMP5 (fifth Asset Management Plan) order book continued to strengthen in comparison to AMP4.

Overall, our markets remain uncertain, especially in building related services, and so we will continue to take necessary action on our cost base, and manage our working capital and cash tightly. We will continue to vigorously pursue organic growth opportunities through the cross border business lines, and we will build further on these through the integration of the Ginger acquisition. With the stabilisation of our business in the Nordic region, the cost reductions and the expected pick up in the regulated water business in the UK we expect a stronger second half in 2010 for the organic business, to be further supplemented by the consolidation of Ginger.

FINANCIAL OVERVIEW

The decline in total revenue to € 376 million compared to € 416 million (9.6% decline, 12.5% organic decline) in the first six months of 2009 was consistent to the decline in the first quarter, with Planning & Design showing the largest reduction in all regions, followed by Water & Energy, partly offset by an increase in revenue in Transportation & Mobility. The decline in net revenue was 5.4% (9.3% organic decline).

As a result of the actions taken to reduce surplus direct resources late in 2009 and during the first half of 2010 the underlying gross margin percentage remained at the same level as reported in the first half of 2009 (26%). EBITA margins remained slightly below the levels of 2009 as the full effects of indirect cost reductions have yet to feed through.

Continued focus on all opportunities to reduce indirect costs resulted in further restructuring costs totaling € -4.4 million for the first six months of 2010 compared to € -2.2 million in the same period in 2009. These costs were largely incurred in the Netherlands where there were further indirect headcount reductions due to back office centralization. There were also further restructuring costs in the UK, where the AMP5 cycle pick up remained slow, and also in Denmark where the slow start to 2010 led to reductions in surplus direct resource.

Contribution from Equity Accounted Investees ('EAI') was below last year due to the divestments in 2009 and the first

Key figures first half year 2010 versus 2009

Amounts in € million **For the six month period ended 30 June**	2010	2009	Variance
Total revenue	376	416	-9.6%
Net revenue	313	331	-5.4%
EBITA[1)]	17	23	-26.1%
Profit after income tax	4.1	15.4	-73.4%

1) EBITA = before non-recurring restructuring costs of € 4.4 million (2009: € 2.2 million), acquisition and refinancing costs of € 2.6 million (2009: € nil), profits from EAI € 1.1 million (2009: € 2.1 million) and results on divestments € -0.5 million (2009: € 5.2 million)

Balance sheet extract 30 June	2010	2009
In € million		
Grontmij - Intangible assets & Goodwill	231	203
Ginger - Intangible assets & Goodwill	47	-
	278	203
Grontmij - Work in progress	37	35
Ginger - Work in progress	26	-
	63	35
Grontmij - Inventories	18	36
Ginger - Inventories	7	-
	25	36
Grontmij - Trade receivables	119	133
Ginger - Trade receivables	76	-
	195	133
Grontmij - net debt	-97	-118
Net acquisition debt	-27	-
Ginger - net debt*	-29	-
Total net debt	-153	-118

** Excluding finance lease obligations of € 3.4 million.*

six months of 2010. Divestments of EAI resulted in a loss of € -1.1 million, compared to an overall profit on divestments of € 5.2 million in the first six months of 2009.

The transaction costs taken through the profit & loss account for the acquisition of Ginger were accounted for in accordance with IFRS 3 and expensed, together with the write off of un-amortised capitalised arrangement fees relating to the term loans that were refinanced under the new revolving credit agreement.

The small net loss on divestment of assets, combined with restructuring costs, acquisition and re-financing costs resulted in a total of € -10.5 million higher non-recurring costs in the first half of 2010 compared to the same period in 2009. As a result therefore, the profit after tax reduced to € 4.1 million compared to € 15.4 million in the first six months of 2009.

Intangible assets and goodwill increased by € 75 million due to the acquisition of 51.8% of Ginger on 18 June 2010.

Work in progress (excluding Ginger) was slightly higher at € 37 million, but inventories were significantly reduced to € 18 million due to the divestment of non-core assets. Trade receivables were lower at € 119 million due to the reduced level of revenue and continued focus on debt collection.

Grontmij net debt (before the effects of the acquisition of Ginger) reduced by € 21 million to € 97 million, and the acquisition of 51.8% of Ginger in June was financed by a combination of € 27 million of debt and € 38 million of new shares. Ginger net debt was € 29 million (excluding finance lease obligations of € 3.4 million), total net debt therefore stood at € 153 million at the half year.

The debt financed element of both the initial acquisition of 51.8% of Ginger, together with the ongoing acquisition of the balance of shares is financed by an amendment of the € 140 million revolving credit facility put in place during the first quarter of 2010. This facility was replaced by a new revolving credit facility of € 260 million on the same terms. This new facility will also support both further growth in the core business, together with a re-financing of Ginger's facilities where appropriate. As with the original € 140 million facility, this new facility will also enable the roll out of the cross border cash pooling and treasury management system during the second half of 2010.

Developments by business lines

Planning & Design

Key performance indicators	30 June 2010	30 June 2009	Variance
Excluding Ginger *Amounts in € million*			
Total Revenue	133.6	166.2	-20%
Net Revenue	115.0	139.2	-17%
EBITA	5.1	8.6	-41%
% Totel revenue	3.8%	5.2%	
% Net revenue	4.4%	6.2%	

The markets in all regions for Planning & Design remained uncertain in particular with public sector clients, and within the public sector sphere the local authority order situation remained subdued. There were continuing signs of some pick up in demand in the private sector in some regions, and overall continued signs of small improvement in forward orders during the first half of 2010. The 3-month forward orders coverage increased by 17% compared to the first quarter.

Transportation & Mobility

Key performance indicators	30 June 2010	30 June 2009	Variance
Excluding Ginger *Amounts in € million*			
Total Revenue	102.1	97.1	5%
Net Revenue	83.1	77.6	7%
EBITA	5.8	6.8	-15%
% Totel revenue	5.7%	7.0%	
% Net revenue	7.0%	8.8%	

Successful bidding activity in all three regions saw Transportation & Mobility revenues in the first half of 2010 exceed that of the same period in 2009 – with a 7% increase in net revenue. Our market position in the Benelux region remains strong, with continued focus on some of the larger road infrastructure projects. In Germany and in Denmark we continue to have success in rail, and our order book in Poland remains very strong. Overall, forward orders picked up during the first half of 2010, resulting in the 3-month forward orders coverage increasing by 6% compared to the first quarter.

Water & Energy

Key performance indicators	30 June 2010	30 June 2009	Variance
Excluding Ginger *Amounts in € million*			
Total Revenue	117.8	130.0	-9%
Net Revenue	103.9	109.1	-5%
EBITA	3.4	9.3	-63%
% Totel revenue	2.9%	7.2%	
% Net revenue	3.3%	8.5%	

The start of AMP5 in the UK continued to be slow during the second quarter and as such there was some further delay in the pick up in performance in our UK business. Markets in the Nordic and Benelux region remained weak in particular with municipality clients. Markets in Germany remained stable. The framework award process for AMP5 has left us in a stronger position when compared to our client base for AMP4 with a bigger spread of regulated water clients. The finalization of the award of the AMP5 five year framework contracts has significantly increased our forward orders for 2011 and beyond, with a pick up in this work expected in the second half of 2010. Of particular importance was the recent award of the Scottish Water Framework contracts.
The 3-month forward orders coverage increased by 8% compared to the first quarter.

Outlook

The first half of 2010 has seen continuing management actions to strengthen the business for the future, including the divestments of non-core assets, further restructuring activity to reduce surplus direct resources and indirect overheads, and a significant strategic acquisition to strengthen our position in Europe. We expect the second half year results in 2010, in terms of underlying EBITA (excluding Ginger), to be better than the first half, in particular due to the effects of the indirect cost reductions, the stabilization of trading in the Nordic region and the pick up in AMP5 activity in the UK.

Risk Assessment

In our 2009 Annual Report, we extensively described our inherent strategic and operational risks that could adversely affect the overall performance of our business. These inherent risks are deemed to be included in this report by reference.

More specifically, for the remainder of 2010 and looking forward to 2011 we will seek to monitor and mitigate the following risks and uncertainties:

- the uncertain economic climate will continue to potentially impact the performance of certain parts of our business. We will continue to monitor the situation closely, on a business line and regional basis, and seek to maintain agility in our resource allocation and focus on sectors that are stable, sustainable and profitable. The actions that we put in hand in both 2009 and early 2010 will reduce the indirect cost base in addition to reducing surplus direct resources;
- within this macroeconomic risk, we run the risks that our customers cancel orders, delay payment for services, and that parts of our supply chain capability are impaired. We are increasing our focus on long term strategic customer and supplier relationships, and have now implemented our business line governance structure to support this. We will continue our focus on cash and working capital management;
- we are monitoring closely the fiscal risks of interest rate and currency exposure, and have increased the resource and expertise in our Treasury function and will take protected positions if necessary. We have recently secured new credit facilities for the Group to support our recent acquisition and future growth;
- we are a skills based business, and our people and their productivity are key drivers to profitability; we continue to monitor and compare the demand versus the availability of skills across our businesses.

Related parties

As former main shareholder and CEO of Ginger, Mr J.L. Schnoebelen sold his Ginger shares to Grontmij and reinvested part of his cash proceeds in Grontmij shares. On 18 June 2010, a total number of 905,923 Grontmij shares were placed with Mr J.L. Schnoebelen through a private placement at a price of € 14.35 per share. Mr J.L. Schnoebelen has accepted a lock up in relation to these shares, for a minimum period of 180 days following the private placement.

In his new role Mr J.L. Schnoebelen will remain CEO of Ginger until 30 June 2012. Further, he is appointed as Group Director and therefore part of the Group Executive Committee.

Statement of the Executive Board

The Executive Board declares that, to the best of their knowledge, the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit of Grontmij N.V. and the companies included in its consolidation, and the management report for the first half year 2010 gives a true and fair view of the information required pursuant to section 5:25d paragraphs 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

De Bilt, the Netherlands, 18 August 2010

Sylvo Thijsen, CEO
Mel Zuydam, CFO

Projects

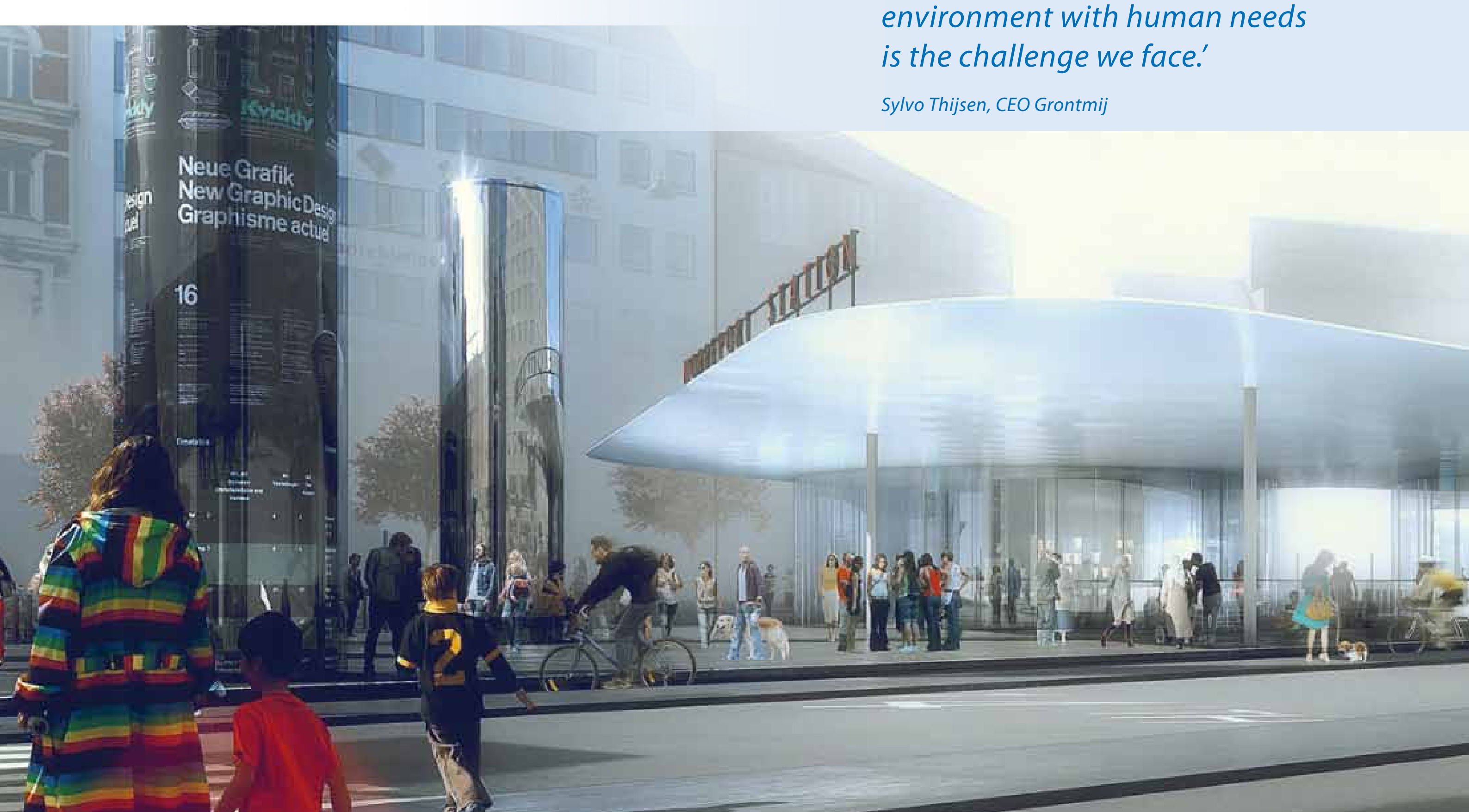
Recent Projects

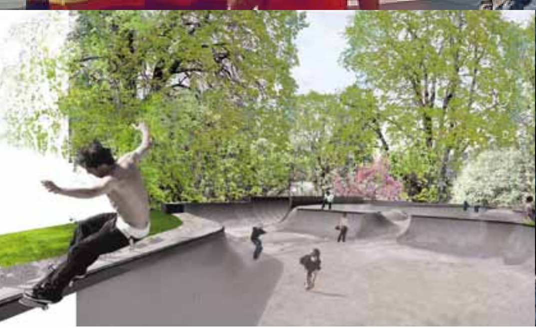
In the last half year we have been awarded exciting international projects. These projects show that Grontmij is valued for our ability to work cross-border in international teams, presenting innovative solutions for complex problems and challenging situations.

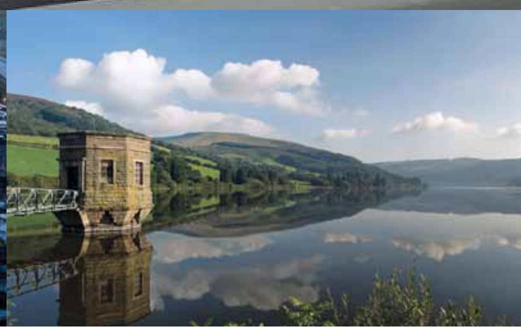
We deliver new and eye catching developments for our clients and the next generation, ultimately resulting in the most sustainable way forward.

'Reconciling the natural environment with human needs is the challenge we face.'

Sylvo Thijsen, CEO Grontmij







Consolidated statement of financial position

In thousands of euro	Note	30 June 2010		31 December 2009	
Goodwill	8	207,090		129,097	
Intangible assets		71,179		70,426	
Property, plant and equipment		51,872		38,697	
Investment in equity accounted investees	9	14,102		14,265	
Other financial assets		25,588		26,677	
Deferred tax assets		8,887		7,913	
Non-current assets			**378,718**		**287,075**
Receivables		406,764		242,408	
Inventories		24,873		36,343	
Income taxes		1,281		683	
Cash and cash equivalents	10	66,433		29,670	
Current assets			**499,351**		**309,104**
Total assets			**878,069**		**596,179**
Share capital	11	5,206		4,441	
Share premium	11	99,193		61,342	
Reserves	11	89,732		80,652	
Profit for the period		4,152		20,261	
Total equity attributable to equity holders of Grontmij		198,283		166,696	
Non-controlling interest	8	27,042		1,134	
Total equity			**225,325**		**167,830**
Loans and borrowings	12	29,412		32,738	
Employee benefits		13,153		13,673	
Provisions		28,623		25,272	
Deferred tax liabilities		32,891		33,535	
Non-current liabilities			**104,079**		**105,218**
Bank overdrafts	12	162,751		49,299	
Loans and borrowings	12	31,825		22,555	
Trade and other payables		345,822		241,378	
Provisions		8,267		9,899	
Current liabilities			**548,665**		**323,131**
Totaal equity and liabilities			**878,069**		**596,179**

Consolidated income statement

In thousands of euro **For the six month period ended 30 June**	Note	2010		2009*	
Revenue from services		355,325		355,433	
Revenue from contract work		14,928		49,214	
Revenue from sale of goods		5,534		11,226	
Total revenue	13		**375,787**		**415,873**
Third-party project expenses			-62,963		-85,304
Net revenue			**312,824**		**330,569**
Other income			**1,100**		**1,454**
Employee expenses		-252,494		-256,098	
Amortisation		-3,338		-4,151	
Depreciation		-5,391		-5,528	
Other operating expenses		-43,460		-49,591	
Total operating expenses			**-304,683**		**-315,368**
Share of results of equity accounted investees		1,125		2,115	
Result on sale of equity accounted investees (net of income tax)	9	-1,076		-	
Reclassification from equity of available-for-sale financial assets		-		5,163	
			49		7,278
Operating result	13		**9,290**		**23,933**
Finance income		2,812		2,751	
Finance expenses		-6,169		-5,915	
Net finance expenses	14		**-3,357**		**-3,164**
Profit before income tax			**5,933**		**20,769**
Income tax expense	15		-1,838		-5,363
Profit after income tax			**4,095**		**15,406**
Attributable to:					
Equity holders of Grontmij			4,152		15,158
Non-controlling interest			-57		248
Profit after income tax			**4,095**		**15,406**

** Certain comparative amounts have been reclassified to conform with current year's presentation. See note 5.*

Earnings per share					
Basic earnings per share (in euro)			0.23		0.85
Diluted earnings per share (in euro)			0.23		0.85
Average number of shares (basic)			18,005,188		17,764,920
Average number of shares (diluted)			18,005,188		17,764,920

Consolidated statement of comprehensive income

In thousands of euro **For the six month period ended 30 June**	2010	2009*
Profit after income tax	**4,095**	**15,406**
Foreign currency exchange translation differences for foreign operations	2,749	1,269
Cost of issuing ordinary shares related to business combinations, net of income tax	-1,357	-
Cost of non-cash dividend distribution to equity holders	-95	-
Change in fair value of available-for-sale financial assets	-	-5,163
Net change in fair value of cash flow hedges transferred to income statement	694	-
Effective portion of changes in fair value of cash flow hedges	-	-157
Other	129	-334
Other comprehensive income, net of income tax	**2,120**	**-4,385**
Total comprehensive income	**6,215**	**11,021**
Attributable to:		
Equity holders of Grontmij	6,272	10,773
Non-controlling interest	-57	248
Total comprehensive income	**6,215**	**11,021**

** Certain comparative amounts have been reclassified to conform with current year's presentation. See note 5.*

Consolidated statement of changes in equity

In thousands of euro	Note			Attributable to equity holders of Grontmij							
		Total equity	Non-controlling interest	Total	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Other reserves	Profit for the period
Balans as at 31 December 2008		**174,943**	**1,332**	**173,611**	**4,441**	**61,342**	**-6,403**	**-832**	**5,166**	**71,577**	**38,320**
Profit after income tax for the six month period ended 30 June 2009		15,406	248	15,158	-	-	-	-	-	-	15,158
Distributions to owners:											
Dividends to equity holders		-20,430	-	-20,430	-	-	-	-	-	-	-20,430
2008 Profit appropriation		-	-	-	-	-	-	-	-	17,890	-17,890
Total distribution to owners		**-20,430**	**-**	**-20,430**	**-**	**-**	**-**	**-**	**-**	**17,890**	**-38,320**
Other comprehensive income:											
Foreign currency exchange translation differences for foreign operations		1,269	-	1,269	-	-	1,269	-	-	-	-
Reclassification to income statement of available-for-sale financial assets		-5,163	-	-5,163	-	-	-	-	5,163	-	-
Effective portion of changes in fair value of cash flow hedges		-157	-	-157	-	-	-	-157	-	-	-
Other movements		-334	-337	3	-	-	-	-	-	3	-
Total other comprehensive income		**-4,385**	**-337**	**-4,048**	**-**	**-**	**1,269**	**-157**	**5,163**	**3**	**-**
Balance as at 30 June 2009		**165,534**	**1,243**	**164,291**	**4,441**	**61,342**	**-5,134**	**-989**	**3**	**89,470**	**15,158**
Balance as at 31 December 2009		**167,830**	**1,134**	**166,696**	**4,441**	**61,342**	**-7,353**	**-694**	**-**	**88,699**	**20,261**
Profit after income tax for the six month period ended 30 June 2010		4,095	-57	4,152	-	-	-	-	-	-	4,152
Contributions by and distributions to owners:											
Issue of ordinary shares related to business combinations	11	38,616	-	38,616	673	37,943	-	-	-	-	-
Dividends to equity holders	11	-12,340	-	-12,340	-	-	-	-	-	-12,340	-
Non-cash dividend distribution to equity holders	11	-	-	-	92	-92	-	-	-	-	-
2009 Profit appropriation	11	-	-	-	-	-	-	-	-	20,261	-20,261
Total contributions by and distribution to owners		**26,276**	**-**	**26,276**	**765**	**37,851**	**-**	**-**	**-**	**7,921**	**-20,261**
Change in ownership interests in subsidiaries:											
Acquisition of a subsidiary with a non-controlling interest part	8	27,998	27,998								
Acquisition of non-controlling interests without a change in control	8	-2,994	-2,033	-961	-	-	-	-	-	-961	-
Total transactions with owners		**25,004**	**25,965**	**-961**	**-**	**-**	**-**	**-**	**-**	**-961**	**-**
Other comprehensive income:											
Foreign currency exchange translation differences for foreign operations		2,749	-	2,749	-	-	2,749	-	-	-	-
Cost of issuing ordinary shares related to business combinations, net of income tax		-1,357	-	-1,357	-	-	-	-	-	-1,357	-
Cost of non-cash dividend distribution to equity holders		-95	-	-95	-	-	-	-	-	-95	-
Net change in fair value of cash flow hedges transferred to income statement		694	-	694	-	-	-	694	-	-	-
Other movements		129	-	129	-	-	-	-	-	129	-
Total other comprehensive income		**2,120**	**-**	**2,120**	**-**	**-**	**2,749**	**694**	**-**	**-1,323**	**-**
Balans as at 30 June 2010		**225,325**	**27,042**	**198,283**	**5,206**	**99,193**	**-4,604**	**-**	**-**	**94,336**	**4,152**

Consolidated statement of cash flows

In thousands of euro **For the six month period ended 30 June**	Note	2010		2009*	
Profit after income tax			**4,095**		**15,406**
Adjustments for:					
Depreciation of property, plant and equipment		5,391		5,528	
Amortisation of intangible assets		3,338		4,151	
Share of results of investments in equity accounted investees		-1,125		-2,115	
Result on sale of equity accounted investees (net of income tax)	9	1,076		-	
Results on sale of property, plant and equipment		155		-	
Reclassification to income statement of available-for-sale financial assets		-		-5,163	
Net finance expenses	14	3,357		3,164	
Income tax expense		1,838		5,363	
		14,030		10,928	
Change in amounts due to and due from customers and inventories		-44,825		-39,331	
Change in trade and other receivables		22,796		19,455	
Change in provisions and employee benefits		-7,743		-3,248	
Change in trade and other payables		-12,942		2,726	
			-28,684		-9,470
Dividends received from equity accounted investees			272		376
Interest paid		-4,040		-5,303	
Interest received		3,382		2,188	
Income taxes paid		-1,888		-4,821	
			-2,546		-7,936
Net cash from operating activities			**-26,863**		**-1,624**
Proceeds from sale of property, plant and equipment		2		18	
Proceeds from sale of subsidiaries (net of cash disposed of)	8	15,685		-	
Proceeds from sale of equity accounted investees	8	3,785		-	
Acquisition of intangible assets		-975		-1,549	
Acquisition of property, plant and equipment		-2,220		-4,953	
Acquisition of subsidiaries (net of cash acquired)	8	-65,813		-424	
Payment of deferred consideration relating to acquisitions		-862		-4,888	
Proceeds from the sale of an available-for-sale financial asset		-		6,377	
Repayments from and acquisition of other investments, net		-94		-1,532	
Net cash used in investing activities			**-50,492**		**-6,951**
Dividends paid	11	-11,229		-18,246	
Proceeds from the issue of share capital	11	38,616		-	
Proceeds from the issue of loans and borrowings	12	62,128		-	
Payment of transaction costs related to loans and borrowings		-1,660		-	
Repayments of loans and borrowings		-88,172		-12,882	
Net cash used in financing activities			**-317**		**-31,128**
Movements in net cash position for the period			**-77,672**		**-39,703**
Cash and cash equivalents		29,670		29,450	
Bank overdrafts		-49,299		-36,021	
Net cash position as at 1 January			-19,629		-6,571
Effect of exchange rate fluctuations on cash held			983		220
Cash and cash equivalents		66,433		17,844	
Bank overdrafts		-162,751		-63,898	
Net cash position as at 30 June			-96,318		-46,054

** Certain comparative amounts have been reclassified to conform with current year's presentation. See note 5.*

Notes to the condensed consolidated interim financial statements

1. REPORTING ENTITY

Grontmij N.V. ('Grontmij') is a company domiciled in De Bilt, the Netherlands. The condensed consolidated interim financial statements of Grontmij as at and for the six months ended 30 June 2010 comprise Grontmij and its subsidiaries, all entities which Grontmij directly or indirectly controls (together referred to as the 'Group'), and the Group's interest in associates and jointly controlled entities.

2. GENERAL

These condensed consolidated interim financial statements have not been audited or reviewed by the external auditor.

3. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements for the six month period ended 30 June 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from Grontmij's registered office at De Holle Bilt 22, 3732 HM, De Bilt or at www.grontmij.com.

These condensed consolidated interim financial statements were prepared and authorised for issuance by the Executive Board on 18 August 2010. At the same date the condensed consolidated interim financial statements were discussed by the Supervisory Board.

4. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional currency of Grontmij is the euro. All amounts in these condensed consolidated interim financial statements are presented in euro, rounded to the nearest thousand, unless stated otherwise.

5. SIGNIFICANT ACCOUNTING POLICIES

Except as described below the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

Change in accounting policies
The following new standards, amendment to standards and interpretations which became effective as of 1 January 2010 were adopted by the Group:

- **Accounting for business combinations**

From 1 January 2010 the Group has applied IFRS 3 (Revised) *Business Combinations* (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and had a negative impact on earning per share of € 0.02 in the current period.
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.
There is a choice on a transaction-by-transaction basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.
All acquisition related costs, other than those associated with the issue of debt or equity instruments, that the Group incurs in connection with a business combination are expensed as incurred.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 *Consolidated and Separate Financial Statements* (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively, and had no impact on earnings per share in the current period.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holder and therefore no goodwill is recognised. The carrying amount of non-controlling interests is adjusted to reflect the relative change in interest in the subsidiary's assets. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Presentation

In the second half of 2009 Grontmij processed some presentation changes as disclosed in the consolidated financial statements as at and for the year ended 31 December 2009. These changes did not affect result, cash flow or equity in 2009.

Comparative amounts of the prior period have been reclassified to conform to the current year presentation.

6. ESTIMATES

The preparation of the condensed consolidated interim financial statements 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. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

7. FINANCIAL RISK MANAGEMENT

The objectives and policies of the Group's financial risk management are largely consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2009.

8. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

Subsidiary

On 18 June 2010 the Group obtained control of Ginger, a French engineering company, by acquiring 51.8% of the shares and voting rights in the company. The Group paid € 62.3 million in cash for the acquisition of the 51.8% of shares. The acquired cash is € -0.6 million and consequently the net cash outflow is € 62.9 million.

The purchase price allocation will be finalised in the second half of 2010 and therefore the difference between the acquisition price and equity value of Ginger is provisionally allocated to goodwill.

The total cash consideration of the offer is € 120 million, assuming acquisition of 100% of the shares.

The related acquisition costs were expensed in the consolidated income statement.

In the first half of 2010 Ginger attributed € 10.5 million to total revenue and € 0.2 million to net result, which had they been acquired at 1 January 2010 would have been € 146.6 million and € 2.5 million respectively (before non-recurring costs and acquisition costs).

Non-controlling interest

In March 2010 Grontmij GmbH (Germany) acquired the remaining 14% of the shares of Grontmij BGS Ingenieurs gesellschaft mbH for an amount of € 3 million. As a result of this acquisition an amount of € -961,000 was charged directly to equity.

9. DISPOSAL OF A SUBSIDIARY AND EQUITY ACCOUNTED INVESTEE

Subsidiary

On 30 June 2010 the Group reached agreement regarding the sale of Kontrola GmbH & Co KG and Kontrola GmbH to Bouwfonds Property Development. The proceeds from this sale (net of cash disposed of) amounted to € 15.7 million and the result on this sale is nil.

Equity accounted investee

On 30 June 2010 the Group also reached agreement on the sale of its 49% share in Oolder Veste to Bouwfonds Property Development. The cash proceeds from this sale amounted to € 3.8 million and it resulted in a book loss of € 1.1 million.

10. CASH AND CASH EQUIVALENTS

Of the total balance of cash and cash equivalents an amount of € 3 million is restricted.

11. EQUITY

Issuance of ordinary shares

In June 2010 369,801 ordinary shares were issued as a result of the stock dividend payment related to the period ended 31 December 2009.

In June 2010 1,785,080 ordinary shares were issued through an accelerated book build. The issue price was € 14.35 per share and resulted in a cash inflow of € 25.6 million.

As a result of the acquisition of Ginger another 905,923 ordinary shares were issued for the same issue price of € 14.35 per share and resulted in a cash inflow of € 13.0 million.

At 30 June 2010, the number of ordinary shares outstanding was 20,825,724 (31 December 2009: 17,764,920).

Dividend

Following the approval in May 2010 of the proposed dividend 2009, amounting to € 1.00 per share, an amount of € 17,764,920 was accrued for. In June 2010 € 11,229,000 cash dividend was paid and € 5,425,000 stock dividend. The remaining € 1,110,920 is tax on dividend and is paid in July 2010.

12. LOANS AND BORROWINGS AND BANK OVERDRAFT

In May 2010 Grontmij has implemented new funding whereby the € 60 million working capital facility and the acquisition loans of € 30 million and £19 million are replaced by a revolving credit facility of € 140 million.

On 22 June 2010, as a result of the acquisition of Ginger, the revolving credit facility of € 140 million amended to a € 260 million facility whereby the following split has been made:

- Tranche 1: € 85 million
  This is the remaining gross debt as per 30 June 2010 for the full 100% acquisition of Ginger. This loan will be redeemed in 2011, € 20 million, 2012, € 35 million and 2013, € 30 million. The first redemption will be on 15 June 2011. This redemption has been presented as current loans and borrowings.
  As per 30 June 2010 an amount of € 57.8 million stood as cash on a pledged account (to be used for the purchase of the remaining outstanding shares of Ginger). In the condensed consolidated statement of financial position this cash was netted of against the gross debt of € 85 million.
- Tranche 2: € 35 million
  This was a bridging loan for the acquisition of Ginger and has already been repaid in June 2010 with the proceeds of the issuance of the new shares.
- Tranche 3: € 140 million
  This is the base credit facility and is presented in the statement of financial position as bank overdraft.

This facility is provided by the syndicate ING Bank N.V., The Royal Bank of Scotland N.V. and Nordea Bank Denmark a/s. The maturity date of this € 260 million facility is 22 June 2013. The floating interest rate equals IBOR + 2.5 %.

The facility has conditions as total net debt/EBITDA leverage ratio, the interest cover ratio and the guarantor cover ratio. As at 30 June 2010, the Group meets these requirements.

13. SEGMENT REPORTING

Segment information is presented primarily in respect of the Group's management structure. In the beginning of 2010 the Group enhanced its strategy and as a result the business is restructured from geographical regions to business lines. The three business lines are: Planning & Design, Transportation & Mobility and Water & Energy. The internal management information structure has been adjusted to conform to these new business lines. Following this restructuring the operating segments of the Group have changed and therefore the segment reporting has been adjusted to conform the new management structure. Comparative amounts have been adjusted to conform to this new presentation.In addition, the Group recently acquired Ginger and they are now structured as a separate operating segment "French activities".

In thousands of euro **For the six month period ended 30 June**	Planning & Design	Transportation & Mobility	Water & Energy	French Activities	Total
2010					
External revenues	133,600	102,100	117,800	10,528	364,028
Intersegment revenues	-	-	-	-	-
Total revenue	133,600	102,100	117,800	10,528	364,028
Operating result before amortisation	5,100	5,800	3,400	126	14,426
Total assets	204,182	156,041	180,035	207,495	747,753
2009	Planning & Design	Transportation & Mobility	Water & Energy	French Activities	Total
External revenues	166,200	97,100	130,000	-	393,300
Intersegment revenues	-	-	-	-	-
Total revenue	166,200	97,100	130,000	-	393,300
Operating result before amortisation	8,600	6,800	9,300	-	24,700
Total assets	242,466	141,657	189,654	-	573,777

In thousands of euro **For the six month period ended 30 June**	2010	2009
Reconciliation of reportable segments total revenue		
Total revenue for reportable segments	364,028	393,300
Unallocated amounts:		
• non-core total revenue	11,759	22,573
Consolidated total revenue	375,787	415,873
Reconciliation of reportable segments operating result before amortisation		
Total operating result before amortisation for reportable segments	14,426	24,700
Unallocated amounts:		
• reclassification from equity of available-for-sale financial assets	-	5,163
• result on sale of equity accounted investees (net of income tax)	-1,076	-
• non-core and corporate expenses	-722	-1,779
Consolidated operating result before amortisation	12,628	28,084

Segmented reporting (continued)

In thousands of euro **For the six month period ended 30 June**	2010	2009
Reconciliation of reportable segments total assets		
Total assets for reportable segments	747,753	573,777
Unallocated amounts:		
• non-core, head-office and holdings and eliminations total assets	130,316	69,504
Consolidated total assets	878,069	643,281

14. NET FINANCE EXPENSES

Mid May 2010 the Group refinanced their existing credit facility whereby the acquisition loans and working capital facilities were replaced by a new revolving credit facility of € 140 million, see note 12. As a result of refinancing the facility the existing interest rate swap related to one of these acquisition loans is not effective anymore and therefore hedge accounting can not be applied. Consequently the negative value of the hedging reserve in equity of € 1.1 million has been released to the income statement, as a finance expense.

Also as a result of refinancing, the term loan facilities were repaid. The not yet amortised cost of € 562,000 on these term loan facilities were directly expensed through the income statement.

15. INCOME TAX

The income tax presented in the condensed consolidated interim financial statements is based on the expected estimated average annual effective income tax rate applied to the pre-tax income for the interim period. The Group's consolidated effective tax rate in the first half year was 31.0% (first half year 2009: 25.8%). The increase in the effective tax rate is mainly due to higher earnings in countries with a relative high nominal tax rate (Belgium and Germany) and lower tax exempt contributions in the Netherlands.

16. RELATED PARTIES

As former main shareholder and CEO of Ginger, Mr. J.L. Schnoebelen sold his Ginger shares to Grontmij and reinvested part of his cash proceeds in Grontmij shares. On 18 June 2010, a total number of 905,923 Grontmij shares were placed with Mr J.L. Schnoebelen through a private placement at a price of € 14.35 per share. Mr J.L. Schnoebelen has accepted a lock up in relation to these shares, for a minimum period of 180 days following the private placement.

In his new role Mr J.L. Schnoebelen will remain CEO of Ginger until 30 June 2012. Further, he is appointed as Group Director and therefore part of the Group Executive Committee.

17. SUBSEQUENT EVENTS

On 2 July 2010 the Group successfully purchased 683,207 shares representing a further 16.1% of the shares of Ginger at the offer price of € 28.20. The Group's shareholding stands then at 67.9%.

On 23 July 2010 the Group announced that the public offer for all remaining Ginger shares was opened. The shareholders of Ginger may as from that date offer their shares to the Group at a price of € 28.20 per Ginger share.

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