ARCADIS

Infrastructure · Water · Environment · Buildings

Imagine the result

INTERIM FINANCIALS 2012

ARCADIS
Infrastructure · Water · Environment · Buildings

ARCADIS NV

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

FIRST HALF YEAR 2012 ENDED JUNE 30, 2012

Introduction

This report contains the semi-annual financial report of ARCADIS NV (‘the Company’ or ‘the Group’). The principal activities of the Company and its subsidiaries (‘the Group’) are described in the management report hereafter.

The semi-annual financial report for the six months ended June 30, 2012 consists of the condensed consolidated interim financial statements, the interim management report including risk assessment and the responsibility statement by the Company’s Executive Board. The information in this semi-annual financial report is unaudited.

ARCADIS
Infrastructure · Water · Environment · Buildings

MANAGEMENT REPORT FIRST HALF YEAR 2012

For the first six months of 2012 growth of gross revenue was 29%, net revenue 30%, while net income from operations grew 28%.

Good strategic progress was achieved during the first half year. In early April, the merger with Langdon & Seah (L&S) added 2,800 employees in 10 Asian countries and US$125 million in revenues. With this major strategic step, the Company strengthened its position in Asia considerably and now has a solid platform for growth in that region. In the first half year, the integration with EC Harris in the UK and Europe was fully designed and planned. Integration investments will continue in the second half of 2012, supporting higher profitability of EC Harris in 2013. EC Harris revenue synergies are now at €18 million. Furthermore, in July, the acquisition of BMG in Switzerland added 50 people, and annual gross revenues in Environment of €8 million. This step is important because of the direct access to a number of large multinational clients, who we will be able to serve with a broader range of ARCADIS global capabilities.

Key figures

Amounts in millions unless otherwise noted	First half year		
	2012	2011	Δ
Gross revenue	**1,228**	956	29%
Net revenue	**910**	702	30%
EBITA	**71.3**	75.7	-6%
EBITA *recurring* [1)]	**75.4**	68.3	10%
Net income	**37.9**	41.4	-9%
Ditto, per share (in €)	**0.54**	0.63	-14%
Net income from operations [2)]	**47.2**	37.0	28%
Ditto, per share (in €) [2)]	**0.68**	0.56	21%
Average number outstanding shares (millions)	**69.7**	65.9	

1) 2012 excluding acquisition costs Langdon & Seah; 2011 excluding profit on the sale of AAFM
2) Before amortization and non-operational items

Analysis

In the first six months of 2012 gross revenues rose 29%. The currency effect was 4%, the contribution from acquisitions 19%, while organic growth amounted to 6%. Net revenues were 30% higher, also with a 4% currency effect and a contribution from acquisitions of 21%. Organic growth in net revenues was 4%.

EBITA amounted to €71.3 million (2011: €75.7 million) but corrected for the effect of the sale of AAFM last year and acquisition cost for L&S this year, recurring EBITA was up 10%. The currency effect was 7%. The acquisitions of EC Harris, and L&S, net of option costs related to these acquisitions, contributed 11%, while the deconsolidation of the Brazilian energy activities had an impact of -17%. Organically, recurring EBITA rose 9%, despite the one-off charges in Poland. Main contributors to the improvement were the UK, Netherlands, Brazil, and the US. Following poor performance in 2011 and the appointment of a new Polish CEO earlier this year, a review of the Polish business resulted in a non-cash charge of €5.3 million. The non-cash charge was created for overstated work in progress, project cost overruns and re-scoping of road projects by the client.

Costs for reorganization and integration amounted to €6.7 million (2011: €8.6 million). Operational EBITA rose 26% to € 82.1 million (2011: 65.1 million).

The margin (recurring EBITA) was 8.3% (2011: 9.7%), while the operational margin was 9.0% (2011: 9.4%). Excluding EC Harris and L&S the operational margin in our underlying business improved to 9.7% (2011: 9.4%).

Financing charges amounted to €10.5 million (2011 €12.3 million) and the tax rate 29% (2011: 25.5%). Net income from operations rose 28% to €47.2 million (2011: €37.0 million).

At €2.8 million, operational cash flow in the first half year was considerably stronger than last year (- €33.5 million). Working capital was at 17.9% and slightly higher than in the first quarter (17.6%). Net debt amounted to €403 million (year-end 2011: €283 million) due mainly to acquisitions. The net debt to EBITDA ratio (according to bank covenants) was 1.7 (year-end 2011: 1.4).

Developments by business line

Figures noted below concern gross revenues for the first half year 2012 compared to the same period last year, unless otherwise mentioned.

- ***Infrastructure*** *(27% of gross revenues)*
  Gross revenues grew 27% of which 11% resulted from acquisitions (EC Harris). The currency effect was negligible. Organic growth for gross revenues was 16%, net revenues 13%. The difference is due to subcontracting during the finalization of the Floriade project in the Netherlands. Growth came mainly from Brazil and Chile, where mining and energy investments continued and a large hydropower project was won. Public markets also offer ample opportunities in South America. Reduced government spending caused declines in the Netherlands and Belgium, while project issues affected performance in Poland. In France, transportation projects pushed growth. In Abu Dhabi a large port project was won.
- ***Water*** *(15% of gross revenues)*
  Gross revenues rose 11%. The currency effect was 6%; the contribution from acquisitions (EC Harris) 3%. Organically, gross revenues rose 2%, while the organic decline in net revenues slowed to 3%. Compared to last year, the US market is stabilizing, supported by industrial water projects and new opportunities emerging in local municipalities. Growth was strong in Chile and Brazil. The Middle East, UK and the Netherlands generated growth in water treatment. The water management market is still difficult due to lack of public funding.
- ***Environment*** *(33% of gross revenues)*
  Gross revenues increased 11% The currency effect was 7%; the deconsolidation in Brazil had a negative effect of 1%. Organically, gross revenues rose 5%, net revenues 3%. The main cause for the slowdown from previous quarters is the delay in issuing new projects by the US federal government and the completion of major emergency response field projects. US private sector clients have continued their environmental

investments and as a result core industrial bookings are significantly ahead of last year. The South American environmental market is driven by mining and energy investments. In Europe the government markets experienced cutbacks, while industrial clients continue to invest. A project was won to advise more than 150 European cities on climate change.

- ***Buildings** (25% of gross revenues)*
  Gross revenues rose 84%, mainly as a result of recent acquisitions (EC Harris, L&S). The currency effect was 5%. Organically, gross revenues were down by 6% and net revenues 3%. With public spending under pressure in many European countries and the US, activities in government markets declined. The uncertain economy is also affecting investment decisions of private sector clients. Nevertheless we saw a strong performance in retail, banking and aviation sectors in France, Belgium, and the UK, while RTKL performed well in Asia and the Middle East. EC Harris performed according to expectations, grew backlog, won a €45 million assignment in Qatar and was named single source supplier to Lloyds Banking group in the UK.

Outlook

In the **Infrastructure market** we have a strong basis for sustained growth. We are involved in many large, multi-year projects and despite budget pressure, governments do their utmost to continue these projects, also by using private financing. In Brazil and Chile the market remains favorable as a result of mining and energy investments, while also recent public sector wins in Chile (metro systems) and opportunities in Brazil (Olympic Games, rail, airports, and water) give confidence. The situation in local markets in Europe is not expected to improve in the short run, resulting in price pressure. In the US, a new $105 billion transportation bill may yield work.

In the **Water market** we expect further stabilization in the course of the year. In the US we saw strong order intake during the second quarter. In addition to public sector pursuits, we have started programs to drive expansion with industrial clients, which are already yielding results in the US and will be expanded to Europe. We are also focusing on further penetrating in water treatment in Europe and on seizing opportunities in South America and the Middle East. As a result of flooding in urban deltas and climate change, demand for water management is growing, but financing is still often a limiting factor.

In the **Environmental market** we foresee continued growth with industrial clients in the US and to a lesser extent in Europe – now also including Switzerland. Our client-focused approach and advanced technology are strong differentiators, especially in complex projects and portfolios of sites. Reduced public sector investment impacts growth in Europe and with the US federal government. Mining and energy yield significant work in North America, Brazil and Chile with opportunities elsewhere in South America, Africa, and Asia.

In the **Buildings market** our position has been considerably strengthened due to the mergers with EC Harris and L&S, with synergy opportunities presenting themselves in Europe, the Middle East, Latin America and Asia. The property market in the Netherlands is under pressure but stable in other European countries. In the US there are indications that this market is starting to pick up, although healthcare investments are lagging. RTKL offsets this through international expansion. The market in China and the Middle East offers ample opportunity in hospitality, commercial/retail and in social infrastructure investments including healthcare, civic and education facilities.

We achieved organic growth despite the continued economic uncertainty in Europe and the slower economic recovery in the US. Our backlog is healthy and increased organically 5% vis-à-vis the end of 2011. Government investments in Europe and the US remain under pressure. In the private sector, investment decisions may be affected by economic uncertainty. Nevertheless, we see that the emerging markets of South America, Asia and the Middle East offer ample opportunities for growth. With our expanded emerging market capabilities through L&S and EC Harris we expect to continue to benefit from these opportunities. Integration of EC Harris will continue in the second half year, which will lead to cost synergies as of 2013. In Europe we will review our businesses in the second half of the year, to improve performance. Based on the developments in the geographies and business lines, we expect continued organic growth. Maintaining, and, where possible, improving margins remains an important priority. Further strengthening our capabilities through add-on acquisitions stays on the agenda. For full year 2012 we expect increased revenues both organically and from recent acquisitions. We expect net income from operations to increase by 20 – 25%. This is barring unforeseen circumstances.

Risk Assessment

In our Annual Report 2011, we have extensively described risk categories and risk factors that could adversely affect our business and financial performance. These risks factors are deemed to be included by reference in this report.

For the remainder of 2012, we see the following particular risks and uncertainties, which might result in pressure on revenues and income:

- A further tightening of European government finances, especially if directed at large projects.
- Reduced private sector investments induced by continued sovereign debt uncertainties
- The inability of the Company to attract sufficient qualified staff, especially in the booming markets of Brazil and Chile, hampering its ability to grow.
- The possibility of a slowdown in the Chinese buildings market.

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 report contains the semi-annual figures of ARCADIS NV for the first six months of 2012. This report consists of the semi-annual 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 semi-annual financial statements, which have been prepared in accordance with IAS 34, *'Interim Financial Reporting'* and additional Dutch disclosure requirements for half-yearly 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 semi-annual 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, August 1, 2012

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

ARCADIS
Infrastructure · Water · Environment · Buildings

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in € millions

Assets	*Note*	**June 30, 2012**	December 31, 2011
Intangible assets	*5*	**589.4**	501.3
Property, plant & equipment		**77.7**	73.9
Investments in associates		**36.4**	24.0
Other investments		**0.2**	0.2
Deferred tax assets		**41.6**	34.2
Derivatives		**-**	-
Other non-current assets		**25.9**	18.3
Total non-current assets		**771.2**	651.9
Inventories		**0.7**	0.9
Derivatives		**0.2**	0.7
(Un)billed receivables		**771.6**	691.9
Corporate income tax receivable		**15.1**	8.8
Other current assets		**73.8**	46.6
Cash and cash equivalents		**182.3**	158.2
Total current assets		**1,043.7**	907.1
Total assets		**1,814.9**	1,559.0

Equity and liabilities			
Shareholders' equity		**485.9**	455.5
Non-controlling interests		**0.5**	(0.1)
Total equity	*6,7*	**486.4**	455.4
Provisions for employee benefits		**33.9**	38.6
Provisions for other liabilities and charges		**15.1**	13.2
Deferred tax liabilities		**41.5**	22.8
Loans and borrowings	*9*	**316.9**	371.4
Derivatives		**4.4**	5.2
Total non-current liabilities		**411.8**	451.2
Billing in excess of cost		**180.7**	169.2
Corporate tax liabilities		**9.9**	10.3
Current portion of loans and borrowings		**71.4**	0.7
Current portion of provisions		**10.5**	10.7
Derivatives		**4.8**	8.3
Accounts payable		**136.9**	154.3
Accrued expenses		**35.9**	32.1
Bank overdrafts		**50.8**	5.5
Short term borrowings		**135.2**	38.1
Other current liabilities		**280.6**	223.2
Total current liabilities		**916.7**	652.4
Total equity and liabilities		**1,814.9**	1,559.0

ARCADIS
Infrastructure · Water · Environment · Buildings

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in € millions, unless otherwise stated	*Note*	First half year **2012**	2011
Gross revenue		**1,228.4**	956.2
Materials, services of third parties and subcontractors		**(318.6)**	(254.2)
Net revenue		**909.8**	702.0
Operational cost		**(823.5)**	(620.6)
Depreciation		**(15.6)**	(13.2)
Other income		**0.6**	7.5
EBITA		**71.3**	75.7
Amortization identifiable intangible assets		**(6.0)**	(2.1)
Operating income		**65.3**	73.6
Net finance (expense) / income	*11*	**(10.5)**	(12.3)
Income from associates	*12*	**(0.6)**	0.9
Profit before income tax		**54.2**	62.2
Income taxes	*13*	**(15.9)**	(15.6)
Profit for the period		**38.3**	46.6
Other comprehensive income			
Exchange rate differences from foreign operations		**6.6**	(7.5)
Effective portion of changes in fair value of cash flow hedges		**0.6**	(3.3)
Actuarial (loss)/gain on post-employment benefit obligation		**1.1**	
Other comprehensive income, net of income tax		**8.3**	(10.8)
Total comprehensive income for the period		**46.6**	35.8
Profit for the period attributable to equity holders of the Company (net income)		**37.9**	41.4
Amortization identifiable intangible assets, net of taxes		**4.9**	1.3
Lovinklaan employee share purchase plan		**0.2**	0.2
Net effect of financial instruments			1.5
Non-recurring items[1]		**4.2**	(7.4)
Net income from operations		**47.2**	37.0
Profit attributable to:			
Equity holders of the Company (net income)		**37.9**	41.4
Non-controlling interests		**0.4**	5.2
Profit for the period		**38.3**	46.6
Total comprehensive income attributable to:			
Equity holders of the Company		**46.2**	31.1
Non-controlling interests		**0.4**	4.7
Total comprehensive income		**46.6**	35.8
Earnings per share (in euros)			
- Basic	*8*	**0.54**	0.63
- Diluted		**0.53**	0.61

[1] In 2012 the non-recurring items relate to the acquisition cost for Langdon & Seah, while in 2011 the result on the divestment of AAFM activities was included

ARCADIS
Infrastructure · Water · Environment · Buildings

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, 2010	1.3	106.8	(3.9)	(20.9)	309.5	392.8	18.4	411.2
Profit for the period					41.4	41.4	5.2	46.6
Exchange rate differences				(7.0)		(7.0)	(0.5)	(7.5)
Effective portion of changes in fair value of cash flow hedges			(3.3)			(3.3)		(3.3)
Other comprehensive income			(3.3)	(7.0)	-	(10.3)	(0.5)	(10.8)
Total comprehensive income for the period			(3.3)	(7.0)	41.4	31.1	4.7	35.8
Transactions with owners of the Company:								
Dividends to shareholders					(30.9)	(30.9)	(2.2)	(33.1)
Share-based compensation					3.2	3.2		3.2
Taxes related to share-based compensation					(0.1)	(0.1)		(0.1)
Purchase of own shares					(18.2)	(18.2)		(18.2)
Options exercised					1.9	1.9		1.9
Acquisition of non-controlling interests					(0.3)	(0.3)	(0.7)	(1.0)
Total transactions with owners of the Company					(44.4)	(44.4)	(2.9)	(47.3)
Balance at June 30, 2011	1.3	106.8	(7.2)	(27.9)	306.5	379.5	20.2	399.7
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**
Exchange rate differences				**6.6**		**6.6**	**-**	**6.6**
Taxes related to employee benefit obligations					**1.1**	**1.1**		**1.1**
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**

ARCADIS
Infrastructure · Water · Environment · Buildings

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	First half year **2012**	2011
Cash flows from operating activities		
Profit for the period	**38.3**	46.6
Adjustments for:		
- Depreciation and amortization	**21.6**	15.3
- Taxes on income	**15.9**	15.6
- Net finance expense	**10.5**	12.3
- Income from associates	**0.6**	(0.9)
	86.9	88.9
Share-based compensation	**4.6**	3.2
Sale of activities and assets, net of cost		(7.4)
Change in fair value of derivatives in operating income	**(2.3)**	0.7
Settlement of operational derivatives	**2.9**	(1.0)
Change in inventories	**0.2**	(0.1)
Change in receivables	**(59.3)**	(58.3)
Change in provisions	**(5.9)**	3.7
Change in billing in excess of costs	**(14.4)**	(9.5)
Change in current liabilities	**16.2**	(25.5)
Dividend received	**0.4**	0.2
Interest received	**1.7**	1.6
Interest paid	**(12.3)**	(12.3)
Corporate tax paid	**(15.9)**	(17.7)
Net cash from operating activities	**2.8**	(33.5)
Cash flows from investing activities		
Investments in (in)tangible assets	**(14.0)**	(19.0)
Proceeds from sale of (in)tangible assets	**0.5**	0.1
Investments in consolidated companies	**(46.8)**	(5.3)
Proceeds from sale of consolidated companies	**-**	9.1
Investments in associates and other financial non-current assets	**(5.4)**	(6.2)
Proceeds from sale of associates and other financial non-current assets	**1.3**	6.3
Net cash used in investing activities	**(64.4)**	(15.0)
Cash flows from financing activities		
Proceeds from options exercised	**6.7**	1.9
Purchase of own shares	**(28.5)**	(18.2)
Settlement of financing derivatives	**(5.2)**	(5.9)
New long-term loans and borrowings	**0.5**	331.7
Repayment of long-term loans and borrowings	**(0.3)**	(313.8)
Drawings / (repayments) of short-term borrowings	**96.9**	37.1
Dividend paid	**(33.5)**	(31.7)
Net cash from financing activities	**36.6**	1.1
Net change in cash and cash equivalents less bank overdrafts	**(25.0)**	(47.4)
Exchange rate differences	**3.8**	(2.3)
Cash and cash equivalents less bank overdrafts at January 1	**152.7**	198.2
Cash and cash equivalents less bank overdrafts at June 30	**131.5**	148.5

ARCADIS
Infrastructure · Water · Environment · Buildings

SEGMENT INFORMATION

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.

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

Segment	Gross Revenue external		Total Gross revenue	
	First half year		First half year	
	2012	2011	**2012**	2011
The Netherlands	**165.9**	164.0	**167.8**	165.4
Europe, excluding the Netherlands	**320.6**	156.8	**322.6**	158.7
United States	**576.0**	520.2	**576.8**	520.7
Emerging Markets	**165.9**	115.2	**167.4**	115.2
Total segments	**1,228.4**	956.2	**1,234.6**	960.2
Inter-segment revenue			**(6.2)**	(4.0)
Total consolidated	**1,228.4**	956.2	**1,228.4**	956.2

Segment	EBITA		Total Assets	
	First half year		As per June 30	
	2012	2011	**2012**	2011
The Netherlands	**10.0**	8.2	**175.9**	188.9
Europe, excluding the Netherlands	**3.8**	1.7	**521.2**	302.4
United States	**49.2**	40.9	**756.7**	634.4
Emerging Markets	**13.2**	20.9	**220.7**	183.3
Total segments	**76.2**	71.7	**1,674.5**	1,309.0
Corporate and unallocated	**(4.9)**	(3.4)	**140.4**	58.7
Result on divestment of AAFM		7.4		
Total consolidated	**71.3**	75.7	**1,814.9**	1,367.7

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

	First half year	
	2012	2011
EBITA for reportable segments	**76.2**	71.7
Corporate and unallocated	**(4.9)**	(3.4)
Amortization	**(6.0)**	(2.1)
Result on divestment of AAFM		7.4
Operating income	**65.3**	73.6
Net finance expense	**(10.5)**	(12.3)
Income from associates	**(0.6)**	0.9
Profit before taxes	**54.2**	62.2

Geographical information differs from the segment information above because of the activities of:

- RTKL, which geographically is also represented in Europe and in Emerging Markets;
- APS, which through APS Gulf is also represented in Emerging Markets;
- 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
	2012	2011
The Netherlands	**165.9**	164.0
Europe, excluding the Netherlands	**273.4**	161.0
United States	**560.1**	510.1
Emerging Markets	**229.0**	121.1
Total	**1,228.4**	956.2

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, 2012 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 20 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, 2011, 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 August 1, 2012.

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 the same main judgements, estimates and assumptions in the application of the accounting policies and valuation principles as used for the preparation of the 2011 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

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 2011 consolidated financial statements. None of the amendments to the IFRS standards as applicable from January 1, 2012 onwards, are relevant for the Company and as such will not have an impact on these condensed consolidated interim financial statements.

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

5. Changes in consolidated interests

Per April 11, 2012 ARCADIS acquired Davis Langdon & Seah, a cost and project management consultancy working across Asia, with 2,800 people working from 37 office locations in 10 countries. In addition to its core activities, this company provides cost engineering services to the oil, gas and petrochemical industries and due diligence advisory services and dispute resolution/litigation support. Since May 18, 2012 the name of the company has been changed in Langdon & Seah ('L&S'). ARCADIS obtained 100% of the shares of Langdon & Seah Holdings Ltd., Hong Kong and Langdon & Seah Singapore Pte Ltd, Singapore, and consequently became owner of the subsidiaries and associates included in the Langdon & Seah Group.

The acquisition supports ARCADIS' ambitions to expand footprint in Asia, and offers many synergy opportunities. These include the expansion of the Built Asset Consultancy services, higher in the value chain, additionally building a platform to further grow our services in Water and Environment, and for Multi National Clients. The acquisition also fits ARCADIS' strategic goal to build a leading position in program management and related services.

Business combinations

In the three months to June 30, 2012, the acquisition of Langdon & Seah contributed € 24.4 million to ARCADIS gross revenue. The contribution to the consolidated profit for the period amounted to € 1.5 million, which is excluding financing and acquisition expenses related to these acquisition and after net amortization of identifiable intangible assets of € 1.3 million. If the acquisition had occurred on January 1, 2012, management estimates that the consolidated gross revenue for the first half year would have been in total € 1,252 million and the consolidated profit for the period excluding acquisition expenses related to the acquisition and after amortization of identifiable intangible assets, would have been € 40 million.

The total consideration related to this acquisition amounted to € 101.9 million, consisting of € 61.4 million in cash, € 33.2 million in ARCADIS shares and € 7.3 million deferred consideration. The fair value of the ordinary shares issued to finance the acquisition was based on the listed average share price of ARCADIS NV at April 11, 2012 of € 15.08 per share.

The total costs related to acquisition amount to € 4.2 million.

The purchase accounting for Langdon & Seah 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 interim financial report.

The 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 the acquisition of L&S is expected not to be tax-deductible for income tax purposes.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at acquisition date.

Assets	
Intangible assets	30.9
Property, plant & equipment	4.3
Other non-current assets	3.6
Deferred tax assets	2.4
(Un)billed receivables	40.3
Provision for bad debts	(2.5)
Other current assets	4.2
Cash and cash equivalents	15.5
Total assets	**98.7**
Liabilities and non-controlling interests	
Provisions	2.0
Deferred tax liabilities	7.0
Billing in excess of cost	22.8
Corporate tax liabilities	3.4
Trade and other current liabilities	22.4
Non-controlling interests	0.2
Total liabilities and non-controlling interests	**57.8**
Total net identifiable assets	**40.9**

The total goodwill arising from the acquisition has been recognized as follows:

Total consideration transferred	101.9
Fair value of identifiable assets	(40.9)
Goodwill on equity accounted associates	(9.3)
Goodwill (provisional)	**51.7**

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 2012 1,789,300 shares were repurchased. Through the exercise of options 704,179 shares were reissued. The options were exercised at a weighted average price of € 9.53 per share. Additionally, 124,224 shares granted in 2009 under the 2005 Long-Term Incentive Plan became unconditional and as such were reissued again.

At June 30, 2012, the number of ordinary shares outstanding was 70,576,782 (December 31, 2011: 69,337,679).

7. Dividend

The dividend for the period ended December 31, 2011 was paid in May 2012. Based on the number of shares outstanding and a declared dividend of € 0.47 per share, the total dividend paid in May amounted to € 33.5 million.

8. Earnings per share

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

		First half year
	2012	2011
Average number of issued shares	**72,803,229**	67,676,196
Average number of repurchased shares	**(3,132,953)**	(1,819,348)
Average number of outstanding shares*	**69,670,276**	65,856,848
Average number of diluting shares	2,186,495	2,213,255
Average number of diluted shares	**71,856,771**	68,070,103
*Of which:		
Priority shares	**600**	600
Ordinary shares	**69,669,676**	65,856,248

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.

		First half year
Earnings per share (in euros)	**2012**	2011
- Basic	**0.54**	0.63
- Diluted	**0.53**	0.61
Net income from operations per share (in euros)		
- Basic	**0.68**	0.56
- Diluted	**0.66**	0.54

ARCADIS
Infrastructure · Water · Environment · Buildings

9. Loans and Borrowings

In the first half of 2012 ARCADIS negotiated no new committed debt and extended the maturity of one bilateral committed facility of €25 million until 2015. ARCADIS made use of the €150 million Revolving Credit Facility (RCF) to help finance acquisitions and ongoing business, with current usage on this particular facility being €100 million.

10. Share-based payments

Options and incentive shares

In the first half of the year, 1,809,000 options were granted under the Company's Long-term Incentive Plan 2010. This includes the 750.000 options granted to the employees of the recently acquired Langdon & Seah. The fair value of the options granted and the assumptions used in calculating the related option cost were as follows:

	Acquisition Langdon & Seah	**May options 2012**	**Other 2012**	First half year 2011
Fair value at grant date	4.56	3.49 – 3.84	2.41 – 3.82	2.68 – 3.21
Exercise price	14.72	15.74	15.35	16.18
Expected dividend yield	2.85	2.89	2.85	2.85
Risk-free interest rate (%)	1.61	1.56	1.61	3.05
Expected volatility (%)	42.06	42.15	42.12	41.59
Expected life of options (years)	5	5	5	5
Expected forfeitures (%)	11.0	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 147,500 in first half of 2012. The share price at grant date was €15.74 (2011: € 16.18).

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.

11. Net finance expense

Financing charges were € 10.5 million (2011: € 12.3 million). The 2011 figure included € 3.9 million costs relating to the corporate refinancing in that year. Excluding this, like-for-like costs are higher reflecting the increased debt levels in the Group, mainly relating to the financing of recent acquisitions.

12. Income from associates

Effectively per December 31, 2011, ARCADIS Logos ceased control of its subsidiary ARCADIS Logos Energia S.A., which consequently in 2012 has been recognized as an associate, using the equity-method. Additionally, with the acquisition of Langdon & Seah their Malaysian subsidiary is accounted for as an equity-accounted associate, since ARCADIS did not obtain control over this entity.

13. 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 2012 is 29% (2011: 25.5%). The increase in the effective tax rate is mainly resulting from non-compensable losses in the Polish business, higher non-deductible acquisition costs and the geographical spread of the Company's results.

14. 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, 2012, 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, 2011.

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

15. Subsequent events

In July, ARCADIS announced the acquisition of BMG in Switzerland, a 50 people firm with gross revenues of €8 million. This acquisition will provide direct access to a number of large multinational clients.

Amsterdam, the Netherlands, August 1, 2012
The Executive Board

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

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the 6 month-period ended June 30, 2012 of ARCADIS NV, Arnhem, which comprises the condensed consolidated statement of financial position as at June 30, 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the selected explanatory notes for the 6 month-period then ended. Management 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 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, 2012 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*, as adopted by the European Union.

Amstelveen, The Netherlands, August 1, 2012

KPMG Accountants N.V.

R.P. Kreukniet RA