H1 Interim Report 2009

Condensed Consolidated
Interim Financial statements
Wavin N.V.
for the six months ended 30 June 2009
(Unaudited)

Pipe Systems & Solutions

Contents

First Half Year 2009 Results

Summary H1

- Difficult overall market conditions with signs of demand stabilisation in recent months
- Restructuring programmes deliver annualised savings ahead of targeted EUR 40 million. Headcount reduced by 1350 FTE's year-on-year
- Revenue EUR 572 million, a decrease of 31%. Like-for-like revenue in H1 down 27%
- Ebitda[(1)] EUR 45.5 million (H1 2008: 91.9 million)
- Net loss of EUR 7.2 million in H1 includes restructuring charges of EUR 12.9 million before tax
- Successful completion of EUR 227 million rights issue in July

Summary Q2

- Q2 like-for-like revenue decline of 24% vs. 31% drop in Q1 2009
- Ebitda in Q2 EUR 38.4 million. Strong margin recovery from 2.8% in Q1 to 12.0% in Q2, equal to same period last year
- Net profit of EUR 14.2 million in Q2

Wavin Group *Key figures in EUR million*	**H1 2009**	H1 2008	change
Total Revenue	**572.1**	833.8	- 31.4%
Revenue breakdown Business Units:			
Building & Installation	**222.0**	325.4	-31.8%
Civils & Infrastructure	**341.0**	496.8	-31.4%
Ebitda[(1)]	**45.5**	91.9	- 50.5%
As percentage of revenue	***8.0%***	*11.0%*	
Operating result[(2)]	**2.0**	50.8	- 96.1%
Net result	**-7.2**	24.8	
Recurring net result	**2.1**	31.8	- 93.4%
Net debt	**549**	681	- 19.4%
Per share data (EUR)			
Earnings per share	**-0.10**	0.30	

The figures included in this release are unaudited
All references to like-for-like revenue reflect organic revenue at constant currencies
(1) All references to Ebitda reflect operating result before depreciation, amortisation and non-recurring items
(2) All references to operating result include non-recurring items

Philip Houben, Wavin CEO: *"Under very challenging market circumstances, we have consistently focussed on cost control and cash generation. We are fully on track in cutting 40 million Euro from our cost base and have reduced working capital by more than 100 million. The second quarter shows a strong rebound in our operating margins as a result of these restructuring measures, and I am pleased to report that the largest part of our operating result so far this year was realised in Q2. Net result during this recent quarter was positive.*
We also take our responsibility as industry leader and continue to invest in innovation, where we especially target the areas of Water Management and Hot & Cold.
We have significantly deleveraged our balance sheet. With the successful completion of the rights issue in July and our renegotiated debt facilities, we have now secured a financial structure that is sufficiently resilient to steer the company through these difficult market circumstances and to further build on our leading market position."

Revenue
In the first half of 2009, total revenue declined by 31.4% to EUR 572.1 million. Like for like revenue decreased 27.3%. The pace of the like-for-like revenue decline in Q2 slowed to minus 24.2% compared to minus 30.7% in Q1. The first quarter was extremely difficult due to a combination of unprecedented market decline and a relatively harsh winter.

Both Wavin's business units were similarly affected by the strong decline in construction activities across Europe. In Building & Installation (above ground pipe systems and solutions) H1 revenue decreased by 31.8% to EUR 222.0 million, compared to 2008. In Civils & Infrastructure (below ground pipe systems and solutions) revenue for the first six months was 31.4% below last year at EUR 341.0 million.

Ebitda and Ebitda margin
Ebitda in H1 2009 decreased by EUR 46.4 million or 50.5% to EUR 45.5 million. Overall H1 Ebitda margin amounted to 8.0%, against 11.0% in the first half of 2008.The impact of currency translation losses on Ebitda was approximately EUR 7.4 million. In Q2 an Ebitda of EUR 38.4 million was realised.
Restructuring projects in various countries have lowered the cost base structurally. Together with lower input prices, these measures contributed to a solid margin recovery. Q2 margin of 12.0% virtually equalled Q2 2008 level of 12.1% whereas margin in Q1 2009 was only 2.8%.

Non-recurring items in operating result
Restructuring costs in H1 totalled EUR 12.9 million and were mainly related to redundancy charges. Together with measures taken last year, this will lead to annualised cost savings ahead of the targeted EUR 40 million. A large part of these savings were already contributing in the reporting period.

Financing costs and tax
Net financing costs amounted to EUR 11.9 million versus EUR 20.0 million in the same period last year. This decrease was a result of lower interest rates and a lower average net debt position. In line with the lower operating result, income tax expense decreased by EUR 10.8 million to EUR 1.6 million income (H1 2008: EUR 9.2 million expense).

Net result
Net loss in H1 2009 of EUR 7.2 million compares to a net profit of EUR 24.8 million in H1 2008. A net profit of EUR 14 million was realised in Q2. Net result includes cumulative restructuring charges before tax of EUR 12.9 million. Excluding non-recurring items, net profit amounted to EUR 2.1 million over the first half year.

Cash flow
Compared to 31 December 2008, trade working capital increased EUR 103.1 million to EUR 225.7 million as a result of the seasonal peak in working capital requirement. The absolute level at 30 June was well below previous year due to a strict focus on working capital and lower revenue. Cash flow from operating activities amounted to negative EUR 48.4 million in H1 2009 compared to negative EUR 4.7 million in H1 2008. Lower operating results explain this difference.
Investments amounted to EUR 23.8 million (H1 2008: 35.7 million).

Net debt
Net debt at the end of the first half year amounted to EUR 548.6 million. The substantial reduction compared to a year ago (EUR 681 million per 30 June 2008) is a result of strict cash management and lower activity levels. Compared to 31 December 2008, when a net debt of EUR 461 million was reported, debt increased in line with the seasonal nature of Wavin's activities.

In July, Wavin successfully finalised a rights issue as part of a comprehensive refinancing solution. Under these arrangements, the company received a waiver for its H1 2009 debt covenants. The net proceeds of the rights issue will be used to pay down debt. The pro forma June 2009 net debt following the rights issue would be EUR 349 million.

Workforce
Wavin's workforce was reduced by approx 1350 FTE's compared to 30 June 2008. Wavin currently employs approximately 6,700 people.

Results per region

Revenue and Ebitda[1] (EUR million)	H1 2009	H1 2008	Change
Total Revenue	**572.1**	833.8	- 31.4**%**
Total Ebitda[1]	**45.5**	91.9	- 50.5%
North West Europe			
Revenue	145.4	171.7	- 15.3%
Ebitda[1]	11.0	14.0	- 21.4%
Margin	7.6%	8.2%	
UK/Ireland			
Revenue	106.3	175.0	- 39.3%
Ebitda[1]	5.2	19.9	- 73.9%
Margin	4.9%	11.4%	
South East Europe			
Revenue	91.7	131.5	- 30.3%
Ebitda[1]	5.7	10.8	- 47.2%
Margin	6.2%	8.2%	
Central & Eastern Europe			
Revenue	76.3	117.1	- 34.8%
Ebitda[1]	12.1	18.1	- 53.1%
Margin	15.9%	15.5%	
Nordic			
Revenue	70.7	115.6	- 38.8%
Ebitda[1]	2.6	10.3	- 74.8%
Margin	3.7%	8.9%	
South West Europe			
Revenue	65.6	96.8	- 32.2%
Ebitda[1]	3.4	12.6	- 73.0%
Margin	5.2%	13.0%	
Others			
Revenue	16.1	26.1	- 38.3%
Ebitda[1]	5.5	6.2	- 11.3%

[1] All references to Ebitda reflect operating result before depreciation, amortisation and non-recurring items

All regions felt the impact of the credit crisis on the building industry and performed significantly below last year both in revenue and Ebitda.

The North West Europe region was relatively less impacted than other parts of Europe. Especially the German market holds relatively well, with some pick up in demand in the Civils & Infrastructure business in the course of Q2. In the Netherlands, construction forecasts point towards a more challenging period ahead. Water Management projects for municipalities proved to be fairly resilient in this region.

The UK/Ireland region was the first area within the Wavin Group that felt the full effects of the financial crisis. Statistics indicate a more than 40% fall in housing starts in the UK in the period 2007-2009. Compared to Q1 we saw signs of stabilisation in the UK in Q2, albeit at a very low level. In Ireland construction output is at a historically low with some 14,000 housing starts this year, compared to approximately 50,000 two years ago. Additional restructuring measures were announced in the UK/Ireland region in H1.

In Wavin's South East Europe region Italy and Hungary report a continuation of poor market conditions. The Turkish market was relatively less impacted. In Romania production was started in a new plant.

In the Central and Eastern Europe region, Russia and Ukraine were hit hard by the economic crisis whereas Poland and Czechia held relatively better. The adverse situation in Central- and Eastern Europe also had a negative effect on the export activities of operating companies in neighbouring countries.

Within the Nordic region, Denmark is affected most by the economic downturn. Building activity there is the lowest in years and a substantial staff reduction has meanwhile taken place, whilst the Norwegian market was relatively less impacted. The Baltics present a gloomy construction activity picture.

In the South West Europe region, Wavin was confronted with the impact of a rapid market contraction in France but saw some indications of stabilisation in recent months.

Business Unit Developments

Both Wavin's Business units were similarly affected by the strong decline in construction activities across Europe especially by the drop in residential construction. Reduced consumer confidence and more difficult financing conditions led to fewer housing transactions and subsequently to lower activity levels in Repair, Maintenance and Improvement (RMI). Infrastructure related activities, driven by investments from governments and (water) utilities were relatively more resilient.

Building & Installation

Revenue *(EUR million)*	**H1 2009**	H1 2008	Change
Hot & Cold	**119.6**	179.4	**-** 33.3%
Soil & Waste	**75.7**	108.5	- 30.2%
Other Building Systems	**26.7**	37.5	- 28.8%
Total B&I	**222.0**	325.4	- 31.8%

In the Building & Installation business unit (above ground plastic pipe systems and solutions) revenue decreased 31.8% to EUR 222.0 million, representing 38.8% of total H1 revenue. All sub-segments in this business unit were affected by the contraction in residential construction throughout Europe. The Hot & Cold segment additionally suffered from the fact that Wavin has a strong position in this segment in the UK region, which was particularly hit by the construction slump. A decline in export activities to Russia and the Ukraine also worked out negatively.

Civils & Infrastructure

Revenue *(EUR million)*	**H1 2009**	H1 2008	Change
Foul Water	**174.1**	258.2	**-** 32.6%
Water Management	**67.4**	93.5	- 27.9%
Cable Ducting	**27.5**	42.0	- 34.5%
Water & Gas	**72.0**	103.1	- 30.2%
Total C&I	**341.0**	496.8	- 31.4%

The Civils & Infrastructure business (below ground plastic pipe systems and solutions) accounts for 59.6% of total Group revenue in H1 2009. Compared to H1 2008, where the effect of the credit crisis on the building sector was still limited, revenue decreased with 31.4% to EUR 341.0 million. A substantial part of the activities in the for Wavin important Foul Water Systems market are housing connections to the main sewer systems. This market suffers directly from the slump in new residential building.

The Water Management revenue development reflects the lower levels of investment in both commercial and residential building. The company expects this segment however to benefit from increased interest in sustainability. In the reporting period, 'Intesio' was introduced. This is a new umbrella brand under which Wavin's customised, end-to-end water management solutions will be marketed. This 'added value' brand is currently being rolled out in a number of key markets such as the UK, Denmark and the Netherlands.

In the Cable Ducting business a new range of protective duct closures was introduced, combining water tightness with tool-free installation. Wavin can now offer full 'Fibre-to-the-home' ducting solutions to its customers in Denmark, Norway, Sweden, Finland, the Netherlands, France and Poland.

Outlook
Visibility on macro-economic developments affecting the building industry is still very limited and the market environment will remain challenging throughout the year. Wavin does not foresee any significant improvement of construction activity levels in 2009. Revenue decline will continue in H2 but will be more moderate than in the first half year because of a more favourable comparison base. Barring unforeseen developments the company is confident that, as a result of all cost reduction measures, operating result in the second half of the year will be better than in the first half of 2009.
Following the recapitalisation in July, Wavin has created substantial financial headroom to steer the business through these challenging times and to further build on its leading market position.

Condensed Consolidated Interim Financial Statements

Consolidated balance sheet

(€ x 1,000)	Note	30 June 2009	31 December 2008	30 June 2008
Assets				
Property, plant and equipment		361,698	366,988	404,744
Intangible assets	9	491,744	480,740	506,220
Investments in associates		17,865	21,116	18,040
Other financial non-current assets	10	1,024	1,088	15,977
Deferred tax assets		9,577	9,796	9,564
Total non current assets		**881,908**	**879,728**	**954,545**
Inventories	6	153,300	172,101	244,589
Other current investments		24	24	70
Total trade and other receivables		337,182	270,385	459,928
Income tax receivable	11	3,514	2,159	1,305
Assets classified as held-for-sale		2,168	2,517	1,831
Cash and cash equivalents		62,657	48,847	17,787
Total current assets		**558,845**	**496,033**	**725,510**
Total assets		**1,440,753**	**1,375,761**	**1,680,055**
Equity				
Issued Capital		4,063	100,961	99,948
Share premium		222,920	126,029	127,058
Reserves		(32,588)	(31,015)	12,093
Retained earnings		127,402	133,040	136,277
Total equity attributable to equity holders of the company	12	**321,797**	**329,015**	**375,376**
Minority interest		**5,569**	**5,151**	**7,101**
Total equity		**327,366**	**334,166**	**382,477**
Liabilities				
Interest-bearing loans and borrowings	13	391,507	501,241	623,277
Employee benefits		14,298	15,632	18,583
Deferred government grants		63	63	75
Provisions	14	13,482	13,216	16,303
Deferred tax liabilities		108,551	108,339	121,546
Other non-current liabilities	10	17,054	13,105	1,546
Total non-current liabilities		**544,955**	**651,596**	**781,330**
Interest-bearing loans and borrowings	13	212,517	2	47,666
Bank overdrafts		7,246	8,679	28,221
Employee benefits		3,808	3,171	3,571
Provisions	14	12,676	7,576	14,017
Income tax payable	11	8,063	11,469	12,620
Trade and other payables		324,122	359,102	410,153
Total current liabilities		**568,432**	**389,999**	**516,248**
Total liabilities		**1,113,387**	**1,041,595**	**1,297,578**
Total equity and liabilities		**1,440,753**	**1,375,761**	**1,680,055**

Condensed Consolidated Interim Financial Statements

Consolidated income statement

For the six months ended 30 June

(€ x 1,000)	Note	2009			2008		
		Recurring	Non-recurring*	Total	Recurring	Non-recurring*	Total
Continuing operations							
Total revenue	5	572,123	-	572,123	833,798	-	833,798
Revenue discontinued operations		-	-	-	-	-	-
Revenue continuing operations		**572,123**	**-**	**572,123**	**833,798**	**-**	**833,798**
Cost of Sales		(427,528)	(5,378)	(432,906)	(617,196)	(4,660)	(621,856)
Gross profit (loss)		**144,595**	**(5,378)**	**139,217**	**216,602**	**(4,660)**	**211,942**
Other operating income		1,605	553	2,158	2,991	1,462	4,453
Selling and distribution expenses		(74,864)	(5,017)	(79,881)	(90,104)	(4,189)	(94,293)
Administrative expenses		(47,686)	(2,637)	(50,323)	(57,580)	(1,159)	(58,739)
Research and development expenses		(3,402)	(15)	(3,417)	(5,379)	-	(5,379)
Other operating expenses		(5,698)	(32)	(5,730)	(5,772)	(1,446)	(7,218)
Result from operating activities	5	**14,550**	**(12,526)**	**2,024**	**60,758**	**(9,992)**	**50,766**
Finance income		2,353	-	2,353	5,583	-	5,583
Finance expenses		(14,280)	-	(14,280)	(25,557)	-	(25,557)
Net finance costs		**(11,927)**	**-**	**(11,927)**	**(19,974)**	**-**	**(19,974)**
Share of profit of associates		1,111	-	1,111	3,158	-	3,158
Profit (loss) before income tax		**3,734**	**(12,526)**	**(8,792)**	**43,942**	**(9,992)**	**33,950**
Income tax (expense) / benefit	8	(1,644)	3,203	1,559	(12,127)	2,928	(9,199)
Profit (loss) for the period		**2,090**	**(9,323)**	**(7,233)**	**31,815**	**(7,064)**	**24,751**
Attributable to:							
Profit attributable to equity holders of the parent		1,275	(9,320)	(8,045)	31,143	(7,064)	24,079
Minority interest		815	(3)	812	672	-	672
Profit (loss) for the period		**2,090**	**(9,323)**	**(7,233)**	**31,815**	**(7,064)**	**24,751**

Earnings per share *(€ x 1)*	2009	2008**
Earnings per share	(0.10)	0.30
Earnings per share (weighted average)	(0.10)	0.30
Recurring earnings per share	0.02	0.39
Diluted earnings per share (weighted average)	(0.10)	0.30

* Non-recurring income and non-recurring expenses are significant one-off income and expenses out of the ordinary course of business which result from e.g. restructuring of activities, sale of assets, sale of associates, impairment charges and costs related to acquisition of activities which cannot be capitalised. Non-recurring income and non-recurring expenses are reported separately to give a better reflection of the operating performance of the Group for the periods concerned (for further details see note 7).

** In line with IAS 33.28 issued shares due to paid stock dividend in 2009 affected the (weighted average) number of shares for the comparative period in 2008 (see note 12).

Condensed Consolidated Interim Financial Statements

Consolidated statement of comprehensive income

For the six months ended 30 June

(€ x 1,000)	2009	2008
Profit (loss) for the period	**(7,233)**	**24,751**
Exchange differences on translating foreign operations	5,333	(3,542)
Fair value changes financial instruments	(3,987)	6,737
Share-based payment plan	43	(270)
Costs of shares issued	(9)	(38)
Income tax relating to components of other comprehensive income	1,025	(1,632)
Other comprehensive income (expense)	**2,404**	**1,255**
Total comprehensive income (expense) for the period	**(4,829)**	**26,006**
Attributable to:		
Equity holders of the company	(5,302)	24,852
Minority interest	473	1,154
Total comprehensive income (expense) for the period	**(4,829)**	**26,006**

Condensed Consolidated Interim Financial Statements

Consolidated statement of changes in equity

For the six months ended 30 June

(€ x 1,000)	Issued Capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008	**98,457**	**128,577**	**5,741**	**(805)**	**5,272**	**125,954**	**363,196**	**6,578**	**369,774**
Profit for the period	-	-	3,158	-	-	20,921	24,079	672	24,751
Reclassification reserves	-	-	716	-	-	(716)	-	-	-
Stock dividend	1,491	(1,491)	-	-	-	-	-	-	-
Cost of shares issued	-	(28)	-	-	-	-	(28)	-	(28)
Purchase own shares	-	-	-	-	-	(2,737)	(2,737)	-	(2,737)
Share-based payments	-	-	-	-	-	(201)	(201)	-	(201)
Dividends paid to shareholders	-	-	-	-	-	(9,935)	(9,935)	-	(9,935)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(631)	(631)
Dividends received from associates	-	-	(2,991)	-	-	2,991	-	-	-
Currency differences	-	-	-	(4,163)	139	-	(4,024)	482	(3,542)
Fair value changes financial instruments	-	-	-	-	5,026	-	5,026	-	5,026
Balance at 30 June 2008	**99,948**	**127,058**	**6,624**	**(4,968)**	**10,437**	**136,277**	**375,376**	**7,101**	**382,477**
Balance at 1 January 2009	**100,961**	**126,029**	**12,332**	**(34,111)**	**(9,236)**	**133,040**	**329,015**	**5,151**	**334,166**
Profit / (loss) for the period	-	-	1,111	-	-	(9,156)	(8,045)	812	(7,233)
Change of nominal value (see note 16)	(97,501)	97,501							
Reclassification			(1,187)	-	-	1,187	-	-	-
Stock Dividend	603	(603)	-	-	-	-	-	-	-
Cost of shares issued	-	(7)	-	-	-	-	(7)	-	(7)
Share based payment plans	-	-	-	-	-	32	32	-	32
Long Term Incentive Plan, shares issued	-	-	-	-	-	204	204	-	204
Dividends paid to shareholders	-	-	-	-	-	(2,120)	(2,120)	-	(2,120)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(55)	(55)
Dividends received from associates	-	-	(4,215)	-	-	4,215	-	-	-
Currency differences	-	-	-	5,690	(18)	-	5,672	(339)	5,333
Fair value changes financial instruments	-	-	-	-	(2,954)	-	(2,954)	-	(2,954)
Balance at 30 June 2009	**4,063**	**222,920**	**8,041**	**(28,421)**	**(12,208)**	**127,402**	**321,797**	**5,569**	**327,366**

Condensed Consolidated Interim Financial Statements

Consolidated statement of cash flows

For the six months ended 30 June

(€ x 1,000)	Note	2009	2008
Profit (loss) for the period		**(7,233)**	**24,751**
Adjustments to reconcile to cash flow from operating activities			
Depreciation and amortisation		30,942	30,868
Impairment losses		-	1,676
Net finance costs		11,927	19,974
Profit on sale of property, plant and equipment and intangible fixed assets		(136)	(1,584)
Share in profit of associates		(1,111)	(3,158)
Income tax expense	8	(1,559)	9,199
Operating profit before changes in working capital and provisions		**32,830**	**81,726**
Change in other receivables and other payables		(176)	23,832
Change in working capital		(84,707)	(115,496)
Change in provisions and employee benefits		3,640	5,275
Cash generated from (used in) operating activities		**(48,413)**	**(4,663)**
Interest received (interest paid) thirds		(5,953)	(20,254)
Income taxes received (paid)		(5,081)	(18,548)
Net cash from (used in) operating activities		**(59,447)**	**(43,465)**
Investments in property, plant & equipment paid		(21,164)	(27,804)
Investments in intangible assets paid		(2,666)	(7,869)
Proceeds from sold property, plant and equipment and intangible assets		347	6,056
Dividends received from associates		4,215	2,991
Proceeds from other non-current investments		100	(333)
Paid other non-current liabilities		1	(161)
Acquisition of consolidated companies, net of cash acquired		-	(46,952)
Net cash from (used in) investing activities		**(19,167)**	**(74,072)**
Shares issued under Long Term Incentive plan	12	204	-
New interest-bearing loans and borrowings		90,266	99,958
Repayment of long term borrowings		(82)	-
Use of credit facility		931	29,403
Costs share based payments		32	(201)
Costs of shares issued		(7)	(28)
Purchase of own shares		-	(2,737)
Dividends paid to the company's shareholders		(2,120)	(9,935)
Dividends paid to minority shareholders		(55)	(631)
Net cash from (used in) financing activities		**89,169**	**115,829**
Net increase (decrease) of cash and cash equivalents		**10,555**	**(1,708)**
Cash and cash equivalents at 1 January		48,847	19,454
Effect of exchange rate fluctuations on cash held		3,255	41
Cash and cash equivalents at 30 June		**62,657**	**17,787**

Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Wavin N.V. (the “Company”) is domiciled in Zwolle, the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities covering the period 1 January 2009 up to and including 30 June 2009 and are unaudited. The Group is primarily involved in the production and sales of plastic pipe systems and solutions. There have not been any changes to the Group structure in the first half year of 2009 compared to 2008 except for the acquisition of Warmafloor in the second half of 2008 (for further details we refer to note 7 of the 2008 Financial Statements). For details of Group companies we refer to the list of participations on page 135 of the Annual Report 2008.

2. Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements of the Group prepared in accordance with IFRSs as adopted by the European Union (EU) further to the IAS Regulation (EC 1606/2002) on application of international accounting standards (together, IFRSs as adopted by the EU) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

3. Significant accounting policies

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 2008.

As a result of the implementation of IAS 1 (revised) the consolidated statement of comprehensive income has been included. The implementation of IFRS 8, management approach towards segment reporting, did not have a significant impact on our interim reporting as the primary segmentation used in 2008 is in line with the management approach, being geographic segments.

4. Estimates

The preparation of 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. The estimates and underlying assumptions are regularly reviewed.

In preparing these condensed consolidated interim financial statements, the critical judgements made by management in applying the Group’s accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008 (for further details we refer to note 2 of the 2008 Financial Statements). For the recoverable amount of goodwill and other intangible assets (note 9) and property, plant and equipment an assessment was performed whether there were any indications for impairment as per 30 June 2009.

Notes to the Condensed Consolidated Interim Financial Statements

5. Segment Reporting

Segment information is presented in respect of the Group's geographic segments. The primary format, geographic segments, is based on the Group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographic segments
Geographic segments (regions) are based on the location of the customers. Total revenues, Ebitda and results from operating activities per region can be specified as follows:

(€ x 1,000)	Total revenue (external)		Ebitda	
	2009	2008	2009	2008
North West Europe	145,384	171,686	10,941	13,982
UK/Ireland	106,285	174,993	5,184	19,886
South East Europe	91,667	131,562	5,692	10,835
Central & Eastern Europe	76,299	117,141	12,114	18,070
Nordic	70,757	115,555	2,617	10,255
South West Europe	65,561	96,832	3,416	12,630
Other	16,170	26,029	5,491	6,221
Total	**572,123**	**833,798**	**45,455**	**91,879**

(€ x 1,000)	Result from operating activites					
	2009			2008		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
North West Europe	5,247	(2,475)	2,772	8,133	708	8,841
UK/Ireland	(1,763)	(6,426)	(8,189)	12,221	(8,112)	4,109
South East Europe	3,218	(847)	2,371	8,459	(173)	8,286
Central & Eastern Europe	7,153	(450)	6,703	10,576	(160)	10,416
Nordic	(860)	(328)	(1,188)	6,807	(178)	6,629
South West Europe	748	(1,500)	(752)	10,124	-	10,124
Other	807	(500)	307	4,438	(2,077)	2,361
Total	**14,550**	**(12,526)**	**2,024**	**60,758**	**(9,992)**	**50,766**

Assets and liabilities for most segments show no significant changes compared to 31 December 2008, except for the change in working capital.

Notes to the Condensed Consolidated Interim Financial Statements

6. Seasonality of operations

All regions are subject to seasonal fluctuations as a result of weather conditions influencing construction activities. Q1 and Q4 are traditionally weak compared to the high activity levels in Q2 and Q3.

The net working capital development can be summarised as follows:

(€ x 1,000)	30 June 2009	31 December 2008	30 June 2008
Inventories	153,300	172,101	244,589
Trade receivables	312,989	242,858	432,052
Trade payables	(240,579)	(292,403)	(315,871)
Trade working capital	**225,710**	**122,556**	**360,770**
Other receivables and payables	(63,899)	(48,482)	(77,721)
Net working capital	**161,811**	**74,074**	**283,049**

The increase in trade working capital compared to 31 December 2008 of € 103.2 million mainly relates to the seasonality of operations.

7. Non-recurring income and expenses

Non-recurring income and non-recurring expenses are significant one-off income and expenses out of the ordinary course of business which result from e.g. restructuring of activities, sales of assets, sale of activities, impairment charges and costs related to acquisition of activities that cannot be capitalised.
Non-recurring income and non-recurring expenses are reported separately to give a better reflection of the operating performance of the Group for the periods concerned.

(€ x 1,000)	2009	2008
Restructuring costs	(12,900)	(10,046)
Other	374	54
Total non-recurring results from operating activities	**(12,526)**	**(9,992)**
Total non-recurring income tax	**3,203**	**2,928**
Total	**(9,323)**	**(7,064)**

Restructuring costs in 2009 are related to the announced restructurings in the first six months of 2009 throughout the Wavin Group.

Notes to the Condensed Consolidated Interim Financial Statements

8. Income tax

Income tax expenses decreased by € 10.8 million to € 1.6 million (income) in the six months ended 30 June from an expense of € 9.2 million in the six months ended 30 June 2008. The effective income tax rate (corrected for net profit of associates) decreased from 29.9% to 15.7% which is unfavourable as Wavin realised a loss and a tax benefit in H1 2008. The income tax benefit on recurring result for the six months ended 30 June 2009 was negatively affected for an amount of € 1.0 million for losses not capitalised. Furthermore the impact of non-deductible cost on the effective tax rate increased.

9. Intangible assets

Intangible assets with an infinite life such as goodwill and brand names were subject to an annual impairment test per 31 December 2008.

Due to the stronger decline in the construction market in the first six months of 2009 than expected, we have updated the impairment test performed per 31 December 2008. The impact of revised forecasts including further cost reduction programmes announced in the first six months of 2009 have been included in our projections. The analysis confirmed that the recoverable amount continues to exceed the carrying amount in each cash generating unit. A sensitivity analysis confirms the outcome of the impairment test. The headroom under these analyses decreased compared to 31 December 2008.

Based on this assessment, management concluded that there is no need for impairment of goodwill and other intangible assets as per 30 June 2009. As a result no impairment charges were taken into account.

Despite amortisation charges, intangible assets increased by approximately € 11.0 million mainly due to increasing exchange rates.

10. Other financial non-current assets and liabilities

Other financial non-current assets decreased significantly compared to 30 June 2008 mainly due to a decrease of the fair value of interest instruments by € 14.6 million. As a result of developments on the capital markets in the second half of 2008 and first six months of 2009, interest rates decreased resulting in a decrease of the fair value of our interest instruments and ultimately to a negative fair value which is presented as a liability as at 31 December 2008 and 30 June 2009.

11. Tax assets and liabilities

Income tax receivable increased by € 1.4 million to € 3.5 million compared to 31 December 2008. The increase relates to losses realised in some countries in the first six months of 2009 due to the seasonality of our business. This can be recovered with taxes paid in prior years and with taxes due on expected profits for the remainder of the year.

Income tax liabilities decreased by € 3.4 million to € 8.1 million compared to 31 December 2008 mainly as a result of the decreased profit before tax and tax payments made during the first six months.

Notes to the Condensed Consolidated Interim Financial Statements

12. Capital and reserves

Dividends
For the 2008 financial year, a full annual dividend was proposed to the General Meeting of Shareholders of € 0.16 per share. This proposal was endorsed on 22 April 2009. An interim dividend of € 0.12 per share was paid in September 2008. The remainder of the dividend was paid on 25 May 2009 in cash or as stock dividend.
No interim dividend will be declared for H1 2009.

Authorised shares
On 22 April 2009, the annual general meeting of shareholders adopted an amendment of the Articles of Association to reduce the nominal value of the shares from € 1.25 to € 0.05 per share. This resulted in a reclassification of an amount of € 97.5 million between "share capital issued" and "share premium reserve". The amendment of the Articles of Association has been executed as at 26 June 2009. The shares have been listed on Euronext Amsterdam by NYSE Euronext at the lower nominal value as from 29 June 2009.

Issued shares
The movement in the number of issued shares is as follows:

(shares × 1)	2009	2008
Outstanding ordinary shares at 1 January	80.393.950	78.766.116
Treasury shares at 1 January	375.140	-
Issued shares at 1 January	**80.769.090**	**78.766.116**
Effect of paid stock dividend	482.320	1.193.383
Issued shares at 30 June	**81.251.410**	**79.959.499**
Treasury shares at 1 January	(375.140)	-
Effect of share buyback	-	(500.000)
Effect of shares issued	104.772	124.860
Outstanding ordinary shares at 30 June	**80.981.042**	**79.584.359**
Shares issued at 22 July 2009	325.005.640	-
Outstanding ordinary shares after share issuance 22 July 2009	**405.986.682**	
Weighted average number of ordinary shares at 30 June	**80.941.680**	**80.147.744**
Weighted average number of ordinary shares at 30 June (diluted)	**81.076.553**	**80.168.562**

In the first six months of 2009 the company issued 104,772 shares to participants of the Long Term Incentive Plan of the Company. These shares were deducted from the treasury shares. Per 30 June 2009 the Company held 270,368 treasury shares. These shares are held to cover current and future obligations under the Long Term Incentive Plan of the company.

On 22 July 2009 the Company issued through a rights offering, as part of a comprehensive recapitalisation package, 325,005,640 shares at an issue price of € 0.70 per share. For further details on the issuance of shares after balance sheet we refer to note 18.

Earnings per share
The calculations of earnings per share and diluted earnings per share at 30 June 2009 were based on the net result attributable to ordinary shareholders of € 8.0 million loss, and an outstanding number of ordinary shares of 80,981,042 respectively a weighted average number of ordinary shares of 80,941,680 and a weighted average number of ordinary shares (diluted) of 81,076,553.

Notes to the Condensed Consolidated Interim Financial Statements

13. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

(€ x 1,000)	30 June 2009	31 December 2008	30 June 2008
Non-current liabilities			
Interest-bearing loans and borrowings	391,507	501,241	623,277
Total non-current liabilities	**391,507**	**501,241**	**623,277**
Current liabilities			
Current portion of interest-bearing loans and borrowings	212,517	-	45,431
Discounted drafts	-	-	2,235
Current portion of finance lease liabilities	-	2	-
Secured bank overdrafts	-	201	6,708
Unsecured bank overdrafts	7,246	8,478	21,513
Total current liabilities	**219,763**	**8,681**	**75,887**

Increase of the total interest bearing loans and borrowings compared to 31 December 2008 is the result of increasing working capital needs due to the seasonality of our operations (see note 6).

On 18 June 2009 the Company announced a comprehensive recapitalisation package. As part of a comprehensive recapitalisation package the Company received a covenant waiver for the period ending 30 June 2009. As a consequence the current credit facility is still classified as a non-current liability except for the part of the syndicated loan which was repaid in July 2009 amounting to € 212.5 million, mainly consisting of a large part of the proceeds of the rights issue. For further details of the recapitalisation package we refer to note 18.

14. Provisions

The movement in the provisions can be specified as follows:

(€ x 1,000)	2009
Balance at 1 January	20,793
Acquisitions	-
Provisions made during the half-year	14,808
Provisions used during the half-year	(9,692)
Provisions reversed during the half-year	(231)
Effect of movements in foreign exchange	480
Balance at 30 June	**26,158**
Non-current	13,482
Current	12,676

Provisions made in the first six months of 2009 relate for an amount of € 12.9 million to the announced restructuring programmes. It is expected that these restructuring projects will be completed within one year from the balance sheet date. The remainder of the provisions made mainly relates to warranty provisions.

15. Share-based payments

Eligible employees can, on a voluntary basis, elect to invest part of their individual annual bonus (after taxes) in Wavin shares. The employee, who decides to invest, receives the right to one conditional matching share for each two purchased shares and a maximum of three conditional performance options for each share purchased.

Notes to the Condensed Consolidated Interim Financial Statements

In the first six months of 2009 eligible employees purchased 104,772 shares resulting in a future grant of 52,386 matching shares and a maximum of 314,316 performance options.

16. Interest rate risk

The Group adopts a policy of ensuring that at least 50% of its exposure to changes in interest rates on bank loans is on a fixed rate basis. At 30 June 2009 the Group had interest rate swaps in EUR, GBP, PLN and CZK, with a notional contract amount of € 412.1 million (31 December 2008: € 402.1 million). These had an average duration of 2.0 years (31 December 2008: 2.4 years) and an average interest rate of 4.0% (31 December 2008: 3.9%). In addition, the Group entered into forward started interest rate swaps denominated in EUR for an amount of € 50 million to limit exposure to interest rate developments when the current financing facility expires in 2011.

The change in the fair value of interest instruments at 30 June 2009 by € 4.4 million to € 17.0 million negative (31 December 2008: € 12.6 million negative) was recognised through equity net of tax.

17. Related parties

There are no major differences compared to 2008. See note 36 of the 2008 Financial Statements.

18. Subsequent events

On 3 July 2009 the extraordinary general meeting of shareholders adopted the necessary resolutions for a rights issue. This rights issue forms part of a comprehensive recapitalisation package to strengthen Wavin's capital structure. On July 22 2009 we issued 325,005,640 new shares with a nominal value of € 0.05 per share at an issue price of € 0.70 per share. The net proceeds of around € 215 million are used for debt reduction and payment of the fees and other costs of the refinancing. The recapitalisation package also includes an amendment and restatement of the existing € 750 million credit facility. The amended credit facilities consists of facilities of € 500 million which will mature in October 2011. In addition the Company entered into a € 475 million forward start facility starting October 2011 with a maturity date of April 2013.

The leverage ratio covenant as well as the interest coverage ratio covenant have been amended to vary from period to period in line with seasonal fluctuations in our business. The margin for the amended credit facilities is Euribor +275 bps with a subsequent margin grid depending on the leverage ratio. An additional margin of 125 bps applies to the amended existing facilities for the lenders signing up to both agreements. 84% of the lenders have signed up to both agreements. The margin for the forward start facility is Euribor + 400 bps with a subsequent margin grid depending on the leverage ratio. Of the unamortized transaction costs related to the existing credit facility amounting to €1.4 million as per 30 June 2009, € 0.5 million will be amortised through the income statement in the third quarter of 2009 due to the reduction of the credit facility. The transaction costs related to the refinancing amounting in total to € 15 million (excluding tax benefits) will be capitalized and amortised through the income statement during the maturity of the amended credit facility respectively the forward start facility.

As a consequence of the recapitalisation package the level of outstanding interest instruments exceeds our drawings under the amended and restated credit facility which means that the effectiveness of our outstanding hedge instruments has been re-evaluated as some instruments have become ineffective. This will result in a write off of the related hedge reserve through the income statement, at the moment that the rights issue has been executed and the amended and restated credit facility has become effective. Based on the fair value per 30 June 2009 this write off amounts to approximately € 4.4 million (before tax). The ineffective part of the outstanding interest instruments will have to be revaluated through the income statement instead of equity as from the date that these have been deemed ineffective.

Notes to the Condensed Consolidated Interim Financial Statements

Statement of responsibilities

Risks and uncertainties

In our Annual Report 2008 we have extensively described certain risk categories and risk factors which could have a material adverse effect on our financial position and results. Those risk categories and risk factors are deemed incorporated and repeated in this report by reference. We consider that these risks are still valid for the second half of 2009. Wavin sees in particular the following principal risks and uncertainties:

- The risk of a further tightening of credit in the financial markets that could make it more difficult for our customers to obtain financing which could result in lower sales of Wavin products.
- A more severe deterioration of our markets could result in the impairment of goodwill and other intangible and tangible assets.

Statement of the Management Board on the condensed consolidated interim financial statements

The Management Board of the Company hereby declares that to the best of their knowledge, the semi-annual financial statements, which have been prepared in accordance with the applicable financial reporting standards for interim financial reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole, and the semi-annual management report gives a true and fair view of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervisory Act (Wet op Financieel Toezicht).

Zwolle, 27 August 2009

Management Board

Ph.P.F.C. Houben, President & CEO

W.H.J.C.M. Oomens, CFO

H. ten Hove, Executive Vice President

A.R. Taylor, Executive Vice President

About Wavin

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The Company provides essentials: plastic pipe systems and solutions for tap water, surface heating and cooling, soil and waste, rain- and storm water, distribution of drinking water and gas and telecom applications. Wavin is headquartered in Zwolle (the Netherlands) and has a presence in 28 European countries, with manufacturing sites in 17 of those and 1 in China. The Company employs approximately 6,700 people and reported revenue of almost EUR 1.6 billion for 2008. Outside Europe, it has a global network of agents, licensees and distributors. Wavin is listed on Euronext Amsterdam by NYSE Euronext (WAVIN). More details about Wavin can be found at www.wavin.com.

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Financial Calendar 2009 *(Subject to change)*

5 November	Q3 Trading Update

Cautionary note regarding forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations. Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Such statements are based on plans, estimates and projections as currently available to the management of Wavin. Forward-looking statements therefore speak only as of the date they are made and we assume no obligation to publicly update any of them in the light of new information or future events.

www.wavin.com