Annual Report 2009

Providing essentials

Pipe Systems & Solutions

Providing essentials

Management of scarce water resources. Availability of tap water and sanitation in every building. Energy efficient indoor climate control. High speed data connections anytime, anywhere. Wavin brings the pipe systems and solutions that make it all possible.
We provide essentials. Innovative, sustainable systems for rain and storm water management, water supply, surface heating and cooling, soil and waste water discharge and data transmission. Wavin is leading throughout Europe. International and local expertise, regional manufacturing and just-in-time logistics are combined to deliver the very best to our customers.

Wavin solutions in practice

Surface heating and cooling

New standards for the energy efficiency of buildings are important drivers for the development of new surface heating and cooling systems. Integrating heating and cooling in the surfaces of a building (floor, wall or ceiling) offers more than increased energy performance.
It provides comfort without compromising aesthetics and freedom of design.

Underfloor systems Underfloor heating and cooling delivers consistent and controlled ambient temperature with lower energy usage than conventional heating systems. Ease of installation and near-zero maintenance are essential, and Wavin achieves both. Our systems are widely used in domestic, commercial and industrial buildings across Europe.

Ceiling systems Our ceiling heating and cooling systems are among the most energy-efficient available. They are particularly suited to covering large surfaces and project design is supported with practical software modelling tools. Our systems are silent and provide excellent and precise indoor climate control.

Water management

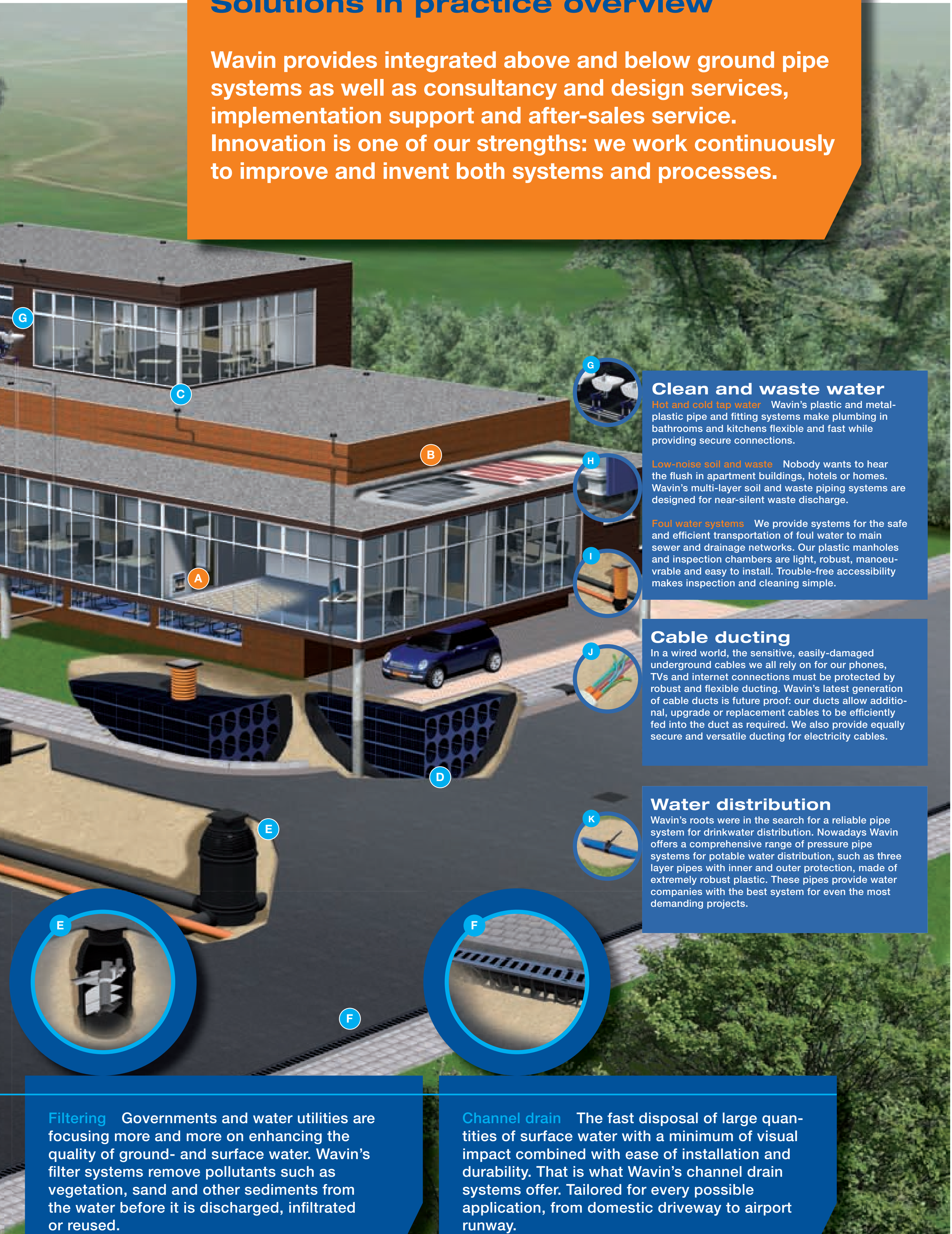
As a result of climate change rain bursts have become more frequent. Traditional roof and surface drainage systems and the associated sewers can struggle to cope with increased rainwater runoff. Wavin's water management solutions are easy to install in new build and renovation projects and are designed to handle increased capacity – from roof to river.

Siphonic roofdrainage The large flat roofs that are typically found on industrial and commercial properties can be exposed to high volumes of rainwater. Our systems are designed to drain the most violent rainfall from any flat roof quickly. Software modelling tools ensure the most efficient configuration for each specific project.

Infiltration/attenuation units We offer systems that control the flow of excess rainwater into the ground (infiltration) or, as is increasingly popular, into storage units for reuse (attenuation). This approach is environmentally friendly and reduces the risk of flooding.

Solutions in practice overview

Wavin provides integrated above and below ground pipe systems as well as consultancy and design services, implementation support and after-sales service. Innovation is one of our strengths: we work continuously to improve and invent both systems and processes.



Clean and waste water

Hot and cold tap water Wavin's plastic and metal-plastic pipe and fitting systems make plumbing in bathrooms and kitchens flexible and fast while providing secure connections.

Low-noise soil and waste Nobody wants to hear the flush in apartment buildings, hotels or homes. Wavin's multi-layer soil and waste piping systems are designed for near-silent waste discharge.

Foul water systems We provide systems for the safe and efficient transportation of foul water to main sewer and drainage networks. Our plastic manholes and inspection chambers are light, robust, manoeuvrable and easy to install. Trouble-free accessibility makes inspection and cleaning simple.

Cable ducting

In a wired world, the sensitive, easily-damaged underground cables we all rely on for our phones, TVs and internet connections must be protected by robust and flexible ducting. Wavin's latest generation of cable ducts is future proof: our ducts allow additional, upgrade or replacement cables to be efficiently fed into the duct as required. We also provide equally secure and versatile ducting for electricity cables.

Water distribution

Wavin's roots were in the search for a reliable pipe system for drinkwater distribution. Nowadays Wavin offers a comprehensive range of pressure pipe systems for potable water distribution, such as three layer pipes with inner and outer protection, made of extremely robust plastic. These pipes provide water companies with the best system for even the most demanding projects.

Filtering Governments and water utilities are focusing more and more on enhancing the quality of ground- and surface water. Wavin's filter systems remove pollutants such as vegetation, sand and other sediments from the water before it is discharged, infiltrated or reused.

Channel drain The fast disposal of large quantities of surface water with a minimum of visual impact combined with ease of installation and durability. That is what Wavin's channel drain systems offer. Tailored for every possible application, from domestic driveway to airport runway.

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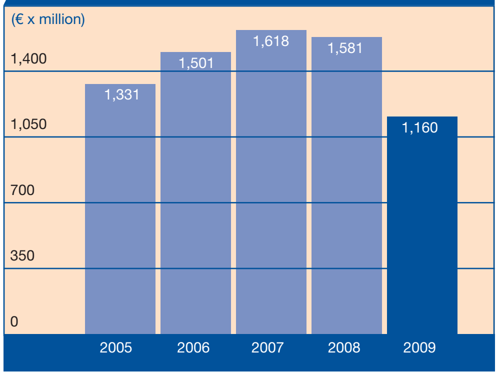
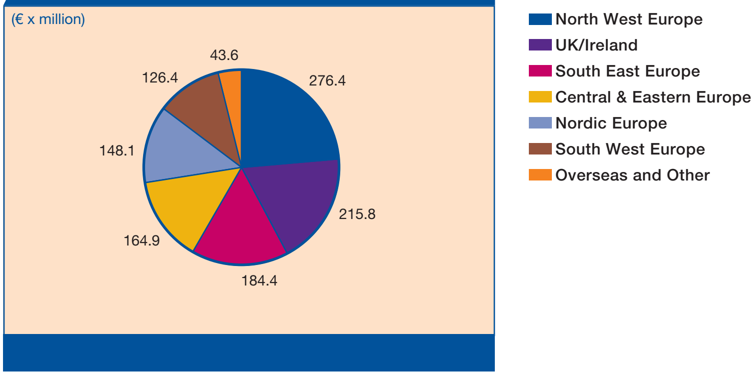
COMPANY PROFILE
Key financial data

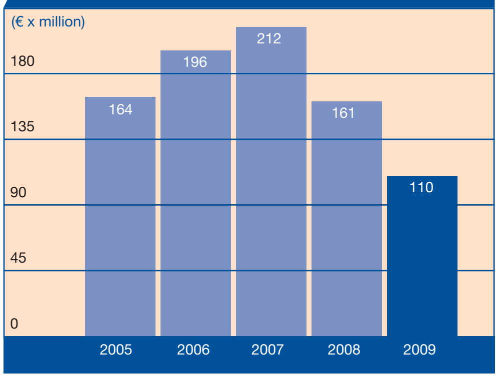
Revenue



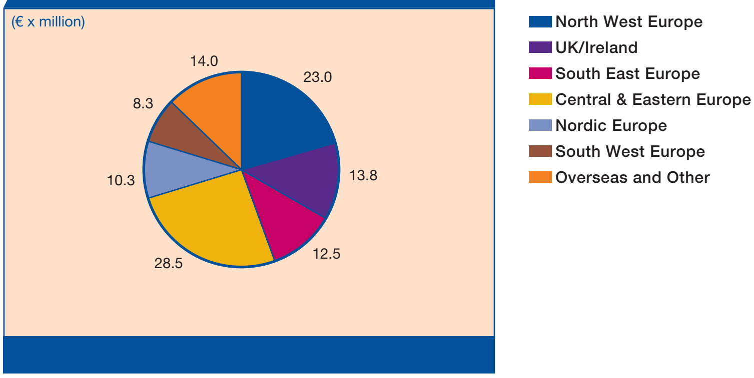
Revenue per region



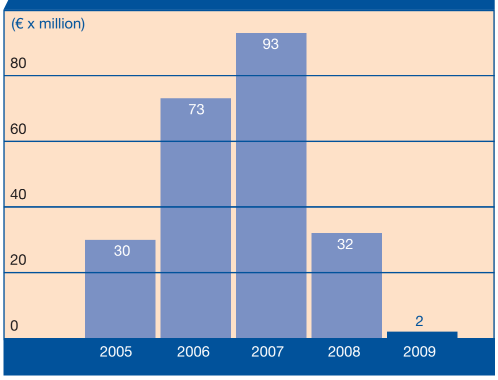
Ebitda



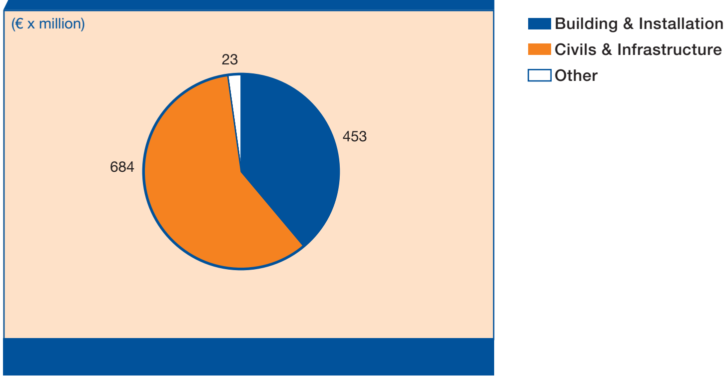
Ebitda per region



Net profit



Revenue per Strategic Business Unit



Key figures

(€ × 1 million unless otherwise stated)		2009	2008
Income statement			
Total revenue		1,159.6	1,581.2
Ebitda [1]		110.4	161.0
Non-recurring operational result		(14.6)	(10.3)
Result from operating activities [2]		32.9	83.3
Profit before non-recurring items		11.7	38.9
Net profit		1.8	32.1
Other key financials			
Depreciation		50.1	54.2
Amortisation		12.8	14.7
Net investments		37.7	53.2
Dividend (declared)		2.7	28.4
Net cash from operating activities [3]		55.1	201.8
Balance sheet			
Total equity		558.6	334.2
Net debt		236.8	461.1
Total assets		1,314.9	1,375.8
Net capital employed		820.2	815.0
Leverage ratio	× 1	1.96	2.84
Interest coverage ratio	× 1	3.98	4.83
Ratios continuing operations			
Ebitda [1] as % of revenue	%	9.5	10.2
Return on average net capital employed	%	5.8	10.9
Debt to equity ratio	ratio	0.4	1.4
Total equity as % of total assets	%	42.5	24.3
Key data per share [4]			
Number of shares issued (year end)	× 1	406,257,050	197,884,271
Net profit attributable to equity holders of the Company		0.2	32.1
Dividend per share	€	–	0.16
Share price at year end	€	1.75	0.95
Earnings per share (year end)	€	0.00	0.16
Employees			
Workforce	× 1	6,238	7,094
Lost time incident frequency	× 1	2.9	2.3

(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.

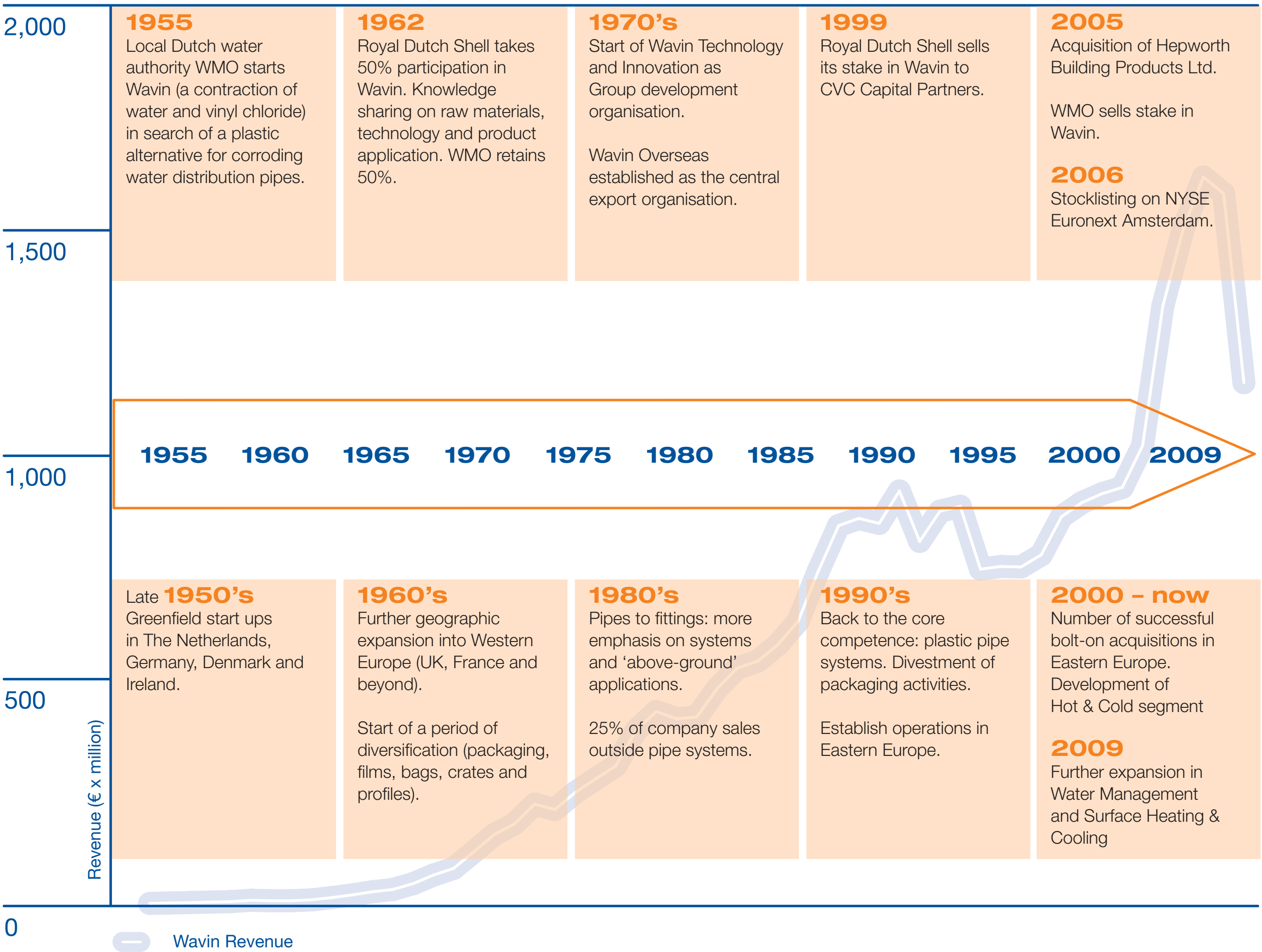
(3) The 2008 figure has been adjusted for comparison reasons.

(4) The comparative figures have been adjusted to reflect the effect of the rights issue.

Wavin today

- Leading supplier of plastic pipe systems and solutions in Europe
- Revenue of € 1.16 billion
- Present in 29 countries in Europe
- Approx. 6,300 employees
- Covering two strategic market segments: Building & Installation and Civils & Infrastructure
- Focus on innovation
- Complete range for above and below ground applications
- Strong, established relationships with local and pan-European clients
- Expanding in Europe's emerging markets
- Global network of agents and licensees
- Listed on the Amsterdam stock exchange

History at a glance



Everywhere in Europe

SOLUTIONS IN PRACTICE
Santa Monica, Italy

Surface Heating and Cooling solution
for eco-building development

Omar Vidoni (Project Design Manager): 'Energy efficient heating and cooling system that provides maximum living space.'

In Northern Italy, not far from the city of Milan, a two million square meter eco-development will arise: Milano Santa Monica. It consists of apartments schools, shops and sporting facilities and will gradually be developed in the coming years. Through its partner Cambielli Group, Wavin's Italian subsidiary Chemidro has been selected as the supplier of Surface Heating and Cooling solutions for this project. It provides project design, system supply and technical support during the installation phase.

'Each apartment will be constructed using integral floor and wall cooling and heating allowing for fine-tuning the ambient temperature all year round. Our systems are energy-efficient and low-maintenance', says Omar Vidoni, Project Design Manager. Living space is maximised by using integral systems in stead of traditional wall-mounted units, this creates more design and decorating flexibility for the architects and the occupants.'

Martino Didonè (Field Engineer Manager): ‘Project oriented approach’

‘We give technical support to the installers during the installation process and are also on site during the first activation of the control systems,’ says Martino Didonè, Field Engineer Manager. ‘This is a clear example that we are a reliable partner for surface heating and cooling applications, from design to implementation. This project oriented approach will, I believe, become standard practice in many new developments.’

SOLUTIONS IN PRACTICE
Bojanow, Poland

Sewage management infrastructure
for Polish community

Sławomir Serafin, Mayor: 'Improvement of living conditions and protection of the environment'

'The installation of a sanitary sewer network and a sewage treatment plant is very important for our community', says Sławomir Serafin, Mayor of Bojanow. 'This project will result in an improvement of living conditions and protect the environment in the Bojanow area. The sewage management infrastructure will connect over 700 households to the sewage network.'

'The system will be ready in 2010. We were advised to choose Wavin's solution, since it meets our wish for a renowned, high quality system.'

Mariusz Pinda, sales representative Wavin Poland: 'Close co-operation with designers and contractors'

'One of the keys to us winning the Bojanow sewer project was the fact that we were able to offer a complete solution', says Mariusz Pinda, sales representative of Wavin Poland. 'We were involved from an early stage in the project. The design phase is of crucial importance. The products used in this project are Wavin Tegra inspection chambers and Wavin TS pressure sewer pipes. I am convinced that our close co-operation with the designers and contractors at each stage of the preparation and realisation will bring about the expected result – a sewer system that works perfectly for many years.'

Rainwater drainage system for Berlin Brandenburg International Airport

Bernd Pieper, sales director Wavin Germany: 'Overloading of watercourses is a thing of the past'

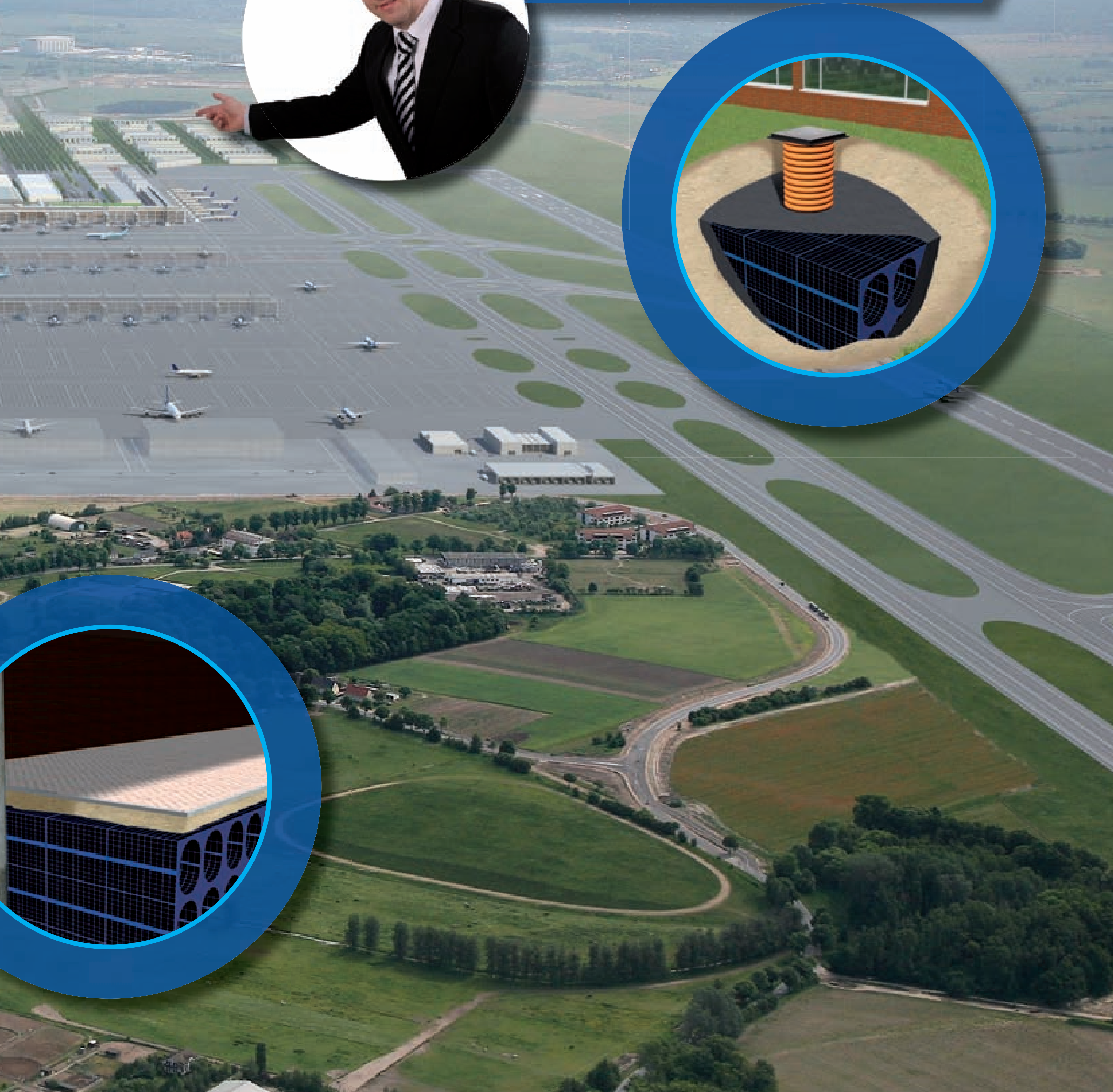
At the moment it's one of the largest building sites in the world: the new Berlin Brandenburg International Airport. This airport in the Schönfeld area of the city covers an area with the size of 2,000 football fields.

From October 2011 onwards, dozens of aircraft will take off from or land at this airport that is being built in accordance with the very latest environmental insights and will be populated by millions of passengers, employees and visitors.

'None of these people need worry about getting their feet wet', says Bernd Pieper, sales director of Wavin Germany, 'because under the ground there is an effective, and very environmentally-friendly rainwater drainage system. Wavin Q-Bic prevents the inconveniences caused by excess rainwater, the water is dispersed consistently. Overloading of the watercourses and drains is a thing of the past.'

Berthold Kruse, planning engineer Wavin Germany: ‘Ease of installation and inspection’

‘This rainwater drainage system offers many advantages’, Berthold Kruse, planning engineer of Wavin Germany explains. ‘From a distance it looks a bit like a Lego construction, but so large that over a hundred lorries were needed to get everything in the right place. It is easy to install, extremely stable, tough and durable. And, also very important to maintain its performance, it can be inspected very easily.’



Company description

Wavin offers innovative plastic pipe systems and solutions to customers such as building wholesalers, plumbing merchants, civil contractors, housing developers, large installers, utility companies and municipalities. The company is active in two market segments: Building & Installation (above ground pipe systems and solutions) and Civils & Infrastructure (below ground pipe systems and solutions). Two strategic business units (SBUs) support operating companies in 29 countries with market analyses, product development, marketing and key account management.

SBU Building & Installation

Above ground plastic pipe systems for surface heating and cooling, hot and cold tap water, soil and waste discharge and electrical conduit applications.

Business Units

Hot & Cold

Systems (pipes, fittings and manifolds) used to supply buildings with surface heating and cooling, hot and cold tap water and radiator connections.
Wavin's offering includes surface heating and cooling solutions under the brand name Tempower.
In hot and cold tap water, Wavin offers flexible push-fit plumbing systems like Hep$_2$O and smartFIX. Other ranges include Wavin Tigris, a metal-plastic press-fit system, and Ekoplastik, a fusion welded system primarily for potable water applications.

Soil & Waste

Pipes, fittings, siphons and accessories designed to discharge waste water from kitchens and bathrooms into sewer collection systems. Wavin's European product range includes AS and SiTech, systems that offer reduced noise levels for commercial and multi-level residential buildings.

Other Building Systems

In a number of regions Wavin supplies a full range of gravity rainwater systems. Brands include Osma and HepRain in the UK and Kanion in Central and Eastern Europe.
Other Building Systems also offers a full range of PVC pipes and fittings for in-house electrical conduits.

SBU Civils & Infrastructure

Below ground pipe systems for rain and storm water management and foul water discharge as well as systems for cable ducting and water and gas distribution.

Business Units

Water Management

Wavin's unique expertise in rain and storm water management is marketed under the Intesio brand. Intesio combines systems used to catch, convey, infiltrate, attenuate and clean rainwater from buildings and hard surface areas and includes proven project management and design capabilities.
The European product range consists of QuickStream siphonic roof drainage, gullies, channel drain, infiltration and attenuation units such as Q-Bic and AquaCell as well as Certaro filtering systems.

Foul Water Systems

Pipe systems used to discharge foul water from houses and buildings into the sewer and ultimately to water purification plants. Wavin's European product range includes solid wall and multilayer PVC systems as well as PP Twin-Wall pipes and fittings such as X-Stream and Optirib. The full Tegra range of manholes, gullies and inspection chambers is an essential part of our offering.

Cable Ducting

Ducts to guide and protect fibre-optic cables and power lines. Telecom systems including microduct solutions such as Novomicro, Novonet, Novosplit and Novospace.

Water & Gas

Pressure pipes and fittings for the supply and distribution of potable water and gas, including solutions for pipeline rehabilitation. Wavin's European range includes Apollo pressure pipe systems for potable water distribution and Wavin TS and Compact Pipe for the relining of pipelines.

Shareholder information

Wavin shares

Wavin shares are listed on the Dutch Stock Exchange (NYSE Euronext Amsterdam) under ISIN code NL0000290856. Wavin is included in the Dutch Mid Cap index (AMX).

Share capital

The total number of issued ordinary shares on 31 December 2009 was 406,257,050, an increase of 325,487,960 compared with 80,769,090 on 31 December 2008.

In May 2009, 482,320 ordinary shares were issued as stock dividend. On 22 July 2009 Wavin issued 325,005,640 ordinary shares through a rights issue.

On 26 June 2009 the nominal value of the ordinary shares was reduced from € 1.25 to € 0.05, which reduced the issued ordinary share capital from € 100,961,362 to € 3,459,670. As a consequence of the nominal value reduction the share premium reserve increased by € 97,501,692.

Key data per share

(€ x 1)	2009	2008*
Closing price year end	1.75	0.95
Shareholders' equity	1.36	1.67
Operating result	0.08	0.42
Net profit	0.00	0.16
Net cash from operating activities	0.21	1.32
Dividend paid (cash)	0.01	0.07

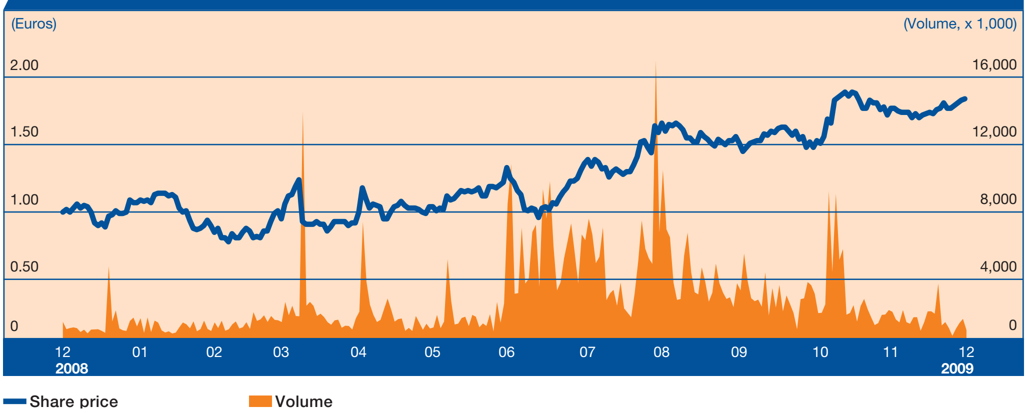
* 2008 figures have been adjusted for comparison reasons.

Share price development and trading volumes

The Wavin share price increased by 84% from € 0.95 (on a diluted basis recalculated with a dilution factor of 2.45) on 31 December 2008 to € 1.75 on 31 December 2009. In 2009 the total volume of Wavin N.V. shares traded on Euronext was 598.3 million, equalling an average daily trading volume of 2,337,240 shares.

Trading volumes on Euronext and share price development of the Wavin share in 2009 are shown in the graph below.

Trade volumes and share price development of the Wavin share in 2009*



* Figures have been adjusted ro reflect the effect of the rights issue.

Although Euronext accounted for the largest share of the trading volume in 2009, approximately 21% of the trade in Wavin shares was conducted through other trading venues or light pools like Chi-X, Turquoise and Markit-Boat.

The price development of the Wavin share in 2009 compared to the AMX index was as shown below.

Wavin share in 2009 compared to the AMX index (31-12-2008 = 100)

Disclosures of substantial shareholdings

Pursuant to the Dutch Financial Markets Supervision Act (*Wet Financieel Toezicht*), the Financial Markets Authority (*Autoriteit Financiële Markten*) has published the notification of the following substantial shareholdings in Wavin N.V. per 31 December 2009:

Major shareholders	Shareholding (in %)
Julius Baer Multipartner SICAV	5.83%
ASR Nederland N.V.	5.43%
Navitas B.V.	5.18%
FIL Limited	5.14%
Orange Oranje Participaties	5.01%
Beheersmij Breesaap B.V	5.00%
Aviva plc	5.00%

An updated overview can be found on our website www.wavin.com.

Dividend policy

Our dividend policy is to pay an annual dividend of 40% to 50% of our annual net profit provided ongoing operational performance supports such a pay out and provided such a distribution is legally permitted. According to our current dividend policy, dividends are payable in cash or in kind. The dividend policy may be revised from time to time.

Wavin will be subject to restrictions on the distribution of cash dividends as a result of the amendment and extension of our syndicated credit facilities. According to the terms of our Amended Credit Facilities we may not pay any cash dividend in excess of € 0.01 on any share in our capital until 31 December 2011. According to the terms of our Forward Start Facility we will be required to prepay to the syndicate of lending banks an amount equal to any cash dividend to be paid after 31 December 2011. This prepayment obligation will not apply if our leverage ratio under the Forward Start Facility is below 2.5 at the time any such cash dividend is declared.

Dividend 2009

At the Annual General Meeting of Shareholders on 21 April 2010 the Boards of Wavin will propose to add the profit to the reserves and to refrain from the payment of dividend. Under the terms of the credit facility Wavin is restricted in its ability to pay cash dividends in 2010 and 2011.

Investor relations policy

Wavin values a constructive dialogue with investors and analysts highly as it enables them to obtain a balanced and complete view of the company's performance and the issues faced by the business. Regular meetings with current and potential shareholders as well as with analysts providing research on the Wavin share are an important component of the communication with the capital markets.

An important component of transparent communication with the investor community is a fair and simultaneous disclosure to all stakeholders. All important business information will be published via a press release which will be made available to the whole investment community. Should important information, which would lead to a privileged position, be received accidentally by an individual shareholder, Wavin will immediately publish a press release and inform the Financial Markets Authority (AFM).

Wavin will not assess, comment upon, or correct analysts' reports and valuations in advance other than factually. The company does not pay any fee(s) to parties for carrying out research for analysts' reports or for the production or publication thereof, with the exception of credit rating agencies. Analysts meetings, presentations to institutional or other investors and direct discussions with the investors will not be held shortly before the publication of the regular financial information (half-yearly or annual results).

In accordance with the Dutch Corporate Governance Code Wavin has established a Disclosure policy, a copy of which can be found on www.wavin.com.

Contacts with capital markets are the responsibility of the CEO and CFO supported by the company's Investor Relations department.

Investor information and contact

Part of Wavin's corporate website (www.wavin.com) is dedicated to providing information about the company to the financial community. The Investor Relations section covers a broad range of information, such as financial reports, press releases, analyst/investor presentations, financial calendar, listing details, corporate governance structure, share and other financial information.

For further information please contact Wavin Investor Relations

Email:	InvestorRelations@wavin.com
Tel:	+31 (0)38 – 429 43 57
Fax:	+31 (0)38 – 429 42 38

Financial calendar 2010

21 April	General Meeting of Shareholders
28 April	Trading Update (before start of trading)
17 August	Publication of H1 figures 2010 (before start of trading)
28 October	Trading Update (before start of trading)

Company strategy

We are Europe's leading company in plastic pipe systems and solutions. It is our ambition to be the supplier of choice for our customers in product range, service, innovation and geographic coverage. Our strategy to achieve this is based on four pillars:

Continuous operational improvements

It is Wavin's objective to improve its cost base continuously by reducing material usage, improving design, optimising the manufacturing footprint and exploiting scale advantages. Group-wide initiatives in the areas of supply chain management, complexity reduction and strategic sourcing contribute towards operational improvements. All these initiatives are supported by a long-term programme to converge all IT systems to one common platform with a uniform data structure.
We realise that logistical reliability is a key success factor in our business. Our benchmark is to deliver over 95% of our orders on-time and in-full to our customers across Europe.

The widest product range in the industry

Wavin's customers are active in Building & Installation as well as in Civils & Infrastructure. We supply products across the whole spectrum to best service our customers and have targeted two specific segments for further growth. Due to the increased focus on the energy efficiency of buildings we see a growing demand for Surface Heating & Cooling systems. Climate change is a strong driver for projects in the Water Management sector to which we provide complete solutions for rainwater collection, transport, storage, infiltration, and/or reuse. Innovation is a key strategic parameter for us and in recent years we have consistently met our target innovation rate of 15% (percentage of revenue from products introduced within the last five years).

Innovation is a key strategic parameter

The best geographic coverage

Wavin is currently present in 29 European countries and has production plants in 18 of these. It has a leading market position in 15 countries in Europe. The company was one of the first to move into the Central and Eastern European economies after their markets opened. We are actively looking to expand further into the emerging economies of Europe where we presently achieve over 25% of our sales.

	Building & Installation	Civils & Infrastructure	Overall		Building & Installation	Civils & Infrastructure	Overall
	Position	Position	Position		Position	Position	Position
UK	#1	#1	#1	Norway	#3	#1/2	#2
Poland	#1	#1	#1	Belgium	–	#1	Top-3
Denmark	#2	#1	#1	France	#2/3	#1/2	Top-3
Ireland	#2	#1	#1	Sweden	#3	#2/3	Top-3
Netherlands	#2	#1	#1	Germany	#5	Top-3	Top-5
Czech Republic	#1	#3	#1	Italy	Top-3	–	na
Hungary	#3	#1/2	#1	Turkey	–	#2	na
Baltics	#2/3	#2	#2				

Source: Based on Company estimates of the addressed markets.

Leading market position in 15 countries

Accretive acquisitions

Wavin has a track record of successful acquisitions and has acquired and integrated over 10 companies during the past five years. We intend to continue our consolidation strategy, but will be selective in the pursuit of acquisition opportunities. Candidates must have either complementary market positions in the countries where Wavin is already present, or provide a significant entry into markets where we have no position. All potential acquisition targets must bring substantial synergies and add shareholder value.

STATEMENT OF THE CEO

There is little doubt that 2009 will be remembered as the year during which Wavin faced the worst market slump in its 55 year history. This unprecedented downturn was all the more unique because it affected literally all 29 countries in which we are active as well as every individual business segment in our portfolio.

Unprecedented downturn affected all segments

The massive contraction of construction markets across Europe was further exacerbated by large-scale de-stocking in the supply chain, a relatively harsh winter and adverse foreign currency movements.

The combination of all these factors confronted us with a decline in sales of almost 40 percent in the first months of the year. Against this background we had little choice but to accelerate cost reductions, further prioritise cash flow generation and to restructure our balance sheet.

We take pride in the fact that we have achieved this against substantial odds:

- Since the beginning of the credit crunch in early 2008 we have structurally lowered our cost-base by more than € 40 million mainly by a painful reduction of our workforce by over 1,600 employees;
- Working capital throughout the year remained well below the previous year's levels thanks mainly to strict control over stock levels;
- The successful completion of a € 227 million rights issue and the amendment and extension of the company's debt facility until well into 2013 has provided the company with ample headroom to ride out an extended storm or to make use of more positive scenarios.

The benefits of these actions became very visible in the second half of the year when margins returned to pre-crisis levels and net profit turned positive again with a revenue downturn of 'only' 21%.

Strategic progress

In spite of all the focus on cost-adjustment and balance sheet restructuring we did manage to take further steps in our strategic direction. We maintained our leadership position in Europe, improve service levels and added new applications to our portfolios in Water Management and Surface Heating & Cooling, including design and calculation software. Some eye-catching reference projects were booked in these sectors, which we consider important growth drivers for the future.

New applications in Water Management and Surface Heating & Cooling

Investments were made to structurally reduce the cost-base of some mainstream product ranges through redesign and re-engineering. Our innovation rate remained above the target of 15% thanks to the successful roll-out of structured wall pipes and fittings, as well as inlet and outlet products for foul water systems.

Although roll-out speed was adjusted downwards because of the economic developments, we made steady progress with Connect*IT*, the Group-wide programme to gradually align IT platforms across all our operations.

Philip Houben
President & CEO

Long term market trends

Long term trends have not altered. Substitution of traditional materials with plastics will continue in pipe systems if only because of ease of installation. The demand for energy-efficient buildings will increase and, therefore, so will the drive towards surface heating and cooling systems. Climate change will lead to further requirements in water management solutions. Foul water and rainwater will increasingly be separated and disposed of through different pipe systems. Households will continue to get smaller and dwellings will have relatively more bathroom and kitchen area. Wavin's leading role in all these sectors, as well as its frontrunner position in the high-potential emerging economies of Europe, will ensure that our company makes a fast recovery as soon as circumstances improve.

Sustainability

The sustainability issue has survived the economic crisis and it is our view that it will become an increasingly relevant purchasing criterion in the years to come. Our focus on Water Management and Surface Heating & Cooling is partly driven by that conviction. But we are also paying considerable attention to sustainability in our traditional product range.

As a leading member of The European Plastic Pipe and Fitting Association we are, therefore, very active in completing the so-called Environmental Product Declarations of our systems. We have always been one of the frontrunners in collecting and using recycled materials in our products and in 2009 we further increased re-use percentages. Wavin is a committed participant of the Vinyl 2010 programme, a Europe-wide initiative to recycle and reuse PVC. We have also established targets for reducing our own environmental footprint in the years to come and we have specified these targets in the relevant chapter of this annual report. In 2010 we will also rate our suppliers on sustainability performance.

Outlook

Our overall view is that 2010 will not be an easy year. Construction markets are by nature late cyclical, consumer confidence is still hesitant and building statistics are not yet showing structural upward movement. Under these conditions we consider it wise to be cautious in our expectations on market developments.

Construction markets are by nature late cyclical

These are difficult times. Yet we believe the company can look back on a number of accomplishments with pride. We are grateful to all our stakeholders – shareholders, employees, suppliers and customers – who have shown confidence, belief and dedication in this past year. We are convinced that they will see the positive effect of their commitment.

Philip Houben
President & CEO

The Management Board of Wavin.
From left to right:
Andy Taylor (Executive Vice President),
Pim Oomens (CFO),
Philip Houben,
(President & CEO)
and Henk ten Hove
(Executive Vice President).

BUSINESS AND MARKET SUMMARY

Recovery of margins

In spite of depressed and challenging market conditions and substantial restructuring charges, Wavin was able to restore operating margins and finish the year with a modest net profit of € 1.8 million. Rapid and effective cost control measures, as well as lower input prices, were the main contributors towards this performance.

Although we faced a sharp decline of activities in the first half of 2009, the second half saw a stabilisation in demand in most markets, albeit at low levels. Together with cost savings well above the targeted level and lower raw material prices, this resulted in a recovery in margins from the second quarter onwards. In the course of 2009, we turned a first half year loss of € 7.2 million into a € 9.0 million profit in the second half of the year.

In 2009 Wavin successfully completed a comprehensive refinancing package that included raising capital of € 227 million as well as an amendment and extension of the existing debt facilities.
Following the decisive restructuring measures and the successful strengthening of the capital structure, Wavin is well positioned to withstand a continuing adverse trading environment if necessary and to benefit rapidly from an upturn as it occurs. Although capital expenditure was reduced considerably to € 37.7 million, we continued our investments in the sustainability-related solution areas such as Water Management and Surface Heating & Cooling, which we see as important growth drivers for the future.

Key figures

(€ x million)		2009	2008	Change
Revenue		**1159.6**	**1581.2**	**(26.7%)**
Like-for-like growth		(22.9%)	(6.6%)	
Ebitda		**110.4**	**161.0**	**(31.4%)**
Ebitda margin		9.5%	10.2%	
Operating result		32.9	83.3	(60.5%)
Net profit		**1.8**	**32.1**	**(94.4%)**
Earnings per share*	€ x 1	**0.00**	**0.16**	**(100%)**
Dividend*	€ x 1	**0.00**	**0.07**	**(100%)**

* 2008 figures have been adjusted for comparison reasons.

Markets

The contraction of the European construction markets which started in 2008 continued undiminished in the first half of 2009. Overall market decline was reflected in an estimated 30% drop in housing starts and a further decline of new residential construction activities across Europe compared to 2008. The underlying factors included a restricted availability of mortgage financing, low consumer confidence, destocking and falling house prices. The same factors and the low number of housing transactions were responsible for the decline in the normally less cyclical renovation sector. The non-residential market weakened by an estimated 10% in 2009 as a result of lower economic activity and limited availability of financing. Activities in infrastructure were somewhat more resilient as government stimulus measures began to take effect.

Some markets stabilised after steep decline in H1

The decline in construction markets was particularly steep in the beginning of the year. Later in the year some signs of market stabilisation were seen in a number of countries, although overall activity levels remained well below those of previous years.

Continuing the pattern seen in 2008, the UK and Ireland were among the more severely affected countries. Housing starts in Ireland halved relative to 2008, while those in the UK were down a further 35%.

In the Central and Eastern Europe region, Russia and Ukraine faced particularly difficult market circumstances. Poland and the Czech Republic fared slightly better. Housing starts in Poland were down some 12% over the 2008 level, but infrastructure activities were fairly stable.

In the South East Europe region the housing markets remained weak, especially in Italy, Hungary and Romania, where construction markets shrunk by approximately 30%. Turkey was relatively better off with a 15% decline in the building sector.

In the Nordic region, Denmark felt the full effects of the downturn, with new housing starts down by 30% over 2008. The rest of Scandinavia was less affected and the overall picture in the Baltic region remained depressed.

The rapid decline in France early in 2009 showed signs of bottoming out towards the end of the year.

Construction markets in North West Europe region were impacted to a lesser extent. Germany showed a slight upturn in the Civils & Infrastructure market. In the Benelux the decline in the construction market was less severe, although new housing starts began to decline substantially in the second half of the year.

Wavin's response

As soon as the severity of the economic crisis became clear, all Wavin operating companies took resolute action to match the organisation to the existing market situation. The first restructuring measures had been initiated in 2008 and in 2009 they were extended to all regions. Major restructuring programmes were undertaken in the UK and Ireland region, as well as in the Nordic and North West regions. The other regions also contributed towards the overall reduction of direct and indirect staff and some 1,600 jobs have been lost since the beginning of the downturn.

Restructuring to adapt to new market situation

Steps were taken to improve efficiency in operations by further regionalising indirect staff and streamlining back-office functions wherever possible. A number of production lines were temporarily mothballed. High priority was given to cash generation and capital expenditure was reduced from € 53.2 million in 2008 to € 37.7 million in 2009. Overall cost savings on an annual basis are expected to be well above the targeted figure of € 40 million. Total restructuring costs were € 31.0 million, of which € 12.9 million had already been charged to 2008.
The € 227 million rights issue, which was completed in July, formed part of a comprehensive recapitalisation package that significantly strengthened our balance sheet. The proceeds from the rights issue were used to reduce debt and leverage, while the amended and extended credit facility of € 500 million has substantially increased the headroom under the bank covenants.

Balance sheet significantly strengthened

Wavin's performance

The unprecedented decline in both new-build and renovation activities had a severe impact on our business. The drop in revenue was particularly severe in the first months of the year, when the poor economic outlook, weak financial markets, bad weather conditions and further destocking all resulted in a fall in revenues of 34.6% in the first quarter. The rate of decline eased somewhat in the subsequent quarters.

Total revenue for the full year 2009 was down by 26.7% at € 1,159.6 million (2008: € 1,581.2 million). At constant currencies, the drop was 22.9%. Despite the deep fall in turnover and the extremely poor margins in the early months of 2009, margins showed a solid recovery during the remainder of the year. This performance was a result of the effective execution of our restructuring programmes to adapt the company to the new reality and lower raw material prices. Ebitda in 2009 was € 110.4 million, 31.4% lower than 2008. Ebitda margin for 2009 was 9.5%, close to the 2008 level of 10.2%.

In 2009, non-recurring items, mainly relating to restructuring charges, amounted to € 14.6 million. Net finance costs dropped by € 10.4 million to € 35.4 million partly as a consequence of the lower debt levels. Finance costs in 2008 were affected by foreign exchange rate losses of € 10.5 million. Including significant one-off restructuring costs we were able to close the year with a small net profit. Recurring net profit amounted to € 11.7 million.

Our focus on cost containment was combined with a continued tight control of cash management. Cash flow from operating activities amounted to € 86.8 million.
Net debt at year end was reduced to € 236.8 million (2008: € 461.1 million), due to the rights issue at the end of July, lower working capital and the reduced level of capital investments.

In this demanding environment we maintained our focus on the development of the strategic growth segments Water Management and Surface Heating & Cooling. We made good progress with offering these systems and solutions in environment- and sustainability-related applications.

FINANCIAL PERFORMANCE
Results

(€ x million)	2009	2008	Change
Revenue	**1,159.6**	**1,581.2**	**(26.7%)**
Gross profit	**296.8**	**388.5**	**(23.6%)**
Ebitda	**110.4**	**161.0**	**(31.4%)**
Depreciation	(50.1)	(54.2)	(7.6%)
Amortisation	(12.8)	(13.2)	(3.0%)
Non-recurring items	(14.6)	(10.3)	41.7%
Operating result	**32.9**	**83.3**	**(60.5%)**

Revenue

2009 revenue € 1.16 billion

Revenue fell to € 1,159.6 billion, a drop of 26.7% compared with 2008. On a like-for-like basis, revenue decline amounted to 22.9% as the continuing weakness of non-euro currencies, which account for more than half of revenue, had a negative impact of approximately 4% on reported revenues.

Although all regions were affected, the impact was particularly severe in the UK, Ireland, Denmark and some emerging markets like Russia and the Baltics. In the second half of the year revenue stabilised in a number of countries, albeit at a low level.

Gross profit

Gross profit amounted to € 296.8 million for the full year, or 23.6% lower than the 2008 figure. While revenue declined by 26.7%, Wavin's cost of sales was 27.4% lower. In the early part of the year raw material prices eased from the peak levels in the second half of 2008, and rose again temporarily in the middle of 2009. Markets were competitive, which put pressure on our sales prices, but this effect did not intensify further. Overall, we achieved a solid margin recovery from the second quarter onwards. After a very weak start the gross margin improved in the course of the year as a result of declining raw material prices and cost-reduction programmes. Our 2009 gross profit margin was 25.6%, compared with 24.6% in 2008.

Ebitda

The operating result before depreciation and amortisation and non-recurring items (Ebitda) decreased by 31.4% from € 161.0 million in 2008 to € 110.4 million in 2009. Ebitda in the second half year was € 64.9 million, close to the € 69.1 million in the same period in 2008. Restructuring programmes led to a decrease in indirect costs from € 300.2 million in 2008 to € 256.7 million in 2009. Although reorganisation measures were initiated at a very early stage, the resulting cost savings could not fully compensate for the exceptional fall in revenue. Our Ebitda margin (Ebitda over revenue) fell from 10.2% in 2008 to 9.5%.

Depreciation and amortisation

Depreciation decreased to € 50.1 million (2008: € 54.2 million) as a result of lower investment levels in the past two years. Amortisation costs were stable at € 12.8 million (2008: € 13.2 million).

Non-recurring items

Non-recurring items in the operating result amounted to € 14.6 million. Non-recurring costs of € 18.1 million were largely related to restructuring programmes throughout the Group. One-off benefits of € 3.4 million mainly relate to book profits on some asset sales.

Operating result

Wavin realised an operating result of € 32.9 million in 2009, a drop of 60.5% compared to 2008. After a difficult start, operating result improved substantially in the course of the year on the back of successful cost reduction programmes.

Operating result improved in the course of 2009

Results

(€ x million)	2009	2008	Change
Operating result	**32.9**	**83.3**	**(60.5%)**
Net finance costs	(35.4)	(45.8)	(22.7%)
Result of associates	3.1	5.2	(40.4%)
Profit before tax	**0.6**	**42.7**	**(98.5%)**
Income tax expense	1.2	(10.6)	
Net profit	**1.8**	**32.1**	**(94.4%)**
Profit attributable to:			
Shareholders of Wavin N.V.	0.2	32.1	(99.4%)
Minority interest	1.6	0.0	

Net finance costs

Net finance costs decreased to € 35.4 million. The 2008 finance costs were affected by € 10.5 million foreign exchange rate losses. The € 216.2 million net proceeds of the rights issue were used for debt reduction and the payment of upfront fees for the amendment and extension of the finance facilities. Under the terms of the amended and extended finance facility, interest costs depend on the company's leverage ratio, which will be measured quarterly from year end 2009 onwards. In the second half of 2009 the margin was 380 bps over 3 months Euribor. This Euribor rate is largely hedged until April 2013 at an average rate of 3.9%.

Net finance costs include a € 2.9 million charge related to upfront fees of the amended financing facility, which are amortised over the four year duration of the facilities, as well as the one-time impact of the write-off of interest swaps amounting to € 2.7 million, due to the repayment of debt following the rights issue.

Associates

Income from associates was attributable to Wavin's 40% stake in a joint venture that specialises in pressure fittings for gas and water applications. This joint venture was also impacted by a downturn in relevant markets, resulting in a reduction of 40.4% in Wavin's share of the profits to € 3.1 million.

Income tax expense

Wavin booked income tax benefits of € 1.2 million compared to an expense of € 10.6 million in 2008, mostly as a consequence of the lower operating result.

Net profit

Despite the severe drop in revenue and significant restructuring charges, Wavin reported a modest net profit of € 1.8 million for the year. The net € 7.2 million loss in the first half was offset by a € 9.0 million positive result in the second half of the year.

Adjusted for the effect of one-off charges and benefits, recurring net profit amounted to € 11.7 million compared with € 38.9 million in 2008.

Profit attributable to shareholders fell from € 32.1 million in 2008 to € 0.2 million in 2009.

As a result of the rights issue the total number of issued shares increased by 325 million to approximately 406 million at year end. Earnings per share in 2009 were € 0.0 (2008: € 0.16). Recurring earnings per share were € 0.02, compared to € 0.20 in 2008.

Modest net profit for the year

Cash flow

Strict working capital management remained a key attention area for Wavin in 2009. Inventories and receivables were further reduced, following a year of sharp working capital reduction in 2008. Wavin's cash flow from operating activities was € 86.8 million (2008: € 261.9 million). Depreciation and amortisation for the year decreased to € 62.9 million. Tight control of capital expenditure resulted in a net investment reduction of € 15.5 million to € 37.7 million.

(€ x million)	2009	2008	Change
Profit for the period	**1.8**	**32.1**	**(94.4%)**
Depreciation and amortisation	62.9	68.9	(8.7%)
Other non-cash items	29.1	48.3	(39.8%)
Working capital movement	(7.0)	112.6	
Cash from operating activities	**86.8**	**261.9**	**(66.9%)**
Interest paid	(24.5)	(35.4)	(30.8%)
Tax paid	(7.2)	(24.7)	(70.9%)
Net cash from operating activities	**55.1**	**201.8**	**(72.7%)**
Net investments paid	(37.7)	(53.2)	(29.1%)
Acquisitions	(0.2)	(59.0)	(99.7%)
Other investing activities	5.0	2.3	117.4%
Dividend payment	(2.1)	(15.2)	(86.2%)
Net proceeds shares issued	212.3	–	
Other financing	0.1	(3.4)	
Net cash flow	**232.5**	**73.3**	**217.2%**
Non-cash movements	(8.2)	8.0	
Decrease in net debt	**224.3**	**81.3**	**175.9%**
Net debt this period	**236.8**	**461.1**	**(48.6%)**
Net debt previous period	**461.1**	**542.4**	**(15.0%)**

Key ratios

Leverage ratio	1.96	2.84
Interest coverage ratio	3.98	4.83
Debt to equity	0.4	1.4

Net debt

Net debt was € 236.8 million at the end of 2009, € 224.3 million lower than the € 461.1 million of 2008. In July, we successfully completed a rights issue and the € 216.2 million net proceeds were used for debt reduction and the payment of upfront fees for the amendment and extension of the finance facilities. During the year working capital was strictly managed, resulting in lower inventories and receivables. This cash flow was, however, partly offset by lower creditor levels.

Following the refinancing, an amended € 500 million debt facility is now in place and this will be extended from April 2011 to a € 475 million facility maturing in April 2013. Together with the adjusted terms the new facility will ensure that, even if trading conditions remain challenging, Wavin will be adequately financed and will also have sufficient liquidity when markets recover. The company operated well within the new set of bank covenants as defined in the facility agreement. At year end 2009 our leverage ratio (net debt / last twelve months Ebitda) was 1.96, well below the threshold of 3.8. The interest coverage ratio (Ebitda / net interest expenses) was 3.98 against a minimum of 2.4.

Net debt reduced with proceeds from rights issue

The Executive Committee of Wavin. From left to right: Didier Prouteau (SWE), Rolf Mellink (SBU C&I), Calum Forsyth (UK/ Ireland), Ole Arenfeldt Jensen (Nordic), Maarten Roef (NWE), Gert-Jan Maasdam (SBU B&I), Jacek Sobkowiak (CEE), Nicola Negri (SEE).

THE BUSINESS UNITS

Wavin's two Strategic Business Units (SBUs) Building & Installation (above ground pipe systems) and Civils & Infrastructure (below ground pipe systems) offer an extensive range of plastic pipe systems throughout Europe. Both SBUs were strongly affected by the market conditions: a dramatic fall in demand early in the year which bottomed out towards the end of the year.

Sustainability is rapidly developing into one of the key design parameters for construction projects. Materials and solutions are increasingly being judged on their contribution towards a sustainable environment. Thanks to our broad portfolio, Wavin is well positioned to address this trend.

Revenue

(€ x million)	2009	2008	Growth	% of total revenue
SBU Building & Installation	452.7	622.5	(27.3%)	39.0%
SBU Civils & Infrastructure	684.1	928.3	(26.3%)	59.0%
Other	22.8	30.4	(25.0%)	2.0%
Total revenue	**1,159.6**	**1,581.2**	**(26.7%)**	**100.0%**

Building & Installation

This SBUs share of Wavin's total revenue was 39.0% in 2009. Revenue declined by 27.3% to € 452.7 million, mainly as a result of the decrease in residential construction activities. All product categories were impacted by the downturn, although sales of Soil & Waste were less severly affected due to the connection to renovation activities.

SBU B&I accounts for 39% of revenue

Revenue

(€ x million)	2009	2008	Growth	% of total revenue
Hot & Cold	248.9	352.3	(29.3%)	21.5%
Soil & Waste	149.7	197.9	(24.4%)	12.9%
Other Building Systems	54.1	72.3	(25.2%)	4.7%
Total B & I	**452.7**	**622.5**	**(27.3%)**	**39.0%**

Hot & Cold

Hot & Cold's revenue fell by 29.3% to € 248.9 million and accounted for 21.5% of total revenue. This made it Wavin's second-largest business segment. Although all the countries faced a substantial decline in new residential construction, the trend of replacing traditional materials with plastics remained unchanged. Growth in the very promising Surface Heating & Cooling (SHC) business is part of Wavin's strategy. Business drivers are the search for energy-efficiency, the EU Directive on the Energy Performance of Buildings, and the increasing consumer emphasis on comfort, health and interior design. For SHC, 2009 was used to build a solid foundation for strong business growth in the coming years. New components and systems were launched successfully, the number of operating companies offering Ceiling Heating & Cooling solutions increased from 3 to 8 and Wavin won some eye-catching projects such as the Santa Monica eco-building development near Milan, Italy.

Soil & Waste

The Soil & Waste segment saw revenue decline by 24.4% to € 149.7 million. Reduced consumer confidence and more difficult financing conditions resulted in fewer housing transactions and consequently in lower activity levels. Renovation activities kept a certain momentum. Customers increasingly value the benefits of the low-noise systems for soil and waste discharge which form an integral part of our offering in this segment.

Other Building Systems

This segment, which mainly consists of roof gutter systems and electrical conduits, was affected by the decline in local building markets, and saw its revenue decrease by 25.2% to € 54.1 million.

Soil and waste systems help reduce noise in apartment complex

Stringent noise demands were specified for the construction of 109 new apartments on the Rembrandtkade in Deventer (the Netherlands). The Wavin AS low-noise soil and waste system was selected because of its noise reducing qualities, as well as the fact that standpipes are assembled without using brackets which achieves additional noise reduction.

Civils & Infrastructure

Our Civils & Infrastructure (C&I) Strategic Business Unit saw revenue decline by 26.3% from € 928.3 million in 2008 to € 684.1 million in 2009. This SBU accounted for 59.0% of total revenue. The Water Management segment was slightly more resilient, as a result of the continued focus on separating rainwater from waste water.

Revenue

(€ x million)	2009	2008	Growth	% of total revenue
Foul Water Systems	349.0	471.1	(25.9%)	30.1%
Water Management	133.0	176.5	(24.6%)	11.5%
Cable Ducting	54.7	78.9	(30.7%)	4.7%
Water & Gas	147.4	201.8	(27.0%)	12.7%
Total C & I	**684.1**	**928.3**	**(26.3%)**	**59.0%**

New Water Management solution Intesio introduced

Foul Water Systems

A substantial part of the activities in the Foul Water Systems market involves connecting in-house soil and waste systems to the main sewer. This segment is highly dependent on new residential developments, and was particularly impacted by the contraction of these activities. Revenue declined by 25.9% from € 471.1 million in 2008 to € 349.0 million in 2009. During the year, we completed our offering in the growth area of manholes and inspection chambers for sewer systems with the introduction of a small diameter inspection chamber. Greater flexibility, lower installation costs and durability support the long term trend to substitute traditional materials with plastics in Foul Water Systems.

Water Management

Water Management is an attractive segment in the Civils & Infrastructure business and Wavin offers solutions for managing the rainwater cycle from roof to river and from road to reservoir. In 2009, revenue in Water Management fell by 24.6% to € 133.0 million (2008: € 176.5 million).

The growing awareness of the need to manage rainwater in both the non-residential and residential sectors is a key driver in this segment. In 2009, we introduced Intesio, a comprehensive water management concept consisting of a full range of products and services as well as design and calculation. One of the interesting orders in this area is the development of the new Berlin Brandenburg Airport for which Wavin provides the rainwater management system.

Cable Ducting

Cable Ducting saw revenue drop by 30.7% to € 54.7 million. The decline was mainly due to the postponement of investments by telecom and cable companies throughout Europe in broadband roll-outs. Although still a relatively small activity within Wavin, accounting for 4.7% of total revenue, this is an attractive business with good potential. The main driver is the need for more bandwidth and the resulting replacement of existing, traditional telecom networks with optical fibre networks.

Water & Gas

With revenues of € 147.4 million, the Water & Gas activities declined by 27.0% compared with 2008. This price-sensitive business was subject to fierce competition for volume, particularly in the gas segment. Wavin focuses on technically advanced solutions that require high-quality, sophisticated systems.

Other

Revenue in this category was € 22.8 million (2008: € 30.4 million) and comprised income generated outside our two SBUs mainly from sales of raw materials, machinery and electronics, as well as technology licensing.

Glass fibre network takes residents out of isolation

Connecting several old neighbourhoods in the Swedish city of Nyköping to the existing glass fibre network did not take cable company Gastabudstaden very long. Being connected to the network means the residents can now enjoy all the convenience of the digital highway in the field of television, the internet and telephony.

Wavin's cable duct systems enable networks to be installed very quickly, so disruption is minimised. Fast installation also means considerably lower costs for the network company.

THE REGIONS

Organised in six regions, Wavin has a presence in 29 European countries with manufacturing facilities in 18 of these. During 2009 all the countries felt the impact of the crisis, although its severity and timing differed. Following the sharp decline in the first quarter most markets saw a stabilisation of demand at relatively low levels towards the end of the year. Wavin maintained its overall leading market position in Europe.

Stabilisation at low levels in most markets

The consequences of sharp market contraction were felt most in the UK/ Ireland and Nordic regions. Although also seriously affected, the only region that proved somewhat more resilient was North West Europe where, especially in the Netherlands and Germany, the downturn in building activities was less severe and occurred later than in other countries.

Results per region

(€ x million)	2009	2008	Change
Revenue			
North West Europe	276.4	322.6	(14.3%)
UK/Ireland	215.8	311.6	(30.7%)
South East Europe	184.4	253.7	(27.3%)
Central & Eastern Europe	164.9	242.8	(32.1%)
Nordic Europe	148.1	217.0	(31.8%)
South West Europe	126.4	170.5	(25.9%)
Overseas and Other	43.6	63.0	(30.8%)
Total revenue	**1,159.6**	**1,581.2**	**(26.7%)**
Ebitda			
North West Europe	23.0	26.5	(13.2%)
UK/Ireland	13.8	22.2	(37.8%)
South East Europe	12.5	21.7	(42.4%)
Central & Eastern Europe	28.5	39.7	(28.2%)
Nordic Europe	10.3	18.9	(45.5%)
South West Europe	8.3	17.0	(51.2%)
Overseas and Other	14.0	15.0	(6.7%)
Total Ebitda	**110.4**	**161.0**	**(31.4%)**
Ebitda margin			
North West Europe	8.3%	8.2%	
UK/Ireland	6.4%	7.1%	
South East Europe	6.8%	8.6%	
Central & Eastern Europe	17.3%	16.4%	
Nordic Europe	7.0%	8.7%	
South West Europe	6.6%	10.0%	
Overseas and Other	32.1%	23.8%	
Total Ebitda margin	**9.5%**	**10.2%**	

North West Europe (Netherlands, Germany, Belgium)

(€ x million)	2009	2008	Change
Revenue	276.4	322.6	(14.3%)
Ebitda	23.0	26.5	(13.2%)
Ebitda margin	8.3%	8.2%	

With a revenue decline of 14.3% the North West Europe region proved more resilient than our other regions. The Ebitda margin was stable at 8.3%, thanks to the regional optimisation of the manufacturing operations and the integration of back-office functions in the Netherlands and Germany.

North West Europe relatively more resilient

The Dutch construction market was impacted later in the economic cycle than most other European countries. After a difficult start of the year due to the relatively severe winter conditions, construction markets in the Netherlands remained stable compared to other European countries. We did, however, see increasing weakness during the last months of the year. Despite a difficult market environment Wavin Netherlands maintained its leading position in Civils & Infrastructure and Soil & Waste. Water Management systems continued their growth path and Hot & Cold showed growth after the introduction of flexible plastic push-fit systems.

Sales in Germany were also impacted by the economic crisis, but governmental stimulus programmes partly compensated the negative effects. In a very competitive market Wavin Germany was able to achieve further growth of the Water Management business.

In our Belgian operations, the effects of the economic downturn were less severe than in most other Western European countries due to, amongst other factors, a VAT reduction and energy saving subsidies. The integration of two Belgian sales and distribution centres was completed in 2009.

UFH systems strong enough to hold a tank

The Bovington Tank Museum located in Dorset, England, is the museum of the Royal Tank Regiment & Royal Armoured Corps and hosts a broad collection of tanks and live displays. Wavin's subsidiary Warmafloor installed the underfloor heating system in the new, modern café and restaurant, which is an integral part of the museum experience.

UK / Ireland (United Kingdom, Ireland)

(€ x million)	2009	2008	Change
Revenue	215.8	311.6	(30.7%)
Ebitda	13.8	22.2	(37.8%)
Ebitda margin	6.4%	7.1%	

2009 continued to be a difficult period throughout the UK/Ireland region, and the performance for the year deteriorated further compared with 2008. Revenue fell by 30.7% to € 215.8 million. At constant currencies, the reduction in revenue was 24.3%. Ebitda margin dropped from 7.1% in 2008 to 6.4% in 2009.

In the UK, the steep and severe decline in business activity became apparent in the second half of 2008, with the significantly reduced activity level continuing into 2009. UK housing starts were down by 35% compared to 2008. Although some stability was seen in the second half of the year, low consumer confidence continued to prevail. Revenue decline was more apparent in the C&I

(below ground) business, while the more resilient RMI market helped restrict the decline in the B&I (above ground) business.
The Irish market continued to be the most challenging in Europe. The slump in construction activities was felt across all sectors. The expected number of housing completions for 2009 was 26,000 units, down by 50% from the 2008 figure and by 72% from the peak in 2006, and tracking at levels not seen since the early 1990s.

Since the financial crisis had already impacted the region in 2008, most management action to align the business with lower activity levels had been taken before. Restructuring programmes in manufacturing and back-office functions reduced the workforce by an additional 300 employees in 2009.

Despite the dire market conditions in the region, Wavin focused on innovation for future growth, especially in the Water Management and Surface Heating & Cooling segments. Product launches in the UK included a new range of domestic rainwater reuse systems and composite manifold control packages for underfloor heating systems.

South East Europe (Italy, Hungary, Romania, Turkey, Croatia, Bulgaria, Serbia)

(€ x million)	2009	2008	Change
Revenue	184.4	253.7	(27.3%)
Ebitda	12.5	21.7	(42.4%)
Ebitda margin	6.8%	8.6%	

The South East Europe region not only experienced adverse developments in domestic markets but also had to deal with the contraction of export markets such as Russia and the Middle East. Revenue fell by 27.3% to € 184.4 million and margins declined to 6.8%. At constant currencies, revenue was 21.7% lower than in 2008.

The market in Italy was very weak in 2009, but growth was achieved in the Surface Heating & Cooling business.
In Hungary Wavin was able to consolidate market leadership in a difficult economic climate by offering complete systems and solutions.
In Romania construction markets shrunk by approximately 30%. The residential and non-residential building and installation markets were particularly affected due to their dependency on (bank) credit. The civils and infrastructure market was more resilient as around 70% of the business relates to EU funding. Wavin opened a production facility in Romania during 2009.

In Turkey the building sector experienced a slowdown of approximately 15%, the civils and infrastructure segment was impacted by the postponement of irregation projects.
Wavin subsidiary Pilsa was able to achieve revenue growth in the domestic Building & Installation market. The cross-selling of other Wavin product ranges also contributed towards this satisfying performance. Exports to countries such as Russia and the Gulf states were substantially lower due to the very negative developments in construction activities in these countries.

Bringing drinking water to remote areas

In Turkey, Wavin's operating company Pilsa provided the system to connect the area around the city of Van to the main water distribution network.
Pilsa's brand strength and the company's track record in providing high quality products with reliable pre-sale and after-sale service, were the winning factors for this important project.

Central and Eastern Europe (Poland, Czech Republic, Russia, Slovakia, Ukraine)

(€ x million)	2009	2008	Change
Revenue	164.9	242.8	(32.1%)
Ebitda	28.5	39.7	(28.2%)
Ebitda margin	17.3%	16.4%	

The impact of the crisis on the construction markets in the individual countries of Central and Eastern Europe differed substantially. Key Wavin countries such as Poland and the Czech Republic performed relatively well, but Russia and Ukraine in particular experienced a severe downturn. Revenue fell by 32.1% to € 164.9 million. At constant currencies, the reduction in revenue was 21.2%. The Ebitda margin was maintained at a high level of 17.3%, due to cost reduction measures and favourable raw material price developments.

Impact of crisis differed per country in the CEE region

As a consequence of the global financial turmoil, capital inflow to Central and Eastern Europe slowed down significantly during 2009, which also affected construction investments. This had the most impact on the residential markets (in Poland, for example, down by 12%). Non-residential markets were less affected due to the substantial increase in infrastructural works, especially road construction activities, which in Poland increased by approximately 35%. Wavin Poland participated in the realisation of large industrial projects and construction projects for new highway junctions.

The launch of innovative solutions in the growth segments Surface Heating & Cooling and Water Management and the market introduction of new inspection chambers and manholes for sewer applications enabled us to consolidate our market leadership in Poland and the Czech Republic.

'Plug and Play' for heating and cooling systems

In a retirement community in Denmark, 110 new and existing 'Assisted Living' apartments will be equipped with Wavin mixing units to adjust the water temperature from the district heating system to make it suitable for use in the home.
Installing the mixing units was fast and easy since Wavin in Horsens pre-assembled them to the specifications of the installer. All that had to be done at the building site was to put the unit in place.

Nordic Europe (Denmark, Norway, Sweden, Finland, Lithuania, Estonia, Latvia, Belarus)

(€ x million)	2009	2008	Change
Revenue	148.1	217.0	(31.8%)
Ebitda	10.3	18.9	(45.5%)
Ebitda margin	7.0%	8.7%	

The beginning of the year was particularly challenging in the Nordic region because of destocking by wholesalers on top of the market decline. Revenue fell by 31.8% to € 148.1 million, at constant currencies the reduction in revenue was 29.7%. Ebitda margin was 7.0%, a drop from the previous year.

After several years of robust growth rates, the region experienced a significant decline in residential and non-residential building activities. The low number of new housing starts and the limited development of new building sites also led to a lower demand for Wavin's civils systems.

In Denmark, the most important country in the region for Wavin, the residential building market deteriorated considerably during 2009. The construction markets in Norway and Sweden were more resilient due to the government stimulus packages. Activities in the Baltics were affected by the downturn in all segments following a severe shortage of financing.

Decline in Denmark; Norway and Sweden more resilient

The process of right-sizing our operations to achieve a structural adjustment of the cost base continued and led to a reduction of our workforce by approximately 100 employees.

A number of new products and solutions were introduced, such as the small diameter Tegra inspection chambers and new 1,000 mm manholes. Wavin's Water Management concept Intesio was also launched as was a new septic tank for houses and cottages located in remote areas without public sewer systems.
In Denmark and the Baltic states we launched Wavin's rainwater system for flat roofs, while in Denmark a new system for district heating applications was introduced.

Wavin won a number of projects during the year such as a large factory development in Vilnius, Lithuania where we provided a full range of rainwater management products, including the QuickStream siphonic roof drainage system, pipes and chambers for rainwater transportation, rainwater cleaning equipment and Q-Bic infiltration units.

South West Europe (France, Portugal)

(€ x million)	2009	2008	Change
Revenue	126.4	170.5	(25.9%)
Ebitda	8.3	17.0	(51.2%)
Ebitda margin	6.6%	10.0%	

In the South West Europe region revenue fell by 25.9%, from € 170.5 million in 2008 to € 126.4 million and margins declined to 6.6%.

The construction markets in France initially experienced a steep decline but stabilised towards the end of the year. Wavin made improvements in the product mix, especially in the Civils & Infrastructure segment. The regional performance was further negatively impacted by a sharp decline in the Europe-wide roll-out of broadband networks. This led to a slow-down in demand for microducts which are produced in France and exported throughout Europe.

In the Civils & Infrastructure market, Wavin France continued to improve its offering to customers. Wavin now supplies a complete range of inspection chambers and manholes for sewer applications and also launched the 'Intesio' Water Management concept. Significant restructuring measures were taken to align the cost base with the lower activity levels. This has resulted in a more uniform and efficient organisation.

A sewer system in difficult installation circumstances

When creating a new sewer system in the area of La Bastidonne, France, the installer was confronted with challenging conditions. Not only were the burying depths over 3 metres, the gradients was over 15 degrees.
The combination of Wavin Tegra and Eco-TP multilayer pipes and fittings was well suited for the difficult installation circumstances while also meeting the system requirements set by the owner and engineer.

Overseas and Other

The Wavin Group also comprises entities such as the export organisation Wavin Overseas, Wavin Technology & Innovation and the Group holding companies.

(€ x million)	2009	2008	Change
Revenue	43.6	63.0	(30.8%)
Ebitda	14.0	15.0	(6.7%)
Ebitda margin	32.1%	23.8%	

Wavin Overseas

The worldwide nature of the recession meant that the export markets of Wavin Overseas were also seriously impacted.

In this difficult business climate Wavin Overseas was able to gain some attractive projects such as the rainwater management system for the World Expo 2010 Centre in Shanghai.

Wavin's local presence outside Europe was extended in Southern Africa and the Middle East.

Making the World Expo Centre green

In order to meet the required standards for green energy, Wavin provided the solution for rainwater collection, storage and reuse at the World Expo 2010 Centre in Shanghai, China. The Wavin QuickStream siphonic roofdrainage system was combined with underground basins made of Wavin Q-Bic units, which give the additional benefit of reducing flood risk at the site.

GROUP ACTIVITIES

The Wavin Group operates in 29 countries in Europe. Wavin's corporate Head Office is based in the Netherlands, and includes corporate functions such as finance, human resources, legal, communication and investor relations. The Wavin Group also includes functions such as research and development, supply chain optimisation and IT, to fully realise synergies and scale benefits and to share best practices.

Technology & Innovation

Wavin is committed to innovation. In 2009 16.0% of our revenue came from products that have been on the markets for less than five years. Our research and development organisation, Wavin Technology and Innovation, plays an essential role in our innovation effort. With 55 employees, Wavin T&I engages in the full cycle of product and process development from market research to initial production, in close cooperation with Wavin's Strategic Business Units and the Operating Companies.

In 2009 Wavin T&I delivered amongst other developments, flow control and filtering products for Wavin's Intesio Water Management solution, a new range of protective connectors for our cable duct business as well as a composite manifold and a mixing unit for surface heating and cooling systems. Wavin T&I also further expanded the testing facilities for Water Management applications.

New flow control and filtration products introduced

Supply Chain and Operational Excellence

Continuous improvement of our operational processes is one of Wavin's strategic objectives. We aim to achieve higher efficiency, cost savings and margin improvements through a number of initiatives such as a strategic sourcing programme, improved supply chain management, optimisation of the manufacturing footprint and complexity reduction.

In 2009 further progress was made in the centralisation of our purchasing activities. Sourcing components from China resulted in significant savings for the Wavin Group.

Our cross-regional complexity reduction initiative was rolled out and the benefits are showing. In selected portfolios Wavin is harmonising its offering. Where possible these initiatives are combined with product re-engineering and optimisation of our manufacturing footprint.

Waterless waste valve for World cup stadium

Soccer City, the flagship stadium for the 2010 FIFA Football World Championship in Johannesburg, South Africa, is outfitted with Wavin Hep$_{V}$O. This waterless waste valve prevents the sanitary systems from drying out in between match days.

IT and E-business

Wavin invests in IT and E-business applications that support and enhance the performance of our operations. Good progress was made in Connect*IT*, the project to gradually implement a single company-wide IT platform that will accelerate, improve and sustain continuous business improvement. Following the successful launch of Connect*IT* in the Benelux, Germany, Italy and in Head Office, Wavin Romania went live at the end of 2009. A new, advanced supply network planning system was completed and went live in the Benelux in 2009. This application supports the optimisation of the internal supply network within the Wavin Group.

E-business is a constantly evolving activity within our company. Originally started as a product-ordering system for inter-company trade, it now also encompasses an online web shop and the possibility of exchanging data with customers and suppliers (Wavin eXchange). New links were implemented to connect (large) customers to the Wavin business applications. In 2009 the order intake via Wavin eXchange increased by approximately 7%. The E-business team also manages more than 30 websites, which in 2009 attracted some 2.5 million visitors.

CORPORATE GOVERNANCE

This Corporate Governance chapter addresses the corporate governance structure of Wavin. This structure is based on the best practices as set out in the Dutch Corporate Governance Code and was amended in 2008 (the 'Code').

The Code can be downloaded from www.monitoringcommissie.nl/Corporate_Governance_Code.

Compliance with the Code

We intend to discuss every substantial change in the corporate governance structure as well as compliance with the Code with the General Meeting of Shareholders. Changes, if any, will be discussed as a separate agenda item at that meeting. In accordance with the recommendations of the Monitoring Committee Corporate Governance Code, the current structure, which was implemented in the course of 2009, will be submitted to the Annual General Meeting of Shareholders in 2010 for discussion.

Amendments

In order to adhere to the new Corporate Governance Code of 2008 a number of corporate documents have been amended. These include the Rules for the Management Board, Rules for the Supervisory Board, Rules for the Audit & Investment Committee, Rules for the Remuneration, Appointment & Corporate Governance Committee, a Profile for the Supervisory Board and the Wavin Code of Conduct. All documents can be viewed and downloaded from the corporate website at www.wavin.com.

Main deviations

Wavin endorses the importance of good corporate governance and follows the vast majority of the rules set by the Code. It has, however, been considered in the interest of the company and its stakeholders not to comply with a limited number of best practice provisions. The main deviations are set out below:

- The Company deviates from best practice provision II.2.8, which provides that the maximum remuneration in the event of a dismissal of a Management Board member is one year's base salary. In the future, the company intends to comply with best practice provision II.2.8 for such appointments. However, the Company is currently bound by the terms of the employment contracts of the present members of the Management Board, which provide severance payment conditions that may exceed the above maximum. Upon unfair dismissal, Mr. Houben will be entitled to 12 months' total salary, Mr. Oomens will be entitled to 2 months' total salary per year of service with a maximum of 12 months and Mr. Ten Hove will be entitled to a severance payment, to be calculated in accordance with common practice in Dutch labour law (included but not limited to the so-called *'kantonrechtersformule'*), except in the situation where the aforementioned individuals have reached the age of 62. Mr. Taylor will be entitled to a severance payment in line with common practice for employees in our UK operations.
- The Chairman of the Supervisory Board also chairs the Remuneration, Appointment & Corporate Governance Committee (RACG Committee). The Company therefore deviates from best practice provision III.5.11, which states that the chairman of the Supervisory Board shall not be chairman of the remuneration committee. The Company considers the involvement of the Chairman of the Supervisory Board in matters concerning its nomination policy, the appointment of senior management members and in corporate governance issues of such importance that his chairing of this committee with various tasks, justifies a deviation from the Code.

- Wavin deviates slightly from best practice provision IV.1.1. which stipulates (among other things) that the general meeting of shareholders of a company that does not have a statutory two-tier status may pass a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast, which majority may not exceed more than one third of the issued capital. According to the Articles of Association of the Company a resolution to dismiss or suspend a member of the Management Board or Supervisory Board, other than on the proposal of the Supervisory Board, requires an absolute majority of the votes cast representing more than 50% of the issued capital. The Company is of the opinion that resolutions to dismiss Management Board and Supervisory Board members should be supported by the majority of shareholders as these decisions may change the continuity of the governance of the Company.
- Best practice rule IV.3.1 provides that investors can call in on or view meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences held and that these shall be announced in advance on the Company's website and by means of press releases. The Company will partially comply with this provision. It is the aim of the Company to provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. There are many meetings with investors, potential investors and analysts during the year. It is not considered to be practical to announce all of these meetings in advance or to make provisions for all shareholders to follow these meetings and presentations in real time. The information presented during these meetings will be restricted to publicly-available material. Investors may listen in on the press and analyst conference call given at the publication of the annual figures and the half year figures. Recordings of these calls will be available on the Wavin website as will copies of presentations made to investors and analysts.

Management Board

Composition and division of responsibilities

The Management Board currently consists of four members who are all appointed for four-year periods pursuant to best practice provision II.1.1.

Management Board members

Mr. Ph.P.F.C. (Philip) Houben – President of the Management Board & Chief Executive Officer (Dutch, 1950)
Previous position: President of Tenneco Packaging Europe
Appointed in 2000*, reappointed in 2006, current term ends in 2010
Supervisory Board memberships: Supervisory Board member of TKH Group N.V.

Mr. W.H.J.C.M (Pim) Oomens – Executive Vice President of the Management Board & Chief Financial Officer (Dutch, 1956)
Previous position: Chief Financial Officer and member of the Management Board of Royal Numico N.V.
Appointed in 2004*, reappointed in 2006, current term ends in 2010

Mr. H. (Henk) ten Hove – Executive Vice President of the Management Board (Dutch, 1952)
Previous position: Managing Director Wavin Kunststoff-Rohrsysteme GmbH
Appointed in 1999*, reappointed in 2006, current term ends in 2010

Mr. A.R. (Andy) Taylor – Executive Vice President of the Management Board (British, 1955)
Previous position: Managing Director Hepworth Ltd.
Appointed in 2005*, reappointed in 2006, current term ends in 2010

* First appointment as member of the Management Board of the Wavin Group.

The Management Board has adopted an internal division of responsibilities, which can be found under the Rules for the Management Board, which is available on the corporate website, www.wavin.com. The Management Board is collectively responsible for the Company's strategy.

Appointment and dismissal

Our Articles of Association provide that the General Meeting of Shareholders appoints members of the Management Board, subject to the right of the Supervisory Board to make a non-binding nomination to appoint a Management Board member. In such an event, the General Meeting of Shareholders may resolve, by a resolution passed with an absolute majority of the votes cast, to appoint the candidate nominated by the Supervisory Board. A resolution of the General Meeting of Shareholders to appoint members of the Management Board, other than pursuant to the nonbinding nomination of the Supervisory Board, requires an absolute majority of the votes cast, representing more than 50% of the issued share capital.

The Articles of Association further provide that the number of members of the Management Board is determined by the Supervisory Board, and consists of a minimum of one member. In view of the Corporate Governance Code, our Articles of Association provide that members of the Management Board are appointed for a maximum term of four years, provided, however, that unless such member of the Management Board has resigned at an earlier date, his term of office shall lapse on the day of the annual General Meeting of Shareholders to be held in the fourth year after the year of his appointment. An appointment can be renewed for a term of no more than four years at a time. Because the current appointments of all Management Board members will expire in 2010, proposals for their reappoinment will be submitted to the General Meeting of Shareholders on 21 April 2010.

According to our Articles of Association, the General Meeting of Shareholders and the Supervisory Board may suspend Management Board members at any time. The General Meeting of Shareholders may dismiss Management Board members at any time. A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Management Board pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast. A resolution of the General Meeting of Shareholders to suspend or dismiss a member of the Management Board, other than pursuant to a proposal of the Supervisory Board, requires an absolute majority of the votes cast representing more than 50% of the issued share capital.

Approval of Objectives and Strategy

As is standard practice within Wavin, the Management Board has submitted to the Supervisory Board for review and approval (a) the operational and financial objectives of the Company, (b) the strategy designed to achieve the objectives, (c) the parameters to be applied for measuring performance and (d) corporate social responsibility issues that are relevant to the enterprise. The operational and financial objectives of the Company are laid down in the budget. The 2009 budget was presented to and approved by the Supervisory Board during its December 2008 meeting. The 2010 budget was approved at the December 2009 meeting of the Supervisory Board. The Articles of Association and the Rules for the Management Board contain clear overviews of all issues for which the Management Board is required to seek the prior approval of the Supervisory Board.

Internal Risk Management and Control System

Wavin maintains an adequate administrative organisation that contains internal risk management and control systems as well as a system of monitoring and reporting, and guidelines on internal financial reporting. The Company has an accounting manual in place as well as an internal authorisation system. A Code of Conduct has been available since 2002 and is published on the Company's website.

Wavin employees have the opportunity to report alleged irregularities without having to fear for their position. A Whistleblowers' procedure is in place and can be viewed on the corporate website.

Statement of Control

The Statement of Control by the Management Board, including additional information, can be found in the Risk Management paragraph starting on page 47 of this report.

Membership of external Supervisory Boards

Mr. Houben has been a member of the Supervisory Board of TKH Group since May 2009. The Management Board members hold no further Supervisory Board memberships of listed companies.

Conflicts of Interest

All employment contracts of the Management Board members contain non-competition clauses, prohibiting them from performing activities that, directly or indirectly, conflict with the Company's activities. The Wavin Code of Conduct explicitly forbids accepting payments or gifts which may be interpreted as a bribe. The Rules for the Management Board, the Wavin Rules on Insider Trading as well as the Wavin Code of Conduct contain clear regulations on how to deal with possible conflicts of interest.

Loans or guarantees

As a matter of policy, Wavin does not grant loans or guarantees to members of the Management Board unless in the normal course of business, on terms applicable to the employees as a whole and only after approval of the full Supervisory Board. In 2009 no loans or guarantees were granted or outstanding to members of the Management Board.

Employment contracts of the Management Board

The Management Board members have employment contracts with Wavin B.V., a direct subsidiary of Wavin N.V. The employment contracts and the main conditions of employment for members of the Management Board are reviewed periodically. All Management Board members have employment contracts for an indefinite period of time, provided however that their contract will be terminated when the respective member reaches the age of 62 (65 in case of Mr. Taylor). It should be noted that the indefinite appointment as a statutory director of the Company has been changed to an appointment for a period of 4 years as per October 2006, the listing date of Wavin N.V.

Notice periods for the Company have been agreed with each Management Board member, being 3 months for Mr. Oomens, 6 months for Mr. Houben and Mr. ten Hove and 12 months for Mr. Taylor. The employment contracts of Mr. Houben, Mr. Oomens and Mr. Ten Hove determine that in case one resigns as a result of acquisition of the Company or when the actual control of the Company passes into other hands or in the event of other comparable circumstances ('change of control') a fixed severance payment of 12 months salary will be payable.

More information regarding severance payment arrangements for the individual Management Board members can be found on page 35.

Supervisory Board

The duties of the Supervisory Board are to supervise the policies of the Management Board and the affairs of the Company and its affiliated enterprises. The Supervisory Board also assists the Management Board by providing advice either at the request of the Management Board or on its own initiative. In performing its duties the Supervisory Board will be guided by the interests of the Company and its affiliated enterprises, will take into account the relevant interests of the Company's stakeholders and will use the fundamental principles of good entrepreneurship as a standard. The Supervisory Board is responsible for the quality of its own performance. In addition, certain material decisions of the Management Board, as specified in the Articles of Association and the Rules for the Management Board, are subject to prior approval by the Supervisory Board. Since 2004, the Supervisory Board has operated under its own regulations: the rules for the Supervisory Board. These regulations are available on the corporate website.

The Supervisory Board of Wavin N.V. consists of five members (minimum: three) who are appointed by the General Meeting of Shareholders for four years, after which he/she may be reappointed for two further periods of four years. The composition of the Supervisory Board did not change during the year under review.

The Supervisory Board is of the opinion that diversity in the composition of the Supervisory Board is an important precondition for a well-functioning and independent Board. The Profile of the Supervisory Board was, therefore, amended in December 2009 to reflect the continued aim for a diverse composition, taking into account age, nationality, gender, background and social experience.

The table below shows the rotation schedule of the Supervisory Board members.

Name	Date of first appointment	Current term ends
Mr. P.C. van den Hoek	11 May 1999	2011
Mr. B.G. Hill	13 September 2005	2013
Mr. R.H.P.W. Kottman	12 October 2006	2010
Mr. R.A. Ruijter	11 December 2007	2012
Mrs. B. Stymne Göransson	11 December 2007	2012

It will be proposed to the Annual General Meeting of Shareholders on 21 April 2010 to re-appoint Mr. Kottman as a member of the Supervisory Board for another term of 4 years.
Mr. P.C. van den Hoek has been the Chairman of the Supervisory Board since 1999.
The Chairman of the Supervisory Board and the CEO receive an Annual Compliance Report, which gives an overview of all developments with regard to compliance matters within the Company.

Information regarding the Supervisory Board members

Mr. P.C. (Paul) van den Hoek – Chairman (Dutch, 1939)

Remuneration, Appointment & Corporate Governance Committee (Chairman)

Previous position: senior partner at international law firm Stibbe

Appointed in 1999, current term ends in 2011

Other Supervisory Board memberships: Chairman of the Supervisory Board of AON Groep Nederland B.V.

Mr. B.G. (Brian) Hill – Vice-Chairman (Irish, 1944)

Audit & Investment Committee (Chairman)

Previous Position: Group Managing Director, Products & Distribution CRH Plc.

Appointed in 2005, current term ends in 2013

Other Supervisory Board memberships: non-executive Director at Kingspan Plc.

Mr. R.H.P.W. (René) Kottman (Dutch, 1945)

Remuneration, Appointment & Corporate Governance Committee

Previous position: Chief Executive Officer, Ballast Nedam N.V.

Appointed in 2006, current term ends in 2010

Other Supervisory Board memberships: Delta Lloyd N.V. (Chairman), Keyrail B.V. (Chairman), Delta Lloyd Bank N.V., Warmtebedrijf Rotterdam N.V. and Altera Vastgoed B.V. (Chairman).

Other Board memberships: MCA-Gemini Group Hospital (Chairman), De Baak Management Centrum, Advisory Board Noord/Zuidlijn Amsterdam (Chairman)

Mr. R.A. (Rob) Ruijter (Dutch, 1951)

Audit & Investment Committee

Current position: Interim CFO at ASM International N.V. (per 4 May 2009)

Previous position: Chief Financial Officer of the Nielsen Company B.V. (formerly VNU N.V.)

Appointed in 2007, current term ends in 2012

Other Supervisory Board memberships: Unit 4 Agresso N.V., Advisory Board Verdonck, Klooster & Associates

Mrs. B. (Birgitta) Stymne Göransson (Swedish, 1957)

Audit & Investment Committee

Current position: CEO of Semantix Group (until March 2010)

Appointed in 2007, current term ends in 2012

Other Board memberships: Arcus ASA, Elekta AB, O2 Vind AB, Apoteket Farmaci AB, Lernia AB

Appointment and dismissal

Supervisory Board members are appointed by the General Meeting of Shareholders. The Articles of Association provide that the General Meeting of Shareholders may suspend or dismiss Supervisory Board members at any time. A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Supervisory Board pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast. A resolution of the General Meeting of Shareholders to suspend or dismiss a member of the Supervisory Board other than pursuant to a proposal of the Supervisory Board requires an absolute majority of the votes cast representing more than 50 percent of the issued share capital.

Independence and conflict of interest

Wavin complies with best practice III.2.1 of the Dutch Corporate Governance Code, which states that all but one Supervisory Board members should be independent from the Company. As of 1 March 2009 all Supervisory Board members are considered to be independent from the Company. Until that date Mr. Van den Hoek was a partner of the Stibbe law firm, which is one of the main legal advisors of Wavin. There are no interlocking directorships, nor are or were any Supervisory Board members employed by the Company. The Rules for the Supervisory Board contain provisions regarding potential conflicts of interest. In the year under review there were no occurrences with a potential conflict of interest.

Loans and guarantees

As a matter of policy Wavin does not grant loans or guarantees to members of the Supervisory Board unless in the normal course of business and after the approval of the full Supervisory Board. Loans may not be remitted. In 2009 no loans or guarantees were granted or outstanding to members of the Supervisory Board.

Fixed remuneration

As provided in the Rules for the Supervisory Board, none of its members receives remuneration that is dependent on the financial performance of Wavin. The Wavin Rules on Insider Trading require that individual shareholdings in the Company shall only be held for long term investment purposes.

None of the Supervisory Board members holds any option rights to acquire shares in Wavin.

Profile

A profile setting out the required experience, expertise and background of individual Supervisory Board members is in place. This Profile was updated in December 2009 in order to further emphasise the aim of a diverse composition of the Supervisory Board. More information on the Profile can be found on page 66. The full Profile can be found on the corporate website.

Company Secretary

The Supervisory Board is assisted by Mr. S.H.A.J. Beckers, Company Secretary. The position and role of the Company Secretary has been laid down in the Supervisory Board rules.

Supervisory Board committees

Given the requirements of the Wavin organisation and the size of the Supervisory Board, the committees of the Supervisory Board have been arranged in a different way than recommended by the Dutch Corporate Governance Code. Instead of three separate committees, an Audit & Investment Committee and a Remuneration, Appointment & Corporate Governance Committee have been established.

Audit & Investment Committee

In 2009 the Audit & Investment Committee consists of Mr. B. Hill (chairman), Mrs. B. Stymne Göransson and Mr. R.A. Ruijter (who qualifies as the financial expert as stipulated by the Dutch Corporate Governance Code).

The Audit & Investment Committee assists the Supervisory Board with monitoring the systems of internal control, the integrity of the financial reporting process and the content of the financial statements and reports and in assessing and mitigating the business and financial risks. Furthermore, it also advises the Supervisory Board regarding large capital projects with a value of more than € 2.5 million and acquisitions with a value of more than € 5 million. The Audit & Investment Committee also approves all medium sized investments with a value of between € 1 million and € 2.5 million.

The Audit & Investment Committee focuses on the activities of the Management Board with respect to (i) the operation of the internal risk management and control system, including supervision of the enforcement of the relevant legislation and regulations, and supervision of the operation of codes of conduct; (ii) the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts, work of external auditors, etc.), (iii) compliance with the recommendations and observations of external auditors, (iv) the policy of the Company on tax planning, (v) relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Company, (vi) the financing of the Company, (vii) the applications of information and communication technology (ICT) and (viii) material investments considered by the Company. The rules for the Audit & Investment Committee were adopted on 26 September 2006 and amended on 17 December 2009 in order to reflect the changes due to the new corporate governance code.

Remuneration, Appointment & Corporate Governance Committee

In 2009 the Remuneration, Appointment & Corporate Governance Committee (RA&CG Committee) consisted of Mr. P.C. van den Hoek (Chairman) and Mr. R. Kottman.

The RA&CG Committee advises the Supervisory Board on the remuneration of the members of the Management Board and monitors the remuneration policy. In particular the RA&CG Committee advises the Supervisory Board on the selection criteria and appointment procedures for members of the Management Board and members of the Supervisory Board. Proposals for appointments and reappointments, the policy of the Management Board on selection criteria and appointment procedures for senior management and the assessment of the functioning of individual members of the Supervisory Board and the Management Board are also the responsibility of the RA&CG Committee. It also advises the Supervisory Board on Wavin's corporate governance structure.

The duties of the RA&CG Committee include (i) drafting a proposal to the Supervisory Board for the remuneration policy to be pursued, (ii) analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the members of the Management Board before preparing a proposal, (iii) drafting a proposal for the remuneration of the individual members of the Management Board, for adoption by the Supervisory Board, (iv) preparing the remuneration report as referred to in best practice provision II.2.12. of the Code, (v) drawing up selection criteria and appointment procedures for Supervisory Board members and Management Board members, (vi) periodically assessing the size and composition of the Supervisory Board and the Management Board, and proposing a composition profile of the Supervisory Board, (vii) periodically assessing the functioning of individual Supervisory Board members and Management Board members, and reporting on this to the Supervisory Board; (viii) making proposals for appointments and reappointments; (ix) supervising the policy of the Management Board on the selection criteria and appointment procedures for senior management; and (x) monitoring corporate governance developments.

The rules for the RA&CG Committee were adopted on 26 September 2006 and amended on 17 December 2009 in order to reflect the changes due to the new corporate governance code.

Remuneration of the Supervisory Board

In 2009, the remuneration of the Supervisory Board amounted to € 50,000 for the Chairman plus a € 2,500 fixed expense allowance and € 35,000 annually for the other members plus a € 2,000 fixed expense allowance.

Shareholdings

Shares owned by Supervisory Board and Management Board

Certain members of the Supervisory Board and all the members of the Management Board have invested in the Company. As at 31 December 2009 their combined holding was 5,362,870 shares (approximately 2% of the outstanding share capital) divided as follows:

Mr. Van den Hoek	270,695 shares
Mr. Hill	135,355 shares
Mr. Houben	1,979,609 shares
Mr. Oomens	1,489,345 shares
Mr. Ten Hove	945,866 shares
Mr. Taylor	542,000 shares

Meetings of Shareholders

General Meetings of Shareholders shall be convened by the Supervisory Board or the Management Board accordance with the applicable legislation and regulations and with due consideration of the applicable terms. The Articles of Association contain provisions concerning registration as a recognised party entitled to attend and to vote at a General Meeting of Shareholders.

Annual General Meeting of Shareholders

On 22 April 2009 an Annual General Meeting of Shareholders was held at the Rosarium in Amsterdam. The agenda, the minutes and the voting results can be found on www.wavin.com.

At this meeting it was resolved to amend the Articles of Association in connection with (i) recent and expected changes in law and corporate governance standards and (ii) the reduction of the nominal value of the shares from € 1.25 to € 0.05. More information about these amendments can be found in the agenda for this meeting, which is available on our website.

Extraordinary General Meeting of Shareholders

On 3 July 2009 an Extraordinary General Meeting of Shareholders (EGM) was held at the Rosarium in Amsterdam. The main subject of this EGM was a further amendment of the Articles of Association that would result in an increase of the authorised share capital. This increase was necessary to accommodate the rights issue. The agenda, the minutes and the voting results can be found on the corporate website.

Takeover Directive

The information required by Article 2:391, paragraph 5 of the Dutch Civil Code, as further elaborated in Article 1 of the Decree Implementing Article 10 of the Takeover Directive can be found in the Corporate Governance statement on our corporate website.

Issue and acquisition of shares

Issue of ordinary shares

Under the Articles of Association, shares, or granted rights to subscribe for shares, may only be issued pursuant to a resolution of the General Meeting of Shareholders on a proposal of the Management Board, subject to the prior approval of the Supervisory Board. The General Meeting of Shareholders may delegate the authority to issue shares, or grant rights to subscribe for shares, to the Management Board, subject to the approval of the Supervisory Board.

Pursuant to the Dutch Civil Code, the period of delegation may not exceed five years. Such authority may be renewed by a resolution of the General Meeting of Shareholders for a subsequent period of up to five years each time. Unless specified otherwise in the resolution, this authority is irrevocable. The resolution authorising the Management Board must specify the amount and the class of shares which may be issued must be determined.

On 22 April 2009 the General Meeting of Shareholders resolved to designate the Management Board as the corporate body which, subject to the prior approval of the Supervisory Board, is authorized to issue ordinary shares, including the granting of any share subscription rights and to restrict or exclude the pre-emptive rights of shareholders in the case of an issue of ordinary shares. The designation applied to ten percent (10%) of the aggregate nominal value of the outstanding ordinary shares at the time of issue, to be increased with an additional ten percent (10%) if the issue occurs on the occasion of a merger or an acquisition, in the meaning as described above. The authorisation was provided for a period of 18 months, starting 22 April 2009 and ending 22 October 2010.

No resolution of the General Meeting of Shareholders or the Management Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

Acquisition of shares

The Company may acquire its own fully paid shares at any time for no consideration (*'om niet'*), or, subject to certain provisions of Dutch law and the Articles of Association, if (i) the shareholders' equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves, (ii) the Company and its subsidiaries would thereafter not hold shares or hold a pledge over its shares with an aggregate nominal value exceeding 50% of the issued share capital, and (iii) the Management Board has been authorised thereto by the General Meeting of Shareholders. Authorisation from the General Meeting of Shareholders to acquire shares must specify the number and class of shares that may be acquired, the manner in which shares may be acquired and the price range within which shares may be acquired. Such authorisation will be valid for no more than 18 months.

On 26 September 2006, the General Meeting of Shareholders authorised the Management Board to acquire Wavin shares up to the maximum permitted by the Dutch Civil Code and the Articles of Association for a consideration of at least € 0.01 per share and which may not exceed the average closing price of Shares on Eurolist by Euronext during five consecutive days preceding the day of repurchase increased by 10%. Any shares the Company holds in its own capital may not be voted or counted for voting quorum purposes. Without prejudice to the boundaries stipulated by law and the Articles of Association, after a repurchase Wavin will not hold more than 10% of the outstanding capital at the time of the repurchase.

Most recently the authority was extended at the Annual General Meeting of Shareholders on 22 April 2009, subject to the prior approval of the Supervisory Board, until 22 October 2010.

Special rights provided for by the Articles of Association

Protective measures

Wavin's principle defence against (any action which might lead to) a threat to its continuity is the Company's ability to issue preference shares to the Stichting Preferente Aandelen Wavin (the 'Foundation'). Such preference shares will be issued, should the Foundation exercise its call option right. On 11 October 2006, the General Meeting of Shareholders of Wavin resolved to grant this option right to the Foundation. The Call Option Agreement does not contain any conditions that must be met before exercising the option right. According to aforementioned agreement, the number of preference shares to be issued may amount to 100% of the total number of ordinary shares outstanding at the time of placing. If preference shares are issued, a General Meeting of Shareholders will be convened no later than twelve months thereafter. At that meeting, purchase and withdrawal of the preference shares will be considered.

The Foundation was formed under the laws of the Netherlands and its statutory purpose is to enhance the continuity and identity of the Company. In short, the Foundation looks after the interests of the Company, its associated enterprises and all other stakeholders, such as shareholders and employees. The Foundation is independent in the sense of the Dutch Financial Markets Supervision Act (*Wet Financieel Toezicht*) and is neither owned nor controlled by another legal entity. The Foundation has the right to file an application for an inquiry into the policy and conduct of business of the Company with the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*).

The Board of the Stichting Preferente Aandelen Wavin consists of Mr. W. Stevens (chairman), Mr. D. Kalff and Mr. A. Westerlaken.

Appointment of the external auditor

At the Annual General Meeting of Shareholders held on 22 April 2009, KPMG Accountants N.V. was appointed as the Company's external auditor for a period of one year, expiring at the next Annual General Meeting of Shareholders.

Corporate Governance Statement

According to the Governmental Decree of 20 March 2009 *('Besluit van 20 maart 2009 tot wijziging van het Besluit van 23 december 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van het jaarverslag, ter uitvoering van Richtlijn 2006/46/EG van het Europees Parlement en de Raad van 14 juni 2006, tot wijziging van de Richtlijnen 78/660/EEG, 83/349/EEG, 86/635/EEG en 91/674/EEG betreffende de jaarrekening en de geconsolideerde jaarrekening (PbEU L 224')* ('the Decree'), Wavin has to publish a statement on corporate governance (the 'Corporate Governance Statement'). Pursuant to article 2a paragraph 1 sub b of the Decree Wavin has published this Corporate Governance Statement on the corporate website.

RISK MANAGEMENT AND INTERNAL CONTROL

Wavin acknowledges that managing risks is an essential element of doing business. Accepting certain risk is a prerequisite for achieving operational and financial objectives. We are a performance driven company that continuously explores growth opportunities. The objective of the Wavin risk management and internal control framework is to identify, with a reasonable level of assurance, and manage effectively risks to which the business is exposed. The risk management and internal control framework is considered to be in balance with our risk profile, although such systems can never provide absolute assurance. The adequacy and effectiveness of our risk management and internal control framework is reviewed regularly. Our risk management and internal control systems contribute towards a more effective and transparent organisation.

Risk profile and risk responsibilities

Wavin sells and manufactures a wide range of plastic pipe systems and solutions with a high level of common materials and uniform processes in operations that are located in mature and emerging European markets. These markets are exposed to varying degrees of risk and uncertainty some of which, if not identified and managed, could have a material impact on an individual operating company, but may not materially affect the Group as a whole.

The Management Board, under the supervision of the Supervisory Board, has overall responsibility for the risk management and control framework within the company. The Management Board regularly assesses Wavin's risk profile and risk control framework including system improvements and their implementations.

Regional and operating company managements are responsible for managing performance as well as underlying risks and mitigating controls, within the guidelines set by the Management Board. The Group Finance department, supported by the external auditor verifies this: it assesses the developments and tests the efficiency of the implemented processes. Material inadequacies are recorded, followed up and corrected.

The Supervisory Board's Audit & Investment Committee evaluates the adequacy of Wavin's risk and control framework. There were no significant changes in the company's risk management and internal control framework during 2009 and no major failures were reported.

Risk management and internal control framework

To ensure risks are identified and managed and that objectives are met in compliance with applicable law and regulations, an internal risk management and control framework is in place. This control framework is based on policy documents, manuals and procedures. The main elements of the control framework are:

Company objectives

Company objectives form the basis for the risk management and control framework. They are formulated and communicated to the organisation by the Management Board. All Wavin operating companies must operate in accordance with these objectives and report deviations. The company objectives are reviewed at regular intervals and amended where necessary.

Corporate governance

Wavin's corporate governance policy is based on the guidelines laid down in the Dutch Corporate Governance Code (page 35 of this annual report). It states the extent to which Wavin deviates from the Code. In addition to general Corporate Governance requirements, Wavin's Corporate Governance framework also contains the following specific components:

Wavin Code of Conduct

The Wavin Code of Conduct sets out a number of ethical values to which Wavin subscribes. It is not all-encompassing but rather formulates minimum ethical standards which are to be interpreted within the framework of local laws and customs. The text of the Code of Conduct is available on the Company's website.

Whistle-blower's procedure

In 2004 Wavin implemented a whistle-blower's procedure as part of its Code of Conduct. The procedure serves to ensure that any alleged infringement of the existing policy and procedures may be reported without the person making the report suffering any negative consequences of his or her action. The text of the whistle-blower's procedure is available on the Company's website.

Disclosure of price-sensitive information policy

All public financial disclosures made by Wavin should be accurate, complete and timely. They should present, in a fair manner and in all material aspects the Company's financial condition, results and cash flows, and meet any other legal, regulatory or stock exchange requirements. The Chief Executive Officer and the Chief Financial Officer are supported by the Company Secretary, the Director Corporate Communication and the Corporate Director Investor Relations and Treasury in fulfilling Wavin's responsibilities regarding the identification and disclosure of material information and the accuracy, completeness and timeliness of the financial statements.

Rules on insider trading

As a listed company, Wavin N.V. has drawn up rules governing the possession of and transactions in shares of Wavin N.V. by any person who works for or on behalf of Wavin as such persons might become privy to confidential information, which may qualify as Inside Information or Price Sensitive Information. To prevent Inside Information from being used in personal investments employees have been instructed how to handle Inside Information. It comes down to avoiding any kind of entanglement of business and personal interests. Any violations of these regulations may lead to employment sanctions or criminal sanctions.

Organisation structure

Within the Wavin Group all internal tasks, responsibilities and authorisations are defined in the organisational structure. A uniform internal authorisation system is in place and consists of individual authorisation schedules which provide a clear insight into the limits of spending allowed per authorised individual employee. Compliance with this system is checked by regular reviews.

Planning and control cycle

Strategic plans, budgets and forecasts are prepared at fixed times during the year for all entities of the Wavin organisation. Financial results and other key performance indicators are reviewed monthly. The performance is compared with the previous year and tested against the budgeted targets. Regular forecasts are submitted and their impact assessed.

This planning and control cycle, which is based on financial and non-financial reporting, enables local managements and the Management Board to direct and control the operational activities in an efficient manner.

Accounting and Reporting manual

The Accounting and Reporting manual contains a detailed description of the guidelines for management reporting and external financial reporting. This manual also includes a standard format for accounts to ensure consistent and uniform reporting. In addition to the Accounting and Reporting manual there are several other manuals, relating to aspects such as treasury, insurance and capital expenditure.

Quality assurance procedures

Wavin applies quality assurance standards like ISO 9000 and 9001. In accordance with these standards, regular reviews and assessments are undertaken by external certification companies. Wavin also operates a Total Productive Management (TPM) programme with the objective of structurally minimising production losses, including quality defects. This is monitored continuously via internal reviews.

Health, Safety and Environment

Wavin has a clearly defined HSE policy, which is applicable to all Wavin companies. The company has an HSE Working Group with regional representatives. This Group is responsible for deploying the policy to the regions and monitoring progress. The standards implemented by Wavin are often more stringent than national and international standards and are well in excess of the statutory minimum requirements. In accordance with the HSE policy, all Wavin companies have HSE management structures that comply with ISO 14001 or similar. These structures are monitored by way of frequent internal audits. For further information regarding the HSE policy, please see the Corporate Social Responsibility chapter on page 56 of this report.

Information management and security measures

Wavin has a set of mandatory technical, infrastructural IT standards to enable information systems to communicate internally and with our trading partners. Standards for selecting information systems have been implemented. Systems, standards and IT performance are monitored and reviewed quarterly by the IT Steering Committee under the supervision of the Chief Financial Officer. The results are shared with the Audit & Investment Committee of the Supervisory Board annually. In cooperation with external consultants the Company is reviewing and extending the automatic process controls in the shared ERP system.

Tax

Wavin has an enforcement covenant with the Dutch tax authorities as part of the 'horizontal supervision' project initiated by the Dutch Ministry of Finance on the basis of which existing cooperation is further enhanced. The starting points of the covenant are openness and transparency based on mutual respect and trust, resulting in an intensive exchange of information and preliminary consultations on matters with potentially material tax consequences. As a result, any uncertainties concerning the Dutch tax position have been reduced to a minimum. This form of collaboration fits within Wavin's policy on risk management in respect of taxation. In the other jurisdictions in which Wavin operates the Company is, where possible, pursuing a proactive policy in order to minimise any uncertainties regarding the tax positions.

Insurance

As well as taking risk control measures, Wavin has underwritten a general insurance programme. Wavin has an in-house insurance company for this purpose, Wavin Assurantie B.V., which insures major operating risks with independent insurance companies. Wavin Assurantie works together with independent insurance brokers and providers of insurance-related services. The policies cover risks resulting from property damage, business interruption, or third-party liability including product liability and a number of other specific risks.

Audit & Investment Committee

The Audit & Investment Committee, which consists of three members of the Supervisory Board, independently monitors the process of risk management on the basis of the supervisory role of the Supervisory Board. The aspects on which the Audit & Investment Committee focuses include the quality of internal and external reporting, the effectiveness of internal controls and the functioning of the external auditor. The Audit & Investment Committee meets four times a year. The relevant financial officers and the external auditor are regularly invited to attend these meetings. Please see page 41 for more information about the Audit & Investment Committee.

Role of the external auditor

The external auditor carries out the requisite activities for the issue of an auditor's report accompanying the financial statements. The external auditor focuses on the financial reporting, but also assesses the accounting principles that have been applied and the adequacy of the internal controls to ensure that the annual report is free of material misstatement. The audit report and management letter have been disussed with the Audit & Investment Committee and have been presented to the Supervisory Board.

Letter of Representation

Each year all operating company managing directors and financial directors sign a detailed statement with regard to financial reporting, internal controls and ethical principles. Any observations made in this statement are reported to and discussed with the Management Board and the Audit Committee.

Main risks

Under the explicit understanding that this is not an exhaustive summary, major risk factors such as market, operational and financial risks are described below.

Market risks

Geographic exposure

Our business is concentrated in Europe where exposure to political, economic and legal risks is relatively low. The emerging economies in Europe, where we realise approximately 25% of revenue, are subject to greater risks and volatility than more mature markets. Wavin is dependent on the development of the construction sector in the countries in which we operate. All countries have their own economic cycle influenced by, amongst other factors, mortgage rates, house prices, consumer confidence, urbanisation, the number of housing transactions and changing legislation. Our presence in 29 countries mitigates our exposure to the construction cycle in any single country.

Construction market exposure

Wavin's results are dependent on the levels of activity in the construction markets. The level of activity varies by market depending on many factors including general economic conditions, the availability of credit to finance building activities, development of housing prices, mortgage and other interest rates, unemployment, demographic trends, weather and consumer confidence. Wavin is active in the new-build market and in the repair, maintenance and improvement (RMI) market for residential and non-residential developments. We are also a leading player in infrastructural construction activities. The RMI segment and infrastructure activities tend to be less sensitive to economic cycles than new-build activities. Approximately 60% of revenue is derived from residential construction (new-build and RMI) and 40% from non-residential and infrastructural construction.

Customer concentration

There is a continuous consolidation trend among the large building product distributors in Europe. This is reflected in Wavin's client base. The ten largest customers together represented 32% of revenue in 2009 (2008: 26%). The other 68% of revenue was divided over a wide customer base. Wavin is well positioned to support customers in their international expansion because it offers a complete range of systems and solutions throughout Europe.

It is company policy to limit inordinate dependence on individual clients. Relationships with key customers are regularly monitored at local and group levels.

Operational risks

Raw material price volatility

In the manufacturing of its products, Wavin uses large quantities of polymers such as polyvinyl chloride, polyethylene, polypropylene and polybutylene. Polymers are subject to price fluctuations. In 2009 Wavin spent approximately € 555 million on raw materials, components and trading articles, which represents around 48% of revenue. The price of raw materials typically changes on a monthly or quarterly basis. Contracts do not protect Wavin from price fluctuations.

As one of the largest purchasers of polymers, Wavin follows developments closely and uses its European market leadership to pass on structural raw material price fluctuations. Historically the company has passed on a significant portion of the fluctuations in polymer prices to its customers, albeit with a certain delay, which has led to short-term impacts on the financial performance.

Product defect and warranty

Wavin develops complex piping, gas and water control systems which could be affected by design or manufacturing defects or other errors or failures. This is particularly a risk with new or upgraded products or services as Wavin's strict quality control procedures, or those of a component supplier, could fail to test for all possible conditions of use, or to identify all defects in the design, engineering or specifications of these products. (As an innovative company, some 15% of our revenue is realised from products no older than five years.) Wavin has stringent development and testing criteria and procedures for both manufactured and bought-in materials and products. In 2009, our warranty costs were in line with previous years.

Manufacturing and operations

Wavin has production plants in 18 countries and sales offices in an additional 11 countries throughout Europe and 1 in China. As a result, the company needs to manage a number of risks, such as differing labour regulations, environmental and other regulatory requirements and intellectual property protection. The success of Wavin's business depends, in part, upon our ability to succeed in these differing and sometimes fast-changing economic, regulatory, social and political environments. The company has well established local organisations and consistent internal policies to manage these operational risks in the various constituencies.

Wavin is implementing optimisation and plant rationalisation projects and pursuing various initiatives aimed at improving its operating and financial performance. For example, the company has undertaken a number of optimisation and rationalisation projects in the UK, the Netherlands and Germany, which are focused on integrating complementary sites and facilities, streamlining operations and reducing working capital needs. Careful planning and control and past experience limit the inherent risk of these transition processes.

A major part of revenue is generated through products manufactured in our plants. To minimise the risks of property damage and business interruption due to fire, machinery breakdown etc., high prevention levels are maintained. Extensive insurance coverage also mitigates the financial risks of property damage and business interruption.

Information technology

Wavin's ability to provide customers with products and services and manage operations continuously depends on the uninterrupted operation of IT systems. The Wavin activities increasingly operate across borders and across business functions. This requires a uniform and consistent exchange of information. To enable and accelerate these initiatives Wavin developed Connect*IT*, a long term programme that will result in a controlled transition to one uniform data platform throughout the Wavin Group.

Financial risks

In this paragraph the main points of the identified financial risks are described. Detailed descriptions and sensitivity analyses of these identified risks are disclosed in note 4 of the Group Financial Statements.

Financing and liquidity

Financing strategies are continuously assessed to ensure sufficient capital for financing long term growth as well as seasonal working capital requirements. The company successfully completed a € 227 million rights issue in July 2009, the net proceeds were used for debt reduction and the payment of upfront fees. Wavin's main source of financing is a syndicated bank facility which has been reduced from € 750 million to € 500 million. This facility has also been extended to April 2013, while at the same time headroom under the covenants has been increased substantially. Compliance with the financial covenants of the facility is critical as non-compliance would result in a possible cancellation of the facility and drawn amounts might become due and payable immediately. The rapidly deteriorating market circumstances and deepening financial crisis in 2009 have led to increasing attention being paid to liquidity development throughout the Company. Tight controls regarding costs, cash, working capital and capital investments were in place throughout the year. At the end of the year the company was well within the financial ratios agreed with its lenders as a result of the substantial reduction in net debt from € 461.1 million to € 236.8 million.

Foreign currencies

Wavin operates internationally and uses the Euro as its currency. In 2009, approximately 52% of revenue was denominated in currencies other than the Euro. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. In particular, currency fluctuations of the Pound Sterling, the US Dollar, the Polish Zloty, the Hungarian Forint, the Turkish Lira, the Czech Koruna and the Danish, Norwegian and Swedish Kroner could materially affect the Company results.

Wavin has defined clear policies regarding foreign exchange exposure. To limit the short term impact of currency fluctuations on our operations our transactional exchange risks are, to a large extent, hedged on a rolling annual basis. For the first three months of the forecasting period we hedge from 60% to 80% of our exposure. For the remaining nine months of the forecasting period, lower hedged exposure is applicable. In 2009 we hedged foreign currency exposure with a total value of close to € 100 million. Translation risks are not hedged but are minimised to the extent possible by using natural hedges.

Interest rates

Interest exposure is mainly related to the multi currency € 500 million committed finance facility. Wavin has to pay variable interest rates for this facility based on Euribor or Libor increased with a margin based on the leverage ratio. Wavin is only to a limited extent exposed to interest rate fluctuations as a minimum of fifty percent of the exposure to changes in interest rates on borrowings is hedged on a fixed rate basis. This is realised by multi-currency interest rate swaps. Currently the variable interest exposure on € 272 million of outstanding debt is hedged at an average interest rate of 3.9% and with an average duration of close to two years. This 3.9% excludes the margin payable under the facility agreement.

Credit risks

Wavin operating companies have strict procedures regarding credit and payment terms. These are closely monitored at the local and corporate level. The Company realises over 25% of its sales in emerging economies where payment terms are generally longer than in Western Europe and ,the availability of information concerning the financial history of customers is often limited. In 2009 impairment charges for doubtful debts of € 3.4 million were at the same increased level of 2008, compared to substantially lower impairment charges in the years before the credit crisis. On the balance sheet date 28% of trade receivables were overdue compared with 26% in 2008.

Management of credit risks arising from deliveries to customers is the primary responsibility of the operating companies. Management operates within the bounds of local policies and must act in conformance with the internal control measures. Material credit risks are a specific area of attention of local and Group senior management. In the Netherlands, Belgium, Ireland, Poland and France the credit risk of customers is transferred to credit insurance companies.

Pensions

Wavin operates (limited) defined benefit schemes in four countries and defined contribution plans in several jurisdictions. In the Netherlands Wavin has a limited defined benefit plan in that it concerns a multi employer scheme that has an agreed maximum contribution. The wholly owned subsidiaries in Norway, the UK and Ireland operate defined benefit plans and retain a responsibility for payments to the members of the pension fund including the indexation of the pension rights of pensioners after retirement. The wholly owned subsidiary in Germany has a lump sum arrangement which will be paid to the member upon retirement. In the event of the insolvency of the insurance or reinsurance company connected to the pension arrangement in Germany, Wavin would be liable for the payment of any outstanding lump-sum amount to qualified employees.
For more information on the current financial position of Wavin's pension funds, please see note 27 of the Group Financial Statements.

Statement of control

Wavin's risk management and control system is designed to safeguard effective and controlled realisation of the Company's objectives.

With observance of the restrictions below, the Management Board declares that to the best of its knowledge, during the year under review Wavin's risk management and control systems have provided reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly over the year under review. We continuously strive to improve these systems.

The Management Board intends to give as true and fair a picture of Wavin's risk profile as possible. There may, however, be circumstances in which risks occur that have not been identified yet or of which the impact is greater than expected. The Management Board emphasises that the nature of the company's activities explicitly involves exposure to risks that may be beyond its control. Where a reduction of risk exposure, intentional or unintentional, is not possible, the systems aim to limit the impact such risks can potentially have on the company and its stakeholders. Risk management and control systems, however, can never provide an absolute guarantee that all risks are adequately managed or that a company's objectives will be realised.

Wavin aims to comply with corporate governance requirements in respect of these responsibilities. As noted above, the presence and effectiveness of the implemented systems can, however, never be a guarantee that the company's objectives will be achieved, nor can these systems ensure that human error, unforeseen circumstances, materially incorrect statements, loss, fraud and violation of acts and regulations are wholly prevented.

Statement pursuant to the Financial Markets Supervision Act

The members of the Management Board confirm that, to the best of their knowledge, (i) the financial statements provide a true and fair view (getrouw beeld) of the assets, liabilities, financial position and profit or loss of the company and its consolidated participations, and (ii) the management report provides (a) a true and fair view (getrouw beeld) of the company and its related participations on the balance sheet date and the state of affairs during the financial year to which the report relates and (b) describes the material risks the company is facing.

Zwolle, 25 February 2010

The 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

CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCES

CORPORATE SOCIAL RESPONSIBILITY

An inherent part of Wavin's leadership strategy is our commitment to being a responsible 'corporate citizen' working for a sustainable future. Wavin originates from the quest for a safe and environmentally friendly distribution of drinking water. Through the years the development of sustainable improvements in operating procedures and processes as well as in our offering to the market has remained an important business driver.

We believe that the manner in which we manage our economic, social and environmental relationships forms the basis of our company's long term success and should be an integral part of our way of working.
Our business principles are laid down in the Wavin Code of Conduct. This code describes the standards of (business) behaviour we expect from our employees and supports the increased focus on Corporate Social Responsibility issues within the organisation. Wavin has also defined a Supplier Code of Conduct and Supplier Sustainability Questionnaire which will be implemented as of 2010. These documents can be found on our corporate website at www.wavin.com.

With regard to Corporate Social Responsibility (CSR), we aim to:

- Be at the forefront of developing sustainable products and solutions, which will also help our clients in further achieving their sustainability targets;
- Develop products and systems that have a minimal negative impact on the environment at each stage: from material selection and sourcing to the manufacturing process, distribution to the end destination, during its use and thereafter;
- Remain mindful at all times of the wellbeing of our employees, and of the people who install and use Wavin products and solutions, for instance by ensuring that products are manufactured, distributed, installed and used as safely as possible.

CSR reporting aligned with Global Reporting Initiative (GRI) G3 standards

CSR Timeline

Wavin has formalised its efforts to enhance its sustainability performance and reporting, using a step by step approach. This process is gaining momentum as a result of an increased awareness of all internal and external stakeholders.

2009 actions

- Long term CSR targets determined;
- CSR reporting aligned with Global Reporting Initiative (GRI) G3 standards. The full Wavin GRI Report is available on www.wavin.com;
- Implementation of CSR best practice database in order to share knowledge within the Group;
- Start of new projects to reduce carbon footprint;
- Amendment of internal guidelines such as the Wavin Code of Conduct and Health, Safety and Environment policy;
- Initiation of Supplier Code of Conduct and Supplier sustainability questionnaire.

GRI REPORT SELF DECLARED

Plan 2010

- Implementation of a supplier selection process on the basis of the Supplier Code of Conduct;
- Further roll-out of the Waste Management Programme, aimed at the separation of recyclable waste and non-hazardous waste (land filling) at the source.

Environmental Performance

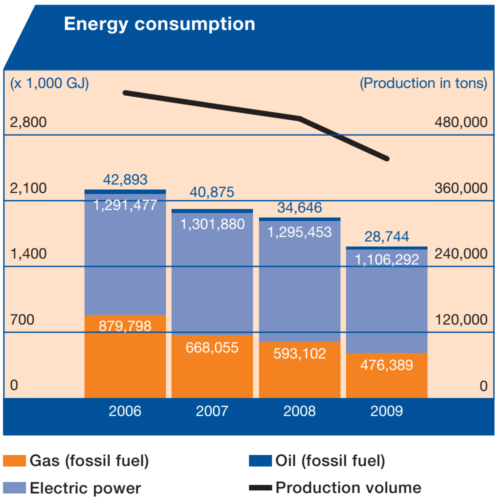
Environmental targets 2008-2015

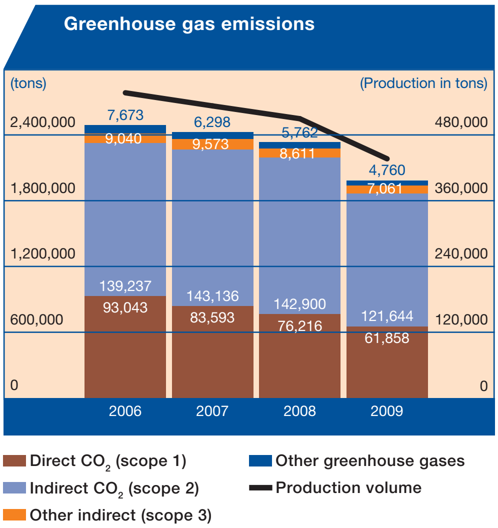
(€ x million)	Actual 2009	Improvement 2008-2009	Target 2008-2015	Target* 2015
Energy usage	3.7 GJ/ton	– 2.2%	– 10%	3.3 GJ/ton
GHG emissions	447 kg/ton	– 2.3%	– 20%	347.5 kg/ton
Waste to landfill	6.7 kg/ton	– 8.4%	– 10%	6.4 kg/ton
Usage of recycled materials	79.5 kg/ton	+ 7.6%	+ 20%	86.4 kg/ton
Water consumption	1.5 m³/ton	+ 3.1%	– 15%	1.3 m³/ton

* Targets are set in relative figures to eliminate production volume fluctuations.

Wavin established environmental reduction targets for 2015 and has measured progress since 2008. The targets have been set in relative figures to eliminate the impact of production volume changes. We managed to set encouraging steps towards achieving these long term targets despite the substantial decline in production volume. Specific programmes to increase the usage of recycled material and limit energy consumption led to substantial sustainability benefits. These will be continued and in addition we will prioritise projects to reduce water consumption.

Energy consumption and green house gas emissions





The primary Wavin production processes of extrusion and injection-moulding use electricity. Gas-fired kilns are used in the production of clay products, predominantly at sites in the UK. Overall usage of oil is negligible and is limited mainly to heating at some facilities.

In 2009 production declined substantially due to the economic downturn. This led to a considerable decrease of total energy consumption. Energy efficiency, measured as energy consumption per ton production, improved as a result of active energy management programmes.

In Wavin's product mix there is a clear trend towards lightweight multilayer products with an inner layer of recycled material. These require more complex production processes that in itself have a negative effect on energy efficiency.

Clear trend towards lightweight multilayer products

Wavin's total greenhouse-gas emissions include direct CO_2 emissions (emissions from our own processes), indirect CO_2 emissions (emissions from the generation of purchased electricity) as well as other greenhouse gases (CH_4 and N_2O). Emission of greenhouse gases decreased in line with Wavin's improved energy efficiency.

Investments in sustainability

In 2009, Wavin made substantial investments in sustainability. Approximately 20% of the total capital expenditure of € 37.7 million was spent in programmes to reduce usage of virgin materials, energy and water.
One of the larger projects involves the increased usage of recycled PVC and PP (polypropylene) in non-pressure applications.

30 Energy saving projects

In 2009, some € 2 million was committed for energy saving projects across the Wavin Group. All in all, some 30 energy saving projects were initiated. It is estimated that these projects, once fully operational, will lead to an approximate 3% reduction in annual energy consumption and CO_2 emissions.

Projects include:

- The installation of inverters on injection moulding machines in the Netherlands and the United Kingdom to make them more energy-efficient;
- The installation of more energy-efficient electrical motors in extruders in Germany;
- The installation of energy-efficient light systems, including LED lighting, and motion sensors on several sites across the Group.

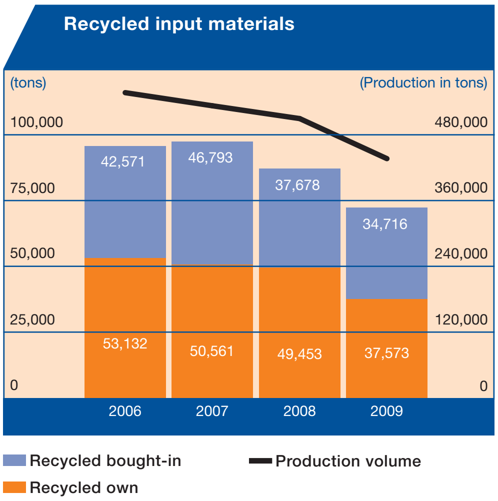
In the coming years Wavin will continue to invest in sustainability projects.

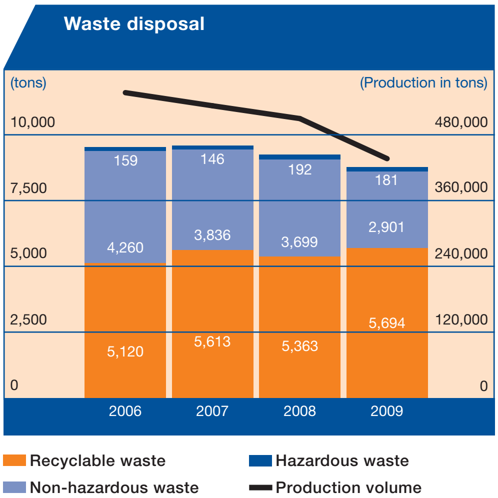
Sustainable office for Wavin Netherlands

At the beginning of 2009 Wavin Netherlands opened its renovated and expanded office building in Hardenberg.

Using Wavin's latest techniques such as floor heating and ceiling cooling combined with heat pumps, the building is a showcase for Wavin's energy saving solutions.

Recycling and waste disposal





Wastage percentage less than 1% of total production

Recycling

Wavin aims to minimise waste from its own production processes and to maximise the input of recycled materials. Using recycled plastics helps to reduce the need for virgin material and limits waste disposal. The volume of plastic pipe available for recycling is, however, limited by its long durability: plastic pipe systems have projected life times of well over 50 years and only very few are considered for replacement. We also minimise virgin raw material usage by developing light weight pipe systems. Focussed programmes to increase usage of recycled materials implemented at the beginning of 2009 showed immediate result. In absolute figures, total tonnage of bought-in recycled material was close to the 2008 level, despite the decrease in production volume.

Waste

Overall, Wavin achieves wastage percentages of less than 1% of total production. The land filling of non-hazardous waste was significantly reduced compared to 2008. This reduction was achieved due to the implementation of active waste management programmes, aimed at separating recyclable waste and non-hazardous waste (land filling) at the source.

In 2010 these waste management programmes will be implemented throughout the Wavin Group.

Because important environmental aspects are already taken into consideration in the product development phase, it is possible to limit the share of environmentally harmful materials. Additionally, comprehensive management of hazardous substances ensures that employees are not exposed to any unnecessary risks.

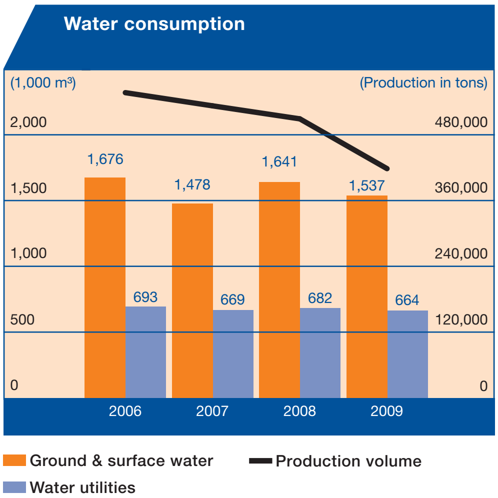
Committed to recycling

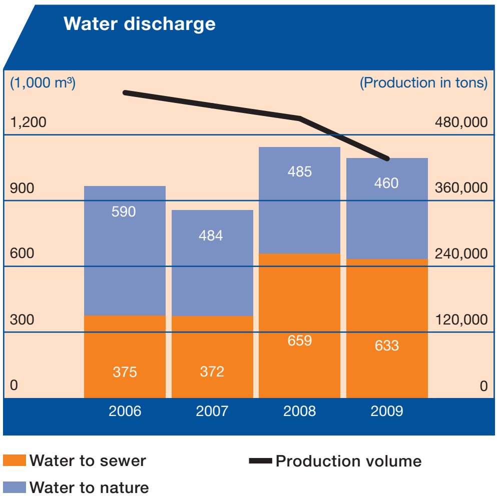
teppfa

As a member of The European Plastic Pipes and Fittings Association (TEPPFA), Wavin has been active in industry initiatives to promote recycling, such as the Vinyl 2010 and 2020 Voluntary Commitment for Sustainable Development. This initiative is now well on its way to reaching its target of recycling of 200,000 tons of PVC in 2010.

Industrial plastics can be recycled as often as seven times without any degradation in performance.

Water consumption and waste water volume





Wavin controls water handling and strives to limit usage and waste water discharge. Water usage stems mainly from cooling applications. Examples of industrial best practices are shared across the Group. Compared to 2008, total water usage decreased, mainly as a result of lower production volumes. In the course of 2010 a closed water cooling system will be installed in the production facility in Høland (Norway) to lessen reliance on mains water.

Social Performance

In today's competitive world the difference a company makes is ultimately determined by the quality of its employees: their expertise and commitment, their well being, their involvement with the company and the community are critical to the company's success.

Therefore Wavin aims to:

- Promote a safe, healthy and productive work environment;
- Attract and retain excellent staff;
- Ensure a fair and diverse company culture;
- Foster positive employee and labour relations;
- Develop an environment in which people can perform at their maximum capability and continue to learn and develop;
- Encourage people to maintain excellent contact with the communities in which the company operates and to play an active part in community life.

Health

Wavin has set guidelines for work-related health improvement. The progress in implementing these guidelines is benchmarked internally. Much time and effort is spent on prevention of adverse health issues.

At most sites, we offer employees the possibility of precautionary health care through various programmes and measures. This includes sports activities, stop-smoking programmes, medical check-ups, flu vaccination programmes, dietary and health tips, and presentations on health-related subjects such as diabetes.

Wavin Safety Award

Wavin actively encourages high safety standards across the Group and the annual Group Safety Award is awarded to the Wavin entities that deliver the best safety performance. The 2009 regional Safety Award was won by UK/ Ireland.

The winning region had an excellent actual safety performance and the best outcome of the 'Safety Gap Analysis', an internal benchmark measuring progress in the area of safety.

In 2009 Wavin reviewed its business continuity exposure to a possible flu pandemic scenario. Local influenza teams were appointed. Best practises across the group were shared and documented. Group wide guidelines covered business continuity planning, hygiene measures, and securing delivery of key supplies. Our local companies followed governmental policies and vaccination protocols.

As such, the flu pandemic within Wavin had a relatively mild impact and a rather low infection rate. It did not caused disruptions in our business performance and operations.

Flu pandemic had a relatively mild impact

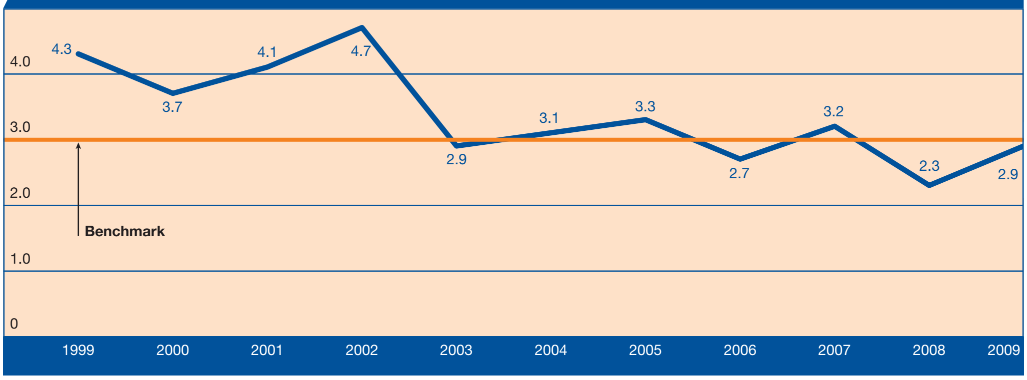
Safety

The safety of our workforce is of vital importance, and there is full commitment to minimising risk and maximising safety education in the workplace.

Wavin's principal target in the area of Safety is to further reduce the number of lost time incidents per million hours worked. By persistently promoting its internal Health & Safety focus points and continuously monitoring implementation progress, we have managed to stay below our benchmark of 3.0 in recent years.

Lost time incidents below Wavin's benchmark

Safety performance (number of lost time incidents per million hours worked)



In 2009 the number of lost time incidents per million hours worked was 2.9. (2008: 2.3). This rise was mainly due to the consolidation of Pilsa Plastics (a Turkish company acquired in 2008) in the figures. Wavin's Health Safety and Environment programme was introduced in Pilsa shortly after the acquisition and the safety performance improved significantly as a result of the hard work of the local organisation, supported by the Group.

HUMAN RESOURCES

For all Wavin employees, 2009 was a demanding year with the company-wide restructuring programmes resulting in sizeable employee reductions across Europe.

Workforce per region

In 2009, the Wavin Group employed a year end workforce of 6,238 people, compared to 7,094 in 2008. In all situations restructuring plans were discussed and agreed upon in close and constructive dialogue with employee representative bodies.

The table below shows the changes in workforce per region.

At 31 December	2009	2008
North West Europe	1,114	1,177
UK/Ireland	1,448	1,754
South East Europe	1,092	1,270
Central & Eastern Europe	1,208	1,349
Nordic	687	796
South West Europe	431	497
Overseas and Other	258	251
Total	**6,238**	**7,094**

As a result of the restructuring programmes many employees were required to take on new challenges they would not have considered before. With fewer employees available job rotation was more often called for. This also provided opportunities for learning and personal growth as many colleagues were invited to take on new or additional job responsibilities.

Leadership

Wavin has an in-house Management Development programme to pro-actively secure the availability of qualified managers to fulfil senior positions and realise business goals. In 2009 the emphasis was on individual development. The number of Group wide training and leadership programmes was temporarily reduced. We continued identifying and developing young management potentials and charting individual capabilities and ambitions. Assigning the right job opportunities to these talents is an ongoing priority. The total number of identified young management potentials is now 60.

During 2009 a framework was introduced to assess strengths, weaknesses and possible remedies at an organisational, individual and departmental level. In addition, Corporate and Regional HR departments met jointly with selected high potential and internationally mobile managers in order to discuss career ambitions and potential opportunities within the Wavin Group.

In Wavin's annual staff planning cycle, the regional Managing Director and Regional and Corporate HR discuss organisational, succession and individual development issues.

Training and education

The dramatic change in market and customer demands required the Wavin organisation to be more adaptable and flexible than ever. We believe that much of our business success is created and supported by our employees. This is why we stimulate employees in their development and learning remained important. Special programmes were initiated for production employees to expand and extend their experiences and knowledge to other areas. In 2009 employees attended internal and external education programmes for an average of 3.2 hours. Emphasis was also placed on the development of the increased number of apprentices (109 in 2009; 76 in 2008).

Internal succession and international assignments

When filling senior management positions that become vacant Wavin strives to achieve an effective balance between internal appointments and external recruitment. The company realised an average internal succession rate of 68% over the three-year period 2007-2009.

Rainwater dispersal for city redevelopment

There were two challenges when redeveloping a square and building a new cultural centre in the city of Deurne, Belgium. Rainwater needed to be separated from waste water and the project had to comply with water neutral building rules.

An integrated approach using Wavin Q-Bic infiltration units not only met these challenges, but also provided a good place to plant a number of sixty year old linden trees which can now thrive in an inner-city area.

Departure at senior management level in 2009 was 12%, significantly lower than the 18% in 2008. This was mainly caused by a lower number of voluntary leavers and retirements.
During the year, approximately 8% of our senior managers were based outside their home country to work on international and cross border assignments. We believe this is an excellent way to realise synergies within the Group and nurture individual development. Knowledge, experiences and practises are shared and exchanged.

Workforce diversity

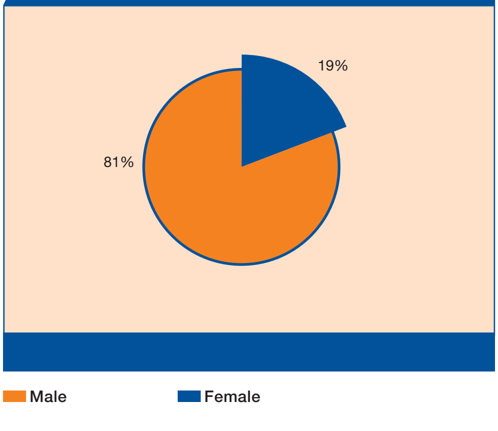
Women in senior management positions

Wavin consciously embraces diversity in the workforce. We believe that employees with different personal and professional backgrounds bring new perspectives and ideas to the business. As the company develops new areas of our business, diversity will bring additional value. Specific diversity targets are agreed and pursued by Regional HR managers. Our goal for 2010 is to have 8% women in our senior management; as you can see in the table below this figure was 7% in 2009, compared to 6% in 2008.

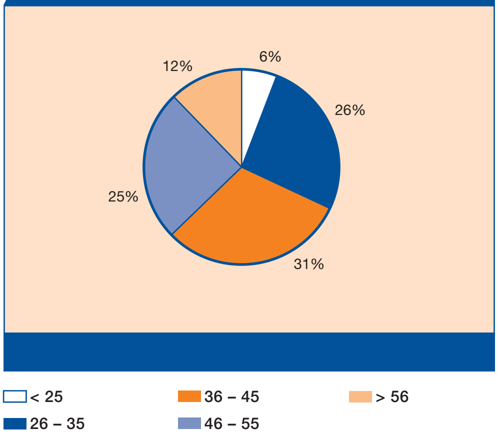
At 31 December	Headcount	Women	%
2005	132	5	3.8%
2006	158	6	3.8%
2007	157	8	5.1%
2008	159	10	6.3%
2009	158	11	7.0%

The Wavin Code of Conduct outlaws all discrimination on the grounds of gender, religion, ethnicity, sexual orientation, handicaps and age. Wavin companies comply with all relevant local legislation regarding employment and discrimination.

Workforce by gender



Workforce by age category



Representative consultation

Local Wavin companies have formal processes to inform, consult and involve employees and their representatives on relevant issues. A European Consultative Council has been in existence for several years and provides a forum for discussing issues that extend across national borders with the Management Board.

Integrated roof drainage saves installation time

The stadium for football club FC Twente in Enschede, the Netherlands, was expanded from 13,250 to 24,000 seats, making a new roof structure necessary.
The Wavin QuickStream siphonic roof drainage system was selected to keep the spectators dry. Because the roof is over 35 metres high, it was decided to deliver the system prefabricated in the structure. This saved time and costs for the installation.

Providing Essentials for Children in Papua New Guinea

Partnership with Unicef

Wavin fully endorses the importance of Article 24 of the Convention on the Rights of the Child: ‘Every child has a right to safe drinking water’.

In 2005, Wavin became a partner of children’s rights organisation UNICEF and the Aqua for All foundation. Under the slogan ‘Providing Essentials for children’ we fund water and sanitation projects in developing countries. Wavin donates cash, materials and expertise.

The partnership has already led to good results in the Gao region of Mali (Africa). Here 32,000 children at 75 schools now have access to sanitation and clean drinking water.

In 2008 a new water and sanitation programme began in three remote provinces of Papua New Guinea: the Eastern Highlands, the Western Highlands and Chimbu. The project involves repairing or creating water supply systems and sanitary facilities at 30 health centres and 30 schools in 20 villages.

In addition to monetary support, Wavin delivered materials for 36 rainwater catchment systems, 3 gravity fed reticulation systems and 108 ventilated pit latrines in 2009. These facilities provide access to safe water and sanitation to approximately 5,000 school children and 3,000 people in the villages.

In May, a Water and Sanitation Workshop was held in Goroka in the East Highlands province. Twenty people from the province and district health offices received training in how to construct latrines and the importance of hand washing. More information on this partnership can be found on-line at www.providingessentialsforchildren.com.

Introduction

During 2008 it had already become clear that Wavin would not be immune to the then worsening economic climate. But that the decline, especially in the first half year of 2009, would be as deep as it proved to be could hardly have been anticipated by anybody. After a number of years of growth, both organic and through acquisitions, our Company had to deal with sharply shrinking markets and a rapid lowering of customer demand. This was true for all the markets in which we operate albeit not everywhere as severe as in countries like Ireland, the United Kingdom and also Denmark which were hit most. Hence the main attention point for management became to adapt the organisation to a significantly lower level of activities and to focus on working capital and cost reduction. The necessity for all these measures was realised at an early stage and our management acted accordingly in a timely fashion with the result that the cost base was lowered substantially. Needless to say that this was not always easy, particularly because we had to make a large number of employees redundant, many of whom had worked for the Company for a long time. But the inevitability of these measures was broadly understood and accepted. Our Board was from the outset heavily involved in the consultations and decisions leading to these processes and was kept posted on their execution. No incidents in this respect were reported to us and no major surprises became apparent upon which we had to act.

During the first half year it also became evident that these unfavourable developments might, and would, affect on the financial arrangements the Company had in place with its syndicate of banks. At an early stage talks were started to review the possible consequences and to explore ways of refinancing the Company. It did not help that our Q1 results were even more disappointing than anticipated. We are, however, pleased that a new refinancing package was agreed that secures our financing well into the year 2013. The ensuing rights issue was favourably received and the present financing is such that it provides not only the basis for weathering the current uncertainties but also for making cautious acquisitions if they present themselves at favourable terms. Our Board participated intensely in all these discussions which led to a package of proposals that we submitted for approval to our shareholders in the EGM of 3 July 2009 and their approval was obtained.

It is fair to say that the above-mentioned developments characterised the year under review and coloured many of our discussions and decisions, also if these concerned matters of a more routine nature.

The year under review

In 2009 eight Supervisory Board meetings were held. Six of these meetings were held in accordance with a preset schedule. The other two meetings and three subsequent conference calls were held in order to discuss the refinancing and rights issue. During the regular meetings both Boards reviewed the ordinary course of business and discussed a number of important projects. The Management Board and the Company Secretary attended all meetings with the exception of a meeting in executive session.

Attendance of the individual Supervisory Board members is shown in the following overview:

	26/2	30/3	7/4	22/4	1/5	8/6	16/6	3/7	27/8	29/10	17/12
Van den Hoek	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hill	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kottman	✓	✓	✓	✓	–	✓	✓	–	✓	✓	✓
Ruijter	✓	✓	✓	✓	✓	–	✓	✓	✓	✓	✓
Stymne	✓	✓	✓	✓	✓	✓	–	✓	✓	–	✓

At the meeting in executive session, which was held in December 2009, the Supervisory Board evaluated the functioning of the Management Board and also the performance of the chairman and individual members. On the basis of the reporting of the Remuneration, Appointment & Corporate Governance ('RA&CG') Committee, we discussed the succession planning of each of the members of the Management Board. We favour internal appointments if a suitable candidate is available. We concluded that this is the case for most functions. We also evaluated the functioning of our own Board, its committees and its individual members as well as the possible need for further training and/or education. The evaluation was conducted based on assessment questionnaires completed by all individual Supervisory Board members. The results of the questionnaires were discussed during the above meeting.

The Supervisory Board also discussed the profile for the Supervisory Board. In 2009 this Profile was updated to comply with the new Corporate Governance Code. The Supervisory Board feels that its current composition meets the criteria as specified in the Profile. With regard to gender the Supervisory Board has set an initial target of at least 20% female members.

As referred to above, in 2009 substantial and repeated attention was paid to the financial crisis and the actions taken by the Company. The full Supervisory Board meetings also included a review of the financial and operational performance of the Company and the outlook. Other regular subjects on the agenda were topics such as acquisition prospects, divestment opportunities, Wavin's IT programme, major capital investment proposals, investor relations and innovation. The Supervisory Board also discussed the corporate strategy, the risk exposure of the business and the internal risk management and control systems. Finally press releases on (semi-) annual financial results were discussed and approved.

One of the meetings was largely devoted to the 2008 annual accounts, critical accounting policies and highlights of the auditor's report. This meeting took place in the presence of the company's external auditor KPMG with whom the comments and assessment, as formulated in KPMG's management letter, of Wavin's internal control framework and the reliability and continuity of the IT systems have been discussed. On the basis of a full evaluation by the Audit & Investment Committee, the Supervisory Board has concluded that the external auditor is independent of Wavin.

On two occasions the implementation and consequences of the new Dutch Corporate Governance Code 2008 ('Code Frijns') were discussed. This has led to the approval of a number of amended corporate documents, such as the rules for the Management Board, rules for the Supervisory Board, rules for the two Supervisory Board committees, the Wavin Code of Conduct and the profile of the Supervisory Board.

It is the policy of the Supervisory Board to have at least one meeting per year in one of Wavin's six regions. In 2009 the October meeting took place in Denmark and included a visit to the offices and plant in Hammel where the Supervisory Board was updated on the local business activities and production. During this meeting the regional directors of the Nordic and Central & Eastern Europe regions were invited to present developments in their regions.

The Chairman of the Supervisory Board and the CEO each year meet jointly with the Dutch Central Works Council. During this meeting important developments, if any, on the strategy, the organisation and/or the relevant industry and other topics brought forward by the members of the Works Council, are discussed. In the meeting which took place on 17 December 2009 the topics that were discussed included the impact of the economic crisis on Wavin, the business outlook, the Company's financial position after the rights issue and its plans with regard to sustainability.

Supervisory Board committees

In accordance with the Corporate Governance code Wavin has an audit, a remuneration and a selection & appointment Committee. Given the size and organisation of the Supervisory Board it has been decided to combine the last two committees, resulting in the existence of an Audit & Investment Committee and a Remuneration, Appointment & Corporate Governance Committee. The main role of the committees is to provide a focused analysis and preparation of subjects within their respective areas of expertise and to report and make recommendations to the full Supervisory Board. A summary of the duties of the two committees is set out on pages 41 and 42.

Report of the Audit & Investment Committee

During the year under review the Audit & Investment Committee consisted of Mr. B. Hill (chairman), Mr. R.A. Ruijter as financial specialist and Mrs. B. Stymne Göransson. There were no changes in the composition of the Audit & Investment Committee.

Investment proposals with a value of over € 2.5 million and acquisitions with a value of over € 5 million are reviewed and approved by the full Supervisory Board, taking into account the advice of the Audit & Investment Committee.

In 2009 the Audit & Investment Committee met four times. At these meetings the CFO and/or other members of the Management Board as well as the Corporate Director Finance were present. During the February 2009 meeting the annual accounts and financial statements, as well as KPMG's management letter, were reviewed and discussed with the external auditor. The temporary slowdown of the rolling out of the uniform SAP platform and the assessment of the finance organisation and the Company's risk management system were also discussed. During the June 2009 meeting the investment application procedure was reviewed. In August 2009 the first half year results were reviewed. In the December 2009 meeting the operational plan and capital investment budget for 2010 were discussed as well as Wavin's risk control framework. In this meeting the Audit & Investment Committee also evaluated the need for an internal audit department with the Management Board and the external auditor. Considering the nature of Wavin's operations througout Europe it was concluded that a better cost/benefit can be achieved by (i) strong administration and management information systems, centrally specified and monitored by regional financial controllers, (ii) continuing regular visits from regional and central management and (iii) more intensive external audits using locally based native-speaking audit personnel. The matter was discussed by the full Supervisory Board and the opinion and proposal of the Audit & Investment Committee were approved.

After extensive discussions the Audit & Investment Committee concluded that the Company applied audit, internal control and risk management systems that enable the company to deliver a statement of 'being in control' in accordance with the best practices of the new Dutch Corporate Governance Code providing reasonable assurance that the financial reporting does not contain any material inaccuracies. Risk management and control systems cannot, however, ever absolutely guarantee that all risks are managed adequately or that the company's objectives will be realised under all circumstances. In that context the Audit & Investment Committee refers to the Risk Management paragraph on page 47 of this annual report. The Audit & Investment Committee was satisfied with the quantity and quality of information provided by the Management Board and the manner in which recommendations made have been followed up.

Report of the Remuneration, Appointment & Corporate Governance Committee

During the year under review the Remuneration, Appointment & Corporate Governance Committee ('RA&CG Committee') met twice in the presence of the CEO and the Corporate HR Director of the Company. The members of the RA&CG Committee are Mr. P.C. van den Hoek (chairman) and Mr. R. Kottman. There were no changes in the composition of the committee.

The main topics were the remuneration policy for the Management Board and practices for its members, new developments in Corporate Governance as well as internal succession planning at the top of the organisation. Topics included incentive targets for the year under review, the incentive pay-out over 2008 and the salary adjustments for 2010 for Management Board members. In order to comply with the corporate governance developments the RA&CG Committee decided to slightly amend the system of performance targets for the short-term annual incentive for Mr Houben per 2010. Similar to the other three Management Board members, Mr. Houben will no longer only have financial performance targets but also non-financial indicators. See page 70 of this annual report for further details. The RA&CG Committee concluded that the Company has taken a pro-active position on the topic mentioned above.

The remuneration of the Supervisory Board for 2009 remained unchanged. For details of the remuneration policy and practices for the Management Board please see the remuneration report on the following page. A financial summary can be found on page 138 of this annual report and a full report is available on the corporate website.

Financial statements

The Financial Statements for the year 2009 have been audited by KPMG Accountants N.V., which issued an unqualified opinion which is printed on page 145 of this annual report. The Management Board has drawn up and the Audit & Investment Committee has reviewed the Financial Statements. Based on its recommendations and after a further review and discussions the Supervisory Board recommends that the Financial Statements for the year 2009 are adopted by the General Meeting of Shareholders in accordance with Article 21 sub 5 of the Company's Articles of Association. The Supervisory Board also proposes that the General Meeting of Shareholders discharges the Management Board and the Supervisory Board for their respective management and supervision during the year under review and that the other resolutions be approved.

The members of the Supervisory Board have signed the Financial Statements pursuant to their statutory obligations under clause 2:101 sub 2 Dutch Civil Code.

Remuneration report regarding the Management Board

The current remuneration policy of the company was introduced in 1999 and has only been marginally modified in the years thereafter. The remuneration policy of the Management Board was formally adopted in the General Meeting of shareholders in 2007. In 2008 a Long Term Incentive Plan (LTIP) was introduced and, after approval by the shareholders, added to the remuneration policy for the senior managers including the Management Board members. The policy applies to the management of all operating companies and to corporate managers including the Management Board. In this annual report the relevant information will exclusively regard the Management Board. The remuneration of the Management Board members is set by the Supervisory Board on the recommendation of the RA&CG Committee. Any material amendments to the policy will be submitted to the General Meeting of Shareholders. In the reporting year there were no material changes to the remuneration policy compared to the previous year. There are also no plans for material adjustments in 2010.

Determination of the remuneration for each individual Management Board member is a responsibility of the complete Supervisory Board. The Supervisory Board has delegated this authority to the RA&CG Committee. Pursuant to this delegation of authority, and acting within the principles of the remuneration policy, the RA&CG Committee determines the remuneration packages for the members of the Management Board, including base salary, pension rights, short-term annual incentive and long-term incentive awards. The Remuneration policy entitles the Supervisory Board to make variable remuneration adjustments and recoveries at any time. Adjustments and/or recoveries will be applied in the case of business related extraordinary circumstances and/or incorrect financial or other data. The Management Board is entitled to do the same for the management of all operating companies and corporate managers.

Objective

The primary objective of the remuneration policy is to motivate, attract and retain qualified Management Board members. Pay for performance is the driving force of this policy. It encourages commitment to achieving previously defined business objectives and challenging performance goals and balances short-term operational performance with the longer-term objectives of Wavin. The levels of remuneration for the Management are set in line with external comparable benchmark data and are aligned with the remuneration of other senior managers at Wavin. The remuneration policy conforms to relevant corporate governance guidelines and statutory requirements.

This performance related pay system, of which variable pay is a significant part, is supported by a performance appraisal system that enables an effective review of the performance of the Management Board. The policy also ensures that competitiveness with the external market is maintained. For 2010, the remuneration policy remains unchanged.

The remuneration package of the Management Board members presently consists of:

- A fixed base salary, which is reviewed annually;
- A short-term annual incentive expressed as a percentage of the annual base salary;
- A long term incentive plan;
- Pension contributions;
- Other secondary benefits: a company car, health and travel insurance, telephone and a representation allowance.

Levels of remuneration are reviewed by the RA&CG Committee at least once per year taking into account competitive levels of remuneration for comparable functions and company sizes. The RA&CG Committee periodically seeks external remuneration expert advice.

Wavin follows the Hay methodology for job grading, which ensures external comparability and internal equality. Instead of using a self-defined peer group the remuneration position is compared with surveyed board compensation levels in the Netherlands, called 'The Hay Boardroom Total Remuneration Guide'. This 2009 Top Executive database holds information on 363 senior executives and 112 companies. Where a Management Board member is not a Dutch resident, remuneration is benchmarked against the relevant home market Top Executive database of Hay.

Base salary

The fixed base salaries of the Management Board members are determined on the basis of performance and experience and are benchmarked against the surveyed market median level for fixed base compensation.

When approving individual salary increases, consideration is given to the actual and expected performance of the Management Board member and the relative position of his fixed base salary compared to the relevant external market. Remuneration is paid in Euro with the exception of Mr. Taylor whose remuneration is paid in Pound Sterling (GBP).

Against the background of the turbulent market conditions and the painful workforce adjustments, the 2009 Management Board members' fixed base salaries were kept at the 2008 levels.

Variable remuneration

Members of the Management Board are entitled to a short-term annual incentive (STI) and a share based annual long-term incentive plan (LTIP). The Supervisory Board determines these incentives after thorough scenario-analyses with due regard for the pay differentials within the Company. In respect of LTIP share price projections, four levels of company performance and three levels of market performance are modelled.

Short term annual incentive (STI)

The STI is dependent on the achievement of certain financial performance targets and individual financial and/or non-financial objectives determined at the beginning of each calendar year. During its meeting of December 2008 the Supervisory Board approved the 2009 financial performance targets for the total Group as follows: profit (50% weight), cash flow (30% weight) and revenue growth (20% weight). The financial performance targets were based on the 2009 operational plan objectives, which are not disclosed for reasons of commercial confidentiality. They account for 80% of the incentive. A further 20% depends on the achievement of certain annually defined individual objectives which are set on the recommendation of the RA&CG Committee. For Mr. Houben the financial performance targets accounted for 100% of the incentive. As of 2010 the system of performance targets for Mr. Houben will be similar to that of the other Management Board members. The financial targets and individual objectives are determined by the RA&CG Committee based on past performance and the short and long-term strategic objectives of the company. The targets support the realisation of long term value creation.

After the closing of each financial year the RA&CG Committee approves the calculated outcome of actual achievements versus the preset financial and individual targets. The exact amount of the annual incentive is then established and made payable after the finalisation of the audited accounts. The RA&CG Committee has the right to change targets as a result of unforeseen circumstances. This was not the case in 2009.

In 2009, the annual incentive opportunity for the Dutch Management Board members ranged from 0% to 75% of their annual fixed base salary, with a target of 50%. The UK-based Board member Mr. Taylor had a range of 0% to 81%, with a target of 54%. Target incentives are reached when the financial and individual goals are fully met. Because actual scores did partially meet the financial targets set and certain individual objectives were accomplished, the RA&CG Committee during their February 2010 meeting determined a 2009 individual short-term incentive for the Management Board members of between 11% and 21% of their fixed base salary.

Long term incentive plan (LTIP)

Management Board members as well as other senior managers may, on a voluntary basis, elect to invest annually up to 50% of their individual annual bonus in Wavin shares. This LTIP focuses participants on creating long term shareholder value by encouraging share ownership and aligning their interests with those of shareholders.

A participant will receive (a) the right to one conditional matching share for each two purchased shares; and (b) a maximum of three conditional performance options for each share purchased. The purchased shares and the matching shares are subject to a mandatory lock-up period of five years. The matching shares will be transferred to the participant after three years provided that the participant is still employed by Wavin. These matching shares must, however, still be retained for the full five-year lock-up period as referred to above.

The participants will also be granted a maximum of three conditional performance options for each purchased share. The performance options have a total term of seven years: a vesting period of four years and a subsequent exercise period of three years. The total number of performance options to be granted is dependent on the average annual normalised Ebitda growth realised during the four-year option-vesting period and can only be exercised if the participant is still employed by Wavin at the time of vesting. More information on the LTIP can be found on the corporate website.

Pension

The retirement benefits are designed in line with relevant market practice in the relevant country of residence.

As is applicable to all Dutch Wavin employees, the pension arrangements for the three Dutch Management Board members are based on defined benefits and indexed average salary with a pension at age 65. The annual build-up of old age retirement benefits amounts to 2.15% of the annual pensionable salary.

Both Mr. Houben and Mr. Oomens have an additional pension arrangement as of the date they joined Wavin to partly compensate for missed back service in previous careers. Since 2000 Mr. Houben has had an indexed arrangement amounting to a 2009 payment of € 32,293 into his pension arrangement with the company. Mr Oomens received an amount of € 10,000 paid to an insurance company.

As is applicable to all former UK Hepworth employees, the pension arrangement for UK resident Mr. Taylor is based on defined benefit. The executive pension arrangement for Mr. Taylor is based on an accrual rate of 1/45th with a retirement possibility at the age of 63. The maximum pension he can accrue will be two thirds of his final earnings capped pensionable salary less any retained benefits. Mr. Taylor has had an additional pension arrangement since 1999 leading to a 2009 payment of € 59,555.

A full financial report, containing detailed information on the remuneration packages of the individual Management Board members, can be found on page 138.

Conclusion

The deepening financial crisis has significantly affected Wavin's performance as well as its organisation. A number of restructuring measures has led to the loss of more than 1,600 jobs. Extended negotiations resulted in a successful refinancing of the Company. These challenging tasks have demanded a great deal of work and attention from management and staff which they have given with great effort and devotion. Our Board expresses its appreciation to all employees for their dedication to our Company.

Zwolle, 25 February 2010

The Supervisory Board
P.C. van den Hoek, Chairman
B.G. Hill, Vice-Chairman
R.H.P.W. Kottman
R.A. Ruijter
B. Stymne Göransson

FINANCIAL STATEMENTS
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GROUP FINANCIAL STATEMENTS
Consolidated balance sheet

As at 31 December

(€ x 1,000)	Note	2009	2008
Assets			
Property, plant & equipment	17	349,783	366,988
Intangible assets	18	485,161	480,740
Investments in associates	19	19,061	21,116
Other financial non-current assets	20	786	1,088
Deferred tax assets	21	10,405	9,796
Total non-current assets		**865,196**	**879,728**
Inventories	22	145,999	172,101
Other current investments	20	–	24
Trade and other receivables	23	237,626	270,385
Income tax receivable		3,591	2,159
Cash and cash equivalents	24	58,626	48,847
Assets classified as held-for-sale	6	3,827	2,517
Total current assets		**449,669**	**496,033**
Total assets		**1,314,865**	**1,375,761**
Equity			
Issued capital		20,313	100,961
Share premium		422,847	126,029
Reserves		(25,971)	(31,015)
Retained earnings		134,464	133,040
Total equity attributable to equity holders of the Company	25	**551,653**	**329,015**
Non-controlling interest		**6,964**	**5,151**
Total equity		**558,617**	**334,166**
Liabilities			
Interest-bearing loans and borrowings	26	285,917	501,241
Employee benefits	27	12,048	15,632
Provisions	29	14,739	13,216
Deferred tax liabilities	21	104,196	108,339
Other non-current liabilities	30	17,899	13,168
Total non-current liabilities		**434,799**	**651,596**
Interest-bearing loans and borrowings		–	2
Bank overdrafts	26	9,469	8,679
Employee benefits	27	2,614	3,171
Provisions	29	9,102	7,576
Income tax payable		5,919	11,469
Trade and other payables	31	294,286	359,102
Liabilities classified as held-for-sale	6	59	–
Total current liabilities		**321,449**	**389,999**
Total liabilities		**756,248**	**1,041,595**
Total equity and liabilities		**1,314,865**	**1,375,761**

Consolidated income statement

For the year ended 31 December

(€ x 1,000)	Note	2009			2008		
		Recurring	Non-recurring*	Total	Recurring	Non-recurring*	Total
Continuing operations							
Total revenue	8	1,159,626	–	1,159,626	1,581,225	–	1,581,225
Revenue discontinued operations		–	–	–	–	–	–
Revenue continuing operations		**1,159,626**	**–**	**1,159,626**	**1,581,225**	**–**	**1,581,225**
Cost of sales		(862,829)	(7,252)	(870,081)	(1,192,690)	(5,025)	(1,197,715)
Gross profit (loss)		**296,797**	**(7,252)**	**289,545**	**388,535**	**(5,025)**	**383,510**
Other operating income	9	3,924	2,022	5,946	4,790	3,909	8,699
Selling and distribution expenses		(142,450)	(6,406)	(148,856)	(170,888)	(5,668)	(176,556)
Administrative expenses		(92,585)	(3,028)	(95,613)	(107,786)	(1,359)	(109,145)
Research and development expenses		(6,204)	48	(6,156)	(8,753)	–	(8,753)
Other operating expenses	10	(11,946)	(25)	(11,971)	(12,286)	(2,186)	(14,472)
Result from operating activities		**47,536**	**(14,641)**	**32,895**	**93,612**	**(10,329)**	**83,283**
Finance income		2,325	–	2,325	1,202	–	1,202
Finance expense		(37,692)	–	(37,692)	(47,023)	–	(47,023)
Net finance costs	13	**(35,367)**	**–**	**(35,367)**	**(45,821)**	**–**	**(45,821)**
Share in profit of associates	19	3,073	–	3,073	5,201	–	5,201
Profit on sale of associates		–	–	–	–	16	16
Profit (loss) before income tax		**15,242**	**(14,641)**	**601**	**52,992**	**(10,313)**	**42,679**
Income tax benefit (expense)	15	(3,498)	4,716	1,218	(14,096)	3,499	(10,597)
Profit (loss) for the period		**11,744**	**(9,925)**	**1,819**	**38,896**	**(6,814)**	**32,082**
Attributable to:							
Equity holders of the Company		10,109	(9,922)	187	38,913	(6,814)	32,099
Non-controlling interest		1,635	(3)	1,632	(17)	–	(17)
Profit (loss) for the period		**11,744**	**(9,925)**	**1,819**	**38,896**	**(6,814)**	**32,082**

* For the definition of non-recurring items reference is made to paragraph (aa) of the significant accounting policies. For details on the non-recurring items reference is made to note 14 of the Group Financial Statements.

Consolidated statement of comprehensive income

For the year ended 31 December

(€ x 1,000)	Note	2009	2008
Profit for the period		**1,819**	**32,082**
Other comprehensive income			
Exchange rate differences on translating foreign operations		9,532	(33,950)
Fair value changes financial instruments		(5,224)	(19,488)
Transfer hedge reserve to profit or loss	13	3,272	–
Share-based payment plan		51	(475)
Long Term Incentive Plan		222	–
Costs of shares issued		(15,213)	(59)
Income tax relating to components of other comprehensive income		4,374	4,856
Other comprehensive income (expense) for the period, net of income tax		**(2,986)**	**(49,116)**
Total comprehensive income (expense) for the period		**(1,167)**	**(17,034)**
Attributable to:			
Equity holders of the Company		(2,955)	(16,234)
Non-controlling interest		1,788	(800)
Total comprehensive income (expense) for the period		**(1,167)**	**(17,034)**

Earnings per share

(€ x 1)	Note	2009	2008
Earnings per share (weighted average)*	16	0.00	0.16
Diluted earnings per share (weighted average)*	16	0.00	0.16

* According to IAS 33.28 issued shares due to paid stock dividend in 2009 also affects the weighted average number of ordinary shares in 2008.
According to IAS 33.A2 weighted average number of ordinary shares per 31 December 2008 has been adjusted for comparison reasons to reflect the effect of the rights issue.

Consolidated statement of changes in equity

As at 31 December

(€ x 1,000)	Note	Issued capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained profit	Total	Non-controlling 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**
Total comprehensive income for the period										
Profit (loss) for the period		–	–	5,201	–	–	26,898	32,099	(17)	32,082
Total other comprehensive income (expense)		–	(44)	4,381	(33,306)	(14,508)	(4,856)	(48,333)	(783)	(49,116)
Total comprehensive income (expense) for the period		**–**	**(44)**	**9,582**	**(33,306)**	**(14,508)**	**22,042**	**(16,234)**	**(800)**	**(17,034)**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Stock dividend	25	2,504	(2,504)	–	–	–	–	–	–	–
Long Term Incentive Plan, treasury shares re-issued	28	–	–	–	–	–	906	906	–	906
Purchase of own shares		–	–	–	–	–	(3,643)	(3,643)	–	(3,643)
Dividends paid to shareholders	25	–	–	–	–	–	(15,210)	(15,210)	–	(15,210)
Dividends paid to non-controlling interest		–	–	–	–	–	–	–	(627)	(627)
Dividends received from associates		–	–	(2,991)	–	–	2,991	–	–	–
Total transactions with owners		**2,504**	**(2,504)**	**(2,991)**	**–**	**–**	**(14,956)**	**(17,947)**	**(627)**	**(18,574)**
Balance at 31 December 2008		**100,961**	**126,029**	**12,332**	**(34,111)**	**(9,236)**	**133,040**	**329,015**	**5,151**	**334,166**

(€ x 1,000)	Note	Issued capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained profit	Total	Non-controlling interest	Total equity
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		–	–	3,073	–	–	(2,886)	187	1,632	1,819
Total other comprehensive income (expense)		–	(11,334)	(969)	9,391	(1,469)	1,242	(3,139)	153	(2,986)
Total comprehensive income (expense) for the period		**–**	**(11,334)**	**2,104**	**9,391**	**(1,469)**	**(1,644)**	**(2,952)**	**1,785**	**(1,167)**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Shares issued	25	16,250	211,254	–	–	–	–	227,504	–	227,504
Stock dividend	25	603	(603)	–	–	–	–	–	–	–
Long Term Incentive Plan, treasury shares re-issued	28	–	–	–	–	–	206	206	–	206
Dividends paid to shareholders	25	–	–	–	–	–	(2,120)	(2,120)	–	(2,120)
Dividends paid to non-controlling interest		–	–	–	–	–	–	–	(57)	(57)
Dividends received from associates		–	–	(4,982)	–	–	4,982	–	–	–
Reduction of nominal share value	25	(97,501)	97,501	–	–	–	–	–	–	–
Non-controlling interest on acquisitions	7	–	–	–	–	–	–	–	85	85
Total transactions with owners		**(80,648)**	**308,152**	**(4,982)**	**–**	**–**	**3,068**	**225,590**	**28**	**225,618**
Balance at 31 December 2009		**20,313**	**422,847**	**9,454**	**(24,720)**	**(10,705)**	**134,464**	**551,653**	**6,964**	**558,617**

Consolidated statement of cash flows

For the year ended 31 December

(€ x 1,000)	Note	2009	2008*
Profit for the period		**1,819**	**32,082**
Adjustments to reconcile to cash flow from operating activities			
Depreciation and amortisation	17,18	62,949	68,868
Share based payment and Long Term Incentive Plan		174	(475)
Net finance costs	13	35,367	45,821
Profit on sale of property, plant & equipment and intangible fixed assets		(2,218)	(2,427)
Share in profit of associates	19	(3,073)	(5,201)
Profit on sale of associates		–	(16)
Income tax expense (benefit)	15	(1,218)	10,597
Operating profit before changes in working capital and provisions		**93,800**	**149,249**
Changes in other receivables and other payables		(9,643)	15,048
Changes in working capital		4,863	102,061
Changes in provisions and employee benefits		(2,184)	(4,437)
Cash generated from operating activities		**86,836**	**261,921**
Interest paid		(24,454)	(35,372)
Income taxes paid		(7,242)	(24,711)
Net cash from operating activities		**55,140**	**201,838**
Investments in property, plant & equipment paid		(35,296)	(49,241)
Investments in intangible assets paid		(5,340)	(6,773)
Proceeds from sold property, plant & equipment and intangible assets		2,965	2,825
Dividends received from associates		4,982	2,991
Proceeds from sale of associates		–	75
Paid other non-current liabilities		–	(845)
Acquisitions of consolidated companies, net of cash acquired		(233)	(58,972)
Net cash used in investing activities		**(32,922)**	**(109,940)**
Purchase of own shares		–	(3,643)
Long Term Incentive Plan, treasury shares re-issued		206	906
New interest-bearing loans and borrowings		–	62,800
Repayment of interest-bearing loans and borrowings		(219,499)	(79,625)
Repayment of credit facility		(4,499)	(24,512)
Shares issued	25	227,504	–
Costs of shares issued		(15,213)	(44)
Dividends paid to shareholders	25	(2,120)	(15,210)
Dividends paid to non-controlling interest		(57)	(627)
Net cash used in financing activities		**(13,678)**	**(59,955)**
Net increase of cash and cash equivalents		**8,540**	**31,943**
Cash and cash equivalents at 1 January	24	48,847	19,454
Effect of exchange rate fluctuations on cash held		1,239	(2,550)
Cash and cash equivalents at 31 December	24	**58,626**	**48,847**

* 2008 figures have been adjusted for comparison reasons. Costs share-based payments have been reclassified from cash flow used in financing activities to cash generated from operating activities.

Notes to the Group Financial Statements

1. General information

Wavin N.V. (the Company) is domiciled in Zwolle, the Netherlands. The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates covering the period 1 January 2009 up to and including 31 December 2009. There have not been any significant changes in the Group. For details of the Group we refer to the list of participations on page 143 of the annual report. The Group is primarily involved in the production and sales of plastic pipe systems and solutions.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and also comply with the financial reporting requirements included in section 9 of Book 2 of the Dutch Civil Code, as far as applicable.

The Company presents a condensed income statement in the Company Financial Statements, using the facility of Article 402, Book 2, of the Dutch Civil Code.
The financial statements were authorised by the Management Board on 25 February 2010 and are subject to approval by the General Meeting of Shareholders on 21 April 2010.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Derivative financial instruments;
- Investments held for trading;
- Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged;
- Non-current assets and disposal groups held-for-sale are stated at the lower of the carrying amount and fair value less costs to sell.

The methods used to measure fair values are discussed in note 3.

(c) Functional and presentation currency

The consolidated and Company Financial Statements are presented in Euro, which is the Company's functional currency. The amounts are rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements.

The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are described in the following notes:

Note 4	Valuation of financial instruments
Note 7	Business combinations / acquisition of subsidiaries
Note 15	Utilisation of tax losses
Note 17 and 18	Measurement of the recoverable amounts of cash generating units containing intangible assets and property, plant & equipment
Note 27	Measurement of defined benefit obligations
Note 28	Share-based payment / Long Term Incentive Plan
Note 29 and 34	Provisions and contingencies

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. The share of third parties in the result and equity of the consolidated subsidiaries are reported separately. See page 143 for the outline of the company's principal direct and indirect participations.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. This negative value is then accounted for as a provision for associates.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised net gains after tax arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the associate. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate.

(b) Changes in accounting policies, presentation and estimation

(i) Changes in accounting policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ending 31 December 2008 except for the accounting policies related to accounting for borrowing costs on capitalised intangible assets (IAS 23) determination and presentation of operating segments (IFRS 8) and presentation of financial statements (IAS 1).

(ii) Accounting for borrowing costs on capitalised intangible assets

In respect of borrowing costs relating to qualifying intangible assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the development of a qualifying intangible asset as part of the cost of that asset. Previously the Group immediately recognised these borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 borrowing costs (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting principle had no material impact on the financial statements.

(iii) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the Management Board, the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. The new accounting policy in respect of operating disclosures had no impact on the definition of an operating segment compared to previous years. The operating segments performance is assessed and operating and financial results are reviewed regularly by the Management Board to take decisions on resources to be allocated to the segments. For each operating segment reliable financial information is available.

Results of segments that are reported to the Management Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditures of segments are the total cost incurred during the period to purchase property, plant & equipment and intangible assets other than goodwill.

(iv) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been represented so that it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

To meet broader industry practice we have reclassified in the Company financial statements only, property, plant & equipment, brand names and customer relations and other IFRS 3 assets to investments in subsidiaries. These assets for a total amount of € 230.5 million and the related deferred tax liability originate from the purchase price allocation of the consideration paid for the acquisition of the shares of Beheermaatschappij Wavin B.V. and are reclassified to the subsidiaries of Wavin N.V.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. The functional currency of foreign entities is generally the local currency. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Euro at foreign exchange rates prevailing at the balance sheet date. The differences due to the conversion at beginning and final rates as related to the equity of the foreign participations are processed directly in the reserves as a separate component of equity. The revenues and expenses of foreign operations are translated to Euro at established average exchange rates which approximate the rates at the date of the transactions. The difference between the conversion of proceeds and costs at the established average exchange rates and the exchange rates prevailing at the end of the year is also processed directly in the reserves as a separate component of equity. Upon disposal of foreign operations these cumulative translation adjustments are recognised in the income statement.

The following exchange rates, for the significant countries in which the Group operates, were used in preparing these financial statements:

	2009	2008	2009	2008
	31 December	31 December	Average	Average
Pound Sterling	0.8881	0.9525	0.8900	0.7955
US Dollar	1.4406	1.3917	1.3925	1.4696
Polish Zloty	4.1045	4.1535	4.3293	3.5122
Danish Krone	7.4418	7.4506	7.4461	7.4560
Norwegian Krone	8.3000	9.7500	8.7279	8.2172
Czech Koruna	26.4730	26.8750	26.4286	24.9381
Hungarian Forint	270.4200	266.7000	280.0983	251.5017
Turkish Lira	2.1547	2.1488	2.1599	1.9049

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are recognised in the translation reserve to the extent that net investment hedge accounting is being adopted and the hedge is effective. Upon disposal, the exchange differences in the translation reserve are released in the income statement.

In respect of all foreign operations, translation differences that arose before 1 January 2004, the date of the transition to IFRS, are presented as a separate component of equity.

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings as well as trade and other liabilities.

Non-derivative financial instruments are recognised initially at amortised costs unless held for trading. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Wavin is using a notional cash pool system for financing of group companies. To give a proper insight in the actual debt position of the Group, the positive and negative positions under the cash pool system are netted. As a consequence the finance income and finance expense related to this system are also presented on a net basis.

Accounting for financial income and expense is disclosed in accounting policy (ab).

Held-to-maturity investments

If the Group has the positive intent to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment loss.

Available-for-sale financial assets

The Group's investment in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3 (l)) and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the income statement when incurred.

Other

Other non-derivative financial instruments are measured at amortised costs using the effective interest method, less impairment losses.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Generally the Group seeks to apply hedge accounting in order to minimise the effects of foreign currency fluctuations in the income statement.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors, and forward exchange contracts. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency and interest rate hedging operations are governed by an internal policy and rules (treasury policy) approved and monitored by the Management Board. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and changes therein are accounted as described below. The fair value of forward exchange contracts and interest rate swaps are their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

When the hedging instrument no longer meets the criteria for hedge accounting or the instrument is sold or expired, terminated or exercised, the hedge accounting is discontinued and the cumulative unrealised gain or loss recognised in equity is immediately recognised in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point in time remains in equity and is recognised in accordance with the above policy when the transaction occurs.

Hedge of monetary assets and liabilities
When we apply net investment hedge accounting, a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability. When hedge accounting is not applied any gain or loss on the hedging instrument is recognised in the income statement.

Hedge of net investment in foreign operation
Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability are recognised net of tax directly in equity. The ineffective portion is recognised immediately in the income statement.

(iii) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction of equity, net of tax.

Repurchase of share capital
When share capital recognised is repurchased the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction of equity, net of tax. Repurchased shares are classified as treasury shares unless decided otherwise. When treasury shares are sold or re-issued, the amount received is recognised as an increase in equity, and the resulting difference on the transaction is transferred to retained earnings.

(e) Property, plant & equipment

(i) Owned assets

All items of property, plant & equipment are stated at cost less cost reducing subsidies received from the government (see note 3(s)), accumulated depreciation (see section (iv) Depreciation) and impairment losses (see note 3 (l)). Costs include expenditures that are directly attributable to the acquisition of the asset, including capitalised borrowing costs for qualifying assets.

Property that is being constructed or developed for future use as investment property is classified under property, plant & equipment in progress and stated at cost until construction or development is completed, at which time it is reclassified as investment property. Assets which have been ordered but for which no invoices have been received yet, are disclosed under capital commitments.

Where an item of property, plant & equipment comprises major components that have different useful lives, they are accounted for as separate items of property, plant & equipment.

Cost of major maintenance activities is capitalised as a separate component of property, plant & equipment and depreciated over the estimated useful life. Maintenance costs which cannot be separately defined as a component of property, plant & equipment are expensed in the period in which they occur.

Gains and losses on the sale of property, plant & equipment are included in the income statement as other income. If there is an indication that an asset may be impaired, the recoverable amount of the asset is estimated. If the carrying value exceeds the recoverable amount, an impairment charge is recognised in the income statement.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see section Depreciation) and impairment losses. Lease payments under operational lease contracts are accounted for as costs in the income statement.

(iii) Subsequent expenditure

The cost of replacing part of an item of property, plant & equipment is capitalised as a separate asset when it is probable that the future economic benefits embodied within the part will flow to the Group and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant & equipment. All other expenditure is recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant & equipment, and major components that are accounted for separately. Land is not depreciated as it is deemed to have an indefinite life. Assets under construction are not depreciated. The rates for depreciation are:

Surfaces	10%
Buildings	2.5%
Installations and production machinery	5 to 15%
Heads, cones, moulds	10 to 12.5%
Transport equipment	20%
Computer hardware	20 to 33.33%
Office equipment/furniture	10%

The residual value, useful lives and depreciation methods are reassessed annually.

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

All business combinations are accounted for by applying the acquisition method in accordance with IFRS 3. Goodwill represents the difference between the purchase price of the acquisition and the fair value of the net identifiable assets acquired. Goodwill acquired in a business combination is allocated to the cash generating unit (CGU) or group of CGUs that is expected to benefit from the synergies of the combination. Costs directly related to an acquisition such as legal advice, due diligence, etc. are added to the acquisition price.

Goodwill is stated at cost less accumulated impairment charges (see note 3 (l)). Goodwill is not amortised but tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill (badwill) is recognised immediately as income.

(ii) Brand names

The Group carries assets in the balance sheet for the major brands such as 'Wavin', 'Hep$_2$O', 'Chemidro' and 'Pilsa'. Internally generated brands are not capitalised. Acquired brand values are calculated based on the Group's valuation methodology, which is based on royalty fee assumptions and cash flow projections. Brand names have an indefinite live as there are no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangibles. Furthermore:

- The Group has the ability to transfer the brand name to new product groups;
- The Group supports the main brands through spending on marketing across the business and through investments in promotional support. The brands are expected to be in longstanding and profitable market sectors;
- The likelihood that market-based factors could reduce a brand's life is relatively remote because of the size, diversification and market share of the brands in question;
- The Group owns the trademark for all brands valued on the balance sheet and renews these for nominal cost at regular intervals. The Group has never experienced problems with such renewals.

(iii) Customer relations

Acquired customer relations and distribution networks are calculated based on the Group's valuation methodology, which is based on royalty fee assumptions and cash flow projections of value-added products taking into account an attrition rate for the acquired customers. We have excluded the revenue generated by the sale of commoditised products, since for these products the competition is based on price and having excellent customer relationships hardly has any impact.

(iv) Other assets from business combinations

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale. The previously unrecognised assets in the acquired company such as order portfolios are valued at the fair value on acquisition date. The fair values of assets and (contingent) liabilities are provisional estimates based on best information available at the time of determining those values. Intangible assets acquired through business combinations are amortised over their individual lifetime of which the range is one to five years except for customer relations and distribution network (see section (viii) Amortisation).

(v) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. These are capitalised only if development costs can be measured reliably and the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour, an appropriate part of overhead costs and capitalised borrowing costs for qualifying projects. Other development expenditure is recognised in the income statement when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see note 3 (l)).

(vi) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3 (l)). Expenditure on internally generated goodwill, patents, brands, etc. is recognised in the income statement as an expense when incurred.

(vii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(viii)Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of intangible assets. Intangible assets other than goodwill and brand names are amortised from the date they are available for use. The annual amortisation rates are:

Customer relations and distribution networks	4 to 10%
Other assets from business combinations	20 to 50%
Know how / licenses	20%
Capitalised development costs	20%
Software	20 to 33.33%

Brand names are an indissoluble part of the Company on a going concern principle. The Company is continuously investing in its brand names to maintain its competitive position and therefore the value of the brand names. Due to this infinite character the brand names are not amortised but tested for impairment annually.

(g) Other non-current investments

The other non-current investments mainly comprise long term credit facilities extended to customers and associates, other investments and guarantees deposited, after providing for doubtful debts.

(h) Deferred tax assets

Long term tax assets resulting from temporary differences between financial statements and fiscal valuations are capitalised as deferred tax assets as long as it is probable they will result in a future cash inflow. If a Group company is not expecting to pay profit taxes for the coming years due to negative results, the deferred tax asset is not recognised. Tax losses carried forward for compensation with future profits that will probably materialise in the foreseeable future are also included under deferred tax assets.

(i) Other current investments

Investments in debt and equity securities held by the Group are classified as being held for trading and are stated at fair value, with any resultant gain or loss being recognised in the income statement.

The fair value of investments held as available-for-sale is their quoted price on the relevant stock exchange at the balance sheet date. Investments held as available-for-sale are recognised / derecognised by the Group on the date it commits to purchase / sell the investments.

(j) Inventories

Inventories are stated at the lower of cost (see note 3 (x)) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated selling costs. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred to acquire the inventories and to bring them to their location and current condition. Costs for self-manufactured inventories and work in progress include an appropriate share of overhead costs based on normal operating capacity.

(k) Trade and other receivables

Trade receivables, receivables from associates, prepaid expenses and accrued income are stated at their amortised cost less impairment losses (see note 3 (l)) related to doubtful debts. Discounted drafts with recourse are accounted for as debtors with the corresponding liability in interest-bearing loans and borrowings.

(l) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each balance sheet date to determine whether there is objective evidence that it should be impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset. All individual significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment. If any such indication exists, the asset's recoverable amount is estimated. Losses are recognised in the income statement and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment to decrease, the decrease in impairment loss is reversed through the income statement.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than other current investments (see note 3 (i)), inventories (see note 3 (j)) and deferred tax assets (see note 3 (h)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

(iii) Calculation of recoverable amount

The recoverable amount of other non-current investments is calculated as the net present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Assets with a short duration are not discounted.

The recoverable amount of other assets is the greater of the net selling price and value in use. In assessing the value in use, the estimated cash flows are discounted to their net present value using an average pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of impairment testing, goodwill is allocated to the CGU or group of CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(iv) Reversals of impairment

An impairment loss of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss in respect of a non-current asset is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Assets classified as held-for-sale

Non-current assets, or disposal groups comprising assets and/or liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount or fair value less cost to sell and are no longer depreciated. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank accounts and call deposits. All amounts are readily available.

(o) Equity

Retained earnings / appropriation of profit

The net profit for the year under review is added to the retained earnings taking into account the required movements in legal reserves. Dividends are discretionary at the option of the shareholders. Dividends are recognised as a liability in the period in which they are declared.

The Group can only declare dividends in so far as the equity exceeds the amount of the paid-up capital increased by the reserves that must be legally maintained and taking into account the restrictions agreed under our Amended Credit Facility to distribute cash dividends.

(p) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefits are discounted to determine the present value after which the fair value of the plan assets is deducted. The discount rate is the yield at balance sheet date on first class credit rated bonds that have maturity dates approximating the terms of the obligations. The calculations are made by qualified actuaries using the projected unit credit method.

Actuarial gains and losses that arise in calculating our obligation in respect of a plan, are recognised to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligations or the fair value of plan assets. That portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. We have adopted IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', which provides guidance on the amount of the surplus that can be recognised as an asset. This interpretation is applied.

When the benefits of a plan are improved the portion of the increased benefit relating to the past service by employees is recognised as an expense in the income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised actuarial losses and past service costs and the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Other non-current employee benefits

This relates to non-current legal or constructive obligations as incorporated in (collective) labour agreements, company regulations, etc. (such as jubilee, allowances for non-current service, medical, sickness and disability as well as long term incentives, etc.). These obligations are provided for on an actuarial basis. The method is equal to the actuarial calculation for defined benefit plans with the exception that actuarial results are charged as costs without using a corridor and all past service costs are recognised immediately in the income statement without any transitional option.

(iv) Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment transactions

To senior management (including the Management Board) a share-based payment award is granted. This share plan is based on certain performance conditions.

The grant date fair value of share-based payment awards is recognised as a personnel expense with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. The costs of the share plan for senior management are recognised evenly over the vesting period.

At each balance sheet date the Group assesses its estimates of the number of share and option rights that are expected to vest. The amount recognised as an expense is adjusted, when necessary, to reflect the number of awards for which the performance and vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and performance conditions at the vesting date.

The grant date fair value of share appreciation rights respectively shares granted to employees after the IPO in 2006 are recognised as a non-recurring employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the shares.

(s) Government grants

An unconditional government grant is recognised in the income statement when receipt of the grant is virtually certain. Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. For grants that compensate the Group for the costs of an asset we refer to note 3 (e).

(t) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Warranties

For products or services sold, a provision is recognised based on actual claims received and on historical data regarding warranty costs, which were not provided for on an individual claims basis. The product liability insurance cover is taken into account when determining the provision. Claims honoured are charged against the provision.

(ii) Restructuring

A provision for restructuring is recognised when a formal restructuring plan is approved and the restructuring has either commenced or has been announced publicly.

(iii) Tax

The tax provision is recognised for identified tax exposures in the Group.

(iv) Others

The other provisions mainly consist of provisions for the obligation to take back returnable packaging, quarry restorations and for environmental commitments. A provision for site restoration is recognised when there is a legal or constructive obligation to reduce or solve pollution of land, air, water etc. All environmental provisions are based on expert reports.

(u) Deferred tax liabilities

Long term tax liabilities resulting from temporary differences between financial statement and fiscal valuations per fiscal entity are recognised as deferred tax liability as long as they are expected to result in a cash outflow. No deferred tax liabilities are taken into account when it is probable that no profit taxes will be paid due to available losses carried forward.

(v) Trade and other payables

Trade and other payables are stated at (amortised) cost.

(w) Revenue

Revenue is derived from the goods and services sold and delivered during the year net of rebates and discounts and net of sales tax. Revenue from the sales of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to a third party, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. The timing of the transfers of risks and rewards depends on the individual delivery conditions. For the revenue of sales of goods these conditions are generally met at the time the product is delivered to the customer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue at the same time the sales are recognised.

(x) Cost of sales

Cost of sales comprises the manufacturing costs of the goods sold and delivered, and any inventory write downs to lower net realisable value. Manufacturing costs include such items as:

- The costs of raw materials and supplies, energy, packaging and other materials;
- Depreciation and the costs of maintenance of the assets used in production;
- Salaries, wages and social charges for the personnel involved in manufacturing.

(y) Research and development expenses

Research and other not capitalised development expenses are charged to income as incurred. Amortisation of capitalised development costs is charged on a straight-line basis over the estimated useful life.

(z) Expenses

Operating expenses (sales, distribution and administrative) are charged to income as incurred. Payments made under operational lease contracts are recognised in the income statement on a straight-line basis over the term of the lease.

(aa) 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, sale of assets, sale of associates, impairment charges and costs related to acquisition 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.

(ab) Finance income and expense

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains as well as gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, fees relating to the arrangement of new borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method. As the actual positive and negative positions under the notional cash pool system are netted, the related finance income and expense are netted as well.

Foreign currency gains and losses arising from a group of similar transactions are reported on a net basis. Such gains and losses are, however, reported separately if they are material.

(ac) Income tax expense

Income tax is accounted for in accordance with the tax regulations of the country of domicile concerned.

Income tax on the result for the year comprises current and deferred tax. Income tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case the income tax it is recognised directly in equity as well.

Current tax is the expected tax payable on the taxable income for the year, using tax rates valid at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected realisation or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted on the balance sheet date. The tax rates are based on the laws that have been enacted or substantially enacted at the reporting date. No provision for deferred tax liabilities is made when it is not probable that profit taxes will be paid due to available losses carried forward. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ad) Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographic area of operations.

(ae) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

(af) Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in the balance sheet items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as investing activities. Interest paid is included in operating activities.

(ag) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products within a particular economic environment (geographic segment), or providing related products (business segment) which is subject to risk and rewards that are different from those of other segments. The operating segment's performance is assessed and operating and financial results are reviewed regularly by the Management Board to take decisions about resources to be allocated to the segment. For each operating segment reliable financial information is available.

The Group's primary format for segment reporting is based on geographic segments. The secondary format is based on business segments and is limited to the segmentation of revenue only.

(ah) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Business combinations

In business combinations identifiable assets and liabilities, and contingent liabilities are recognised at their fair values at acquisition date. The acquisition date is the date on which control is transferred to the acquirer. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Determining the fair values requires significant judgements on future cash flows to be generated.

The fair value of brand names, distribution network and customer relations, patents and trademarks acquired in a business combination is estimated using generally accepted valuation methods. The fair value of property, plant & equipment recognised as a result of a business combination is based on estimated market values.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of the business less the estimated costs of completion and cost to sell as well as a reasonable profit margin based on the effort required to complete and sell the inventories.

If, within a timeframe of 12 months after acquisition, it can be demonstrated that new information provides better evidence about the fair value of any asset or (contingent) liability at acquisition date, the provisional estimates are adjusted.

(ii) Financial instruments

The fair value of forward exchange contracts and interest rate swaps is based on their quoted market price, if available.

The fair value of interest rate swaps is estimated by discounting the difference between cash flows resulting from the contractual interest rates of both legs of the transaction, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Share-based payment transactions

The fair value of employee stock options is measured using a binominal tree valuation methodology. The fair value of granted matching shares is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk free interest rate. Service and non-market performance conditions related to the grant are not taken into account determining the fair value.

(iv) Pensions and other post-retirement benefits

Retirement benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations and fair values of plan assets. Retirement benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on terms of the plans and the investment and funding decisions made by the Company. The accounting requires management to make assumptions regarding variables such as discount rate, rate of compensation increase, return on assets, mortality rates and future healthcare costs. Periodically, management consults with external actuaries regarding these assumptions. Changes in these key assumptions can have a significant impact on the projected benefit obligations, funding requirements and periodic costs incurred. For details on key assumptions and policies we refer to note 27.

(ai) New standards and interpretations not yet implemented

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements.

IFRS 3 Business Combination (R) (*endorsed by the EU and applicable as of 1 January 2010 for the Company*). The following key changes within IFRS 3 Business Combination (R) could have a significant impact:

- Contingent purchase consideration is classified as debt, initially measured at fair value, whereby any re-measurement is recognised through the income statement;
- Acquisition-related costs are to be expensed and recognised in the period in which they are incurred;
- Based on revised IAS 12, tax losses from previous acquisitions and recognised subsequent to the implementation of IFRS 3 Revised will be recognised through the income statement instead as adjustment of goodwill.

IAS 27 Consolidated and Separate Financial Statements (*endorsed by the EU and applicable as of 1 January 2010 for the Company*). The revisions and amendments to IAS 27 Consolidated and Separate Financial Statements apply prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The main changes under the standards are:

- Equity interests held prior to control being obtained are remeasured to fair value at the time control is obtained, any gain or loss is recognised in the income statement;
- Changes in a parent's ownership interest in a subsidiary that do not result in a change of control are treated as transactions between equity holders and reported in equity.

The effect that abovementioned changes will have on the Company's consolidated financial statements will depend on the incidence and timing of business combinations occurring on or after 1 January 2010.

The following new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2009 are expected not to have any significant financial statement effect for Wavin in future periods:

- IFRIC 17 *Distributions of Non-cash Assets to Owners*
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 18 *Transfers of Assets from Customers*
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendment to IFRS 5 *Non current Assets Held for Sale and Discontinued information*
- Amendment to IFRIC 16 *Hedges of a net investment in a Foreign operation*
- Amendments to IFRS 2 *Share-based payment – Group Cash Settled Share-based Payment Transaction*
- Amendments to IAS 17 *Leases of land*
- Amendments to IAS 32 *Financial instruments: presentation – classification of rights issue*
- IFRIC 19 *Extinguishing Financial Liabilities with Equity instruments*
- IAS 24 *Related Party Disclosures (revised 2009)*
- Amendments to IFRIC 14 *The limit on a defined benefit assets, minimum funding requirements and their interaction*.

4. Financial risk management

Overview

Wavin is exposed to internal and external risks and uncertainties that may affect its business, financial results or operational performance. To mitigate these risks, the Company has defined policies and guidelines that are followed throughout the organisation. These policies and guidelines are translated into internal risk management and control systems aimed at the adequate and effective control of these identified exposures. The Company regularly reviews the control systems to assess their adequacy. We feel that these policies and systems contribute to a more effective and transparent organisation.

The Management Board has the overall responsibility for the Group's risk management framework. The Audit Committee oversees and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and its procedures to control and to monitor compliance with the Group's risk management policies. We refer to page 47 of the annual report for a description of major risk factors as market, operational and financial risks.

First the impact of the credit crisis on financial risks is highlighted followed by a description of our general financial risks and interest rate risks. The note on general financial risks covers the Group policies and procedures for controlling credit risk, liquidity risk and currency risk.

The credit crisis and its impact on Wavin

The impact of the credit crisis on our financial risk factors was significant. The continuing decline in the European construction markets has adversely affected our business and had a severe impact on our results and financial condition. In response to this challenging environment, we completed a major financial restructuring including a rights issue. The net proceeds of the rights issue were used for the payment of upfront fees and to repay debt, bringing down the leverage ratio. Following the rights issue the Group agreed an Amended Credit Facility that expires in October 2011 and a Forward Start Facility starting in October 2011 and expiring in April 2013. The facilities consist of a term loan and revolving facilities (for further details see note 26).

Capital structure

The policy of Wavin is to deploy an efficient capital structure that maintains investor, creditor and market confidence and supports future development of the business. The Management Board monitors the debt to equity ratio and return on capital employed closely. The Management Board also monitors the level of dividend paid to ordinary shareholders.

Periodically the Management Board evaluates the need to purchase own shares on the market. Primarily the shares are intended to be used for issuing shares for the Group's Long Term Incentive Plan (see note 28). The Group does not have a defined share buy-back plan. Buy and sell decisions are made on a specific transaction basis by the Management Board after approval by the Supervisory Board.

Wavin has set clear targets for its level of borrowings in relation to results (leverage) and interest cost (interest coverage). In the course of the year the Group was confronted with a substantial decrease in sales, which resulted in a potential risk of breach of the debt covenants. In July 2009 Wavin concluded a comprehensive financing package consisting of a € 227 million rights issue and an amendment and extension of the finance facility. The net proceeds of € 216 million of the rights issue were used for the payment of upfront fees and to repay debt, substantially reducing the leverage ratio. In 2009 tight control of working capital management was continued. Spendings on investments were reduced by € 15.4 million to € 40.6 million in 2009. Net debt was € 237 million at the end of 2009, which is € 224 million below the end of last year.

Following the rights issue, a € 500 million Amended Credit Facility was entered into that expires in October 2011 and a Forward Start Facility of € 475 million starting in October 2011 with a maturity date of April 2013. The facilities consist of a term loan and revolving facilities. The new facilities ensure that, in the coming year, even in continuing challenging trading conditions Wavin expects to be compliant within its covenants, and will have sufficient liquidity once markets recover.
The Company operated well within the new set of bank covenants. Per 31 December 2009 our leverage ratio (for a definition see note 26) was 1.96, well below the allowed ratio of 3.8. Over the year our interest coverage ratio (for a definition see note 26) was 3.98 compared to a minimum agreed ratio of 2.4. Both ratios are measured on a quarterly basis from 2009 on. For quantitative details regarding debt covenants we refer to note 26.

Financial risks

Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, has an influence on credit risk. Approximately 32% (2008: 26%) of the Group's revenue is attributable to sales transactions with the ten largest customers. At balance sheet date there were no significant concentrations of credit risk on customer level nor geographically.

The Company realises approximately 25% of its sales in emerging economies where payment terms are generally longer than in Western Europe and availability of information on the financial history of customers is often limited, which makes it more difficult for us to accurately assess the associated credit risk.

Any credit losses we may suffer as a result of these risks or as a result of credit losses from any significant customer could adversely affect our business, results of operations and financial conditions. Sales might be affected by fast changing economic, regulatory, social and political environments. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. At year end, the maximum credit risk exposure amounted to € 296.3 million (2008: € 319.4 million).

The Group has strict policies regarding credit and payment terms which are closely monitored at local and corporate level. Purchase limits are established for most of the customers. These limits are periodically reviewed. Transactions with customers that fail to meet the Group's credit policy are intensively monitored. This risk assessment could result in a (temporary) situation that these customers may only transact with the Group on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures. In specific cases a collective loss component is established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on the historical data of payment statistics for similar financial assets. Despite the very difficult market circumstances the Company maintained a satisfactory collection record reducing trade receivables from € 252.5 million in 2008 to € 228.1 million in 2009.

Allowance for impairment

The credit risk from trade receivables is measured and analysed on a local level, mainly by aging analyses. Credit insurance covers are taken into account when establishing the allowance for impairment. Credit insurance companies did not withdraw limits on for Wavin relevant customers, although limits were reduced resulting in intensified monitoring. The aging of the trade receivables and (the allocation of the) allowance for impairment at the reporting date were as follows:

(€ x 1,000)	2009		2008	
	Gross	Impairment	Gross	Impairment
Not past due	163,473	444	187,009	–
Past due 0-30 days	29,685	195	32,843	171
Past due 31-90 days	14,553	746	16,061	740
Past due 91-180 days	7,327	1,171	5,836	1,021
Past due 180-360 days	4,361	1,329	4,367	1,351
More than 1 year	8,682	7,349	6,346	6,321
Total trade receivables	**228,081**	**11,234**	**252,462**	**9,604**

At balance sheet date 28% of trade receivables were overdue against 26% last year. Impairment charges for doubtful debts amounted to € 3.4 million which is comparable to last year.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(€ x 1,000)	2009	2008
Balance at 1 January	9,604	6,481
Acquisitions/divestments	14	696
Charged to income statement	4,228	4,653
Released to income statement	(797)	(1,264)
Utilisation	(1,715)	(373)
Effect of movements in exchange rates	(100)	(589)
Book value at 31 December	**11,234**	**9,604**

Investments

The Group limits its exposure to credit risk by only investing in liquid securities. Transactions involving derivative financial instruments are with counterparties that have high credit ratings and with whom we have a signed netting agreement. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cash flow generation and sufficient access to capital markets is assured to finance long term growth, capital expenditures, seasonal working capital requirements, expected operational expenses and to service financial obligations. Wavin's main source of financing is a € 500 million Amended Credit Facility that expires in October 2011 and a Forward Start Facility of € 475 million starting in October 2011 and expiring in April 2013. The facilities consist of a term loan and revolving facilities. Together with the adjusted terms, the new facilities ensure that, for the coming year, even in continuing challenging trading conditions Wavin expects to be complaint within its covenants, and will have sufficient liquidity once markets recover. In case Wavin cannot meet the target ratio's defined for the leverage ratio and interest coverage ratio the facility might, if so requested by the majority of the lenders, be cancelled at once and borrowings under the facility may become due and payable immediately.
In addition to the Amended Credit Facility, Wavin has several committed and uncommitted facilities available.

Financing strategies are regularly reviewed to secure sufficient access to capital markets and optimise costs of borrowings. The Group uses a system of cash flow forecasting per operating company in assessing cash flow requirements. A notional cash pool system for financing and netting daily operational activities of local companies is in place to secure effective and efficient allocation of financial resources.
The exposure of the financial liabilities is limited by the availability of the financial assets of the Group for an amount of € 58.6 million (2008: € 48.8 million) in cash and cash equivalents.

Currency risks

Wavin operates in different countries and uses the Euro as its reporting currency. Revenue and expenses are translated to Euro at the average exchange rate for the applicable period for inclusion in the consolidated financial statements. The business generates substantial revenues, expenses and liabilities in jurisdictions outside the Euro zone. In 2009, approximately 52% (2008: 58%) of revenue was denominated in currencies other than the Euro. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US Dollar, the Pound Sterling, the Polish Zloty, the Hungarian Forint, the Turkish Lira, the Norwegian and Swedish Krone and the Czech Koruna could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged but the translation risk is minimised to the extent possible by using natural hedges. The translation risk of strategically held minority participations is not hedged. In respect of other minority participations and other monetary assets and liabilities held in currencies other than the Euro, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at forward or spot rates where necessary to address short term imbalances.

Wavin companies are exposed to foreign currency transactional risks on revenues, expenses and borrowings that are denominated in a currency other than the respective functional currencies of Wavin entities. The purpose of Wavin's foreign currency hedging activities is to protect the Company from the short term risk that net cash flows resulting from trading transactions are adversely affected by changes in exchange rates. Wavin has defined clear treasury policies regarding foreign exchange exposures. It is policy that material imbalances are identified and may be hedged in order to minimise potential volatility in results which could arise as a result of currency fluctuations. The Group uses forward exchange contracts and currency swaps to hedge forecast cash flow transactions. In 2009 forward exchange contracts and currency swaps were used to hedge a.o. cash flows in Pound Sterling, Polish Zloty, Czech Koruna, Norwegian Krone, Swedish Krone, Hungarian Forint and US Dollars. Over the longer term permanent changes in foreign exchange rates might have an impact on profit. The depreciation or appreciation of currencies like the Pound Sterling, the Polish Zloty, the Hungarian Forint, the Turkish Lira, the Norwegian and Swedish Krone and the US Dollar as well as the result of the foreign exchange hedging during 2009 resulted in a transactional foreign exchange profit of € 0.6 million (2008: € 6.9 million loss).

Exposure to currency risk

The Group's exposure to foreign currency transaction risk per 31 December based on the notional amounts was:

(€ x 1,000)	2009							
	EUR	USD	GBP	PLN	DKK	NOK	CZK	TRY
Other non-current investments	227	–	–	–	–	–	–	–
Trade and other receivables	27,767	5,290	6,548	2,028	1,475	420	2,125	173
Cash and cash equivalents	4,027	2,953	457	–	–	4	–	–
Bank loans	(7,447)	–	–	–	–	–	–	–
Trade and other payables	(48,179)	(9,673)	(1,978)	(309)	457	12	103	–
Bank overdrafts	(669)	–	(5,005)	(1,665)	(1,057)	–	(1,727)	–
Total	**(24,274)**	**(1,430)**	**22**	**54**	**875**	**436**	**501**	**173**

(€ x 1,000)	2008							
	EUR	USD	GBP	PLN	DKK	NOK	CZK	TRY
Other non-current investments	1,037	–	–	–	–	–	–	–
Trade and other receivables	28,161	4,761	3,440	22	185	187	195	–
Cash and cash equivalents	5,335	5,612	869	(20)	148	(28)	–	–
Bank loans	(14,620)	–	–	–	–	–	–	–
Trade and other payables	(62,210)	(8,075)	(1,370)	(4)	(186)	(31)	–	–
Bank overdrafts	(1,886)	–	82	29	39,727	106	(230)	–
Total	**(44,183)**	**2,298**	**3,021**	**27**	**39,874**	**234**	**(35)**	**–**

The principal exchange rates against the Euro used in preparing the balance sheet and the income statement are set out in note 3 (c). The Company a.o. partly hedges the Euro exposure of non-Euro countries. Ultimo 2009 the Euro exposure hedged amounted to € 21.0 million. This hedge is not included in the schedule above.

Sensitivity analysis

A strengthening of the Euro against the principal currencies at 31 December 2009 would have increased (decreased) equity and profit or loss. The impact of 5% strengthening of the local functional currencies against Euro and the other principle currencies would result in the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain unchanged. The analysis is performed on the same basis for 2008.

(€ x 1,000)	2009	2008
	Profit or loss/ equity	Profit or loss/ equity
Euro	1,214	2,209
US Dollar	72	(115)
Pound Sterling	(1)	(151)
Polish Zloty	(3)	(1)
Danish Krone	(44)	(1,994)
Norwegian Krone	(22)	(12)
Czech Koruna	(25)	2
Turkish Lira	(9)	–

A 5% weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on amounts shown above, on the basis that all other variables remain unchanged. The sensitivity analysis excludes loans in foreign currencies which are transferred in full to Group companies for which the related foreign currency of the loan is the functional currency of the group company concerned. The effect of the Euro exposure hedges in non-Euro countries is not included in the analysis above.

Interest rate risk

It is Wavin's policy to limit exposure to interest rate risks, to ensure financing costs are limited and to maintain interest coverage ratio's in line with covenants. The Group's Treasury Committee is responsible for managing interest rate risks within the framework specified by the corporate financing policy.

Interest exposure is mainly related to the multi-currency € 500 million Amended Credit Facility. Wavin has to pay variable interest rates under this facility based on Euribor, Libor, Wibor or Pribor increased with a margin. Wavin is only to a limited extent exposed to interest rate fluctuations as a minimum of fifty percent of the exposure to changes in interest rates on borrowings is hedged on a fixed rate basis. This is realised by multi-currency interest rate swaps. Currently the variable interest exposure on € 272 million of outstanding debt is hedged at an average interest rate of 3.9% and with an average duration of close to two years. This 3.9% excludes the margin payable under the facility agreement. The applicable margin of 3.8% is based on the leverage ratio. The margin is restated on a quarterly basis, following the covenant reporting to the banking syndicate. The margin varies between a maximum of 505 basis points and a minimum of 217 basis points.

As a result the Group's sensitivity to interest rate movements is limited. The fair value of the financial instruments per 31 December 2009 amounts to a € 17.2 million liability (2008: € 12.6 million liability), of which € 14.5 million relates to effective hedges.

Debt profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(€ x 1,000)	Face value	
	2009	2008
Fixed rate instruments		
Financial liabilities	(272,031)	(402,319)
Total	**(272,031)**	**(402,319)**
Variable rate instruments		
Financial assets	58,626	48,847
Financial liabilities	(37,456)	(109,651)
Total	**21,170**	**(60,804)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivates (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would in principle not affect profit or loss. As a result of the recapitalisation package implemented in July 2009 the level of outstanding interest instruments exceeded the drawings under the Amended Credit Facility. As a consequence outstanding hedge instruments for an amount of € 3.3 million became ineffective. The ineffective financial instruments partly relates to interest instruments with a notional amount of € 120.8 million as a result of the repayment of loans. In addition basis swaps (three to one month's swaps) with a notional amount of € 245.3 million have become ineffective due to amendments in the loan agreement. As from the date that these instruments have become ineffective this part of the outstanding interest instruments is revaluated through the income statement instead of equity, resulting in a gain per 31 December 2009 of € 0.6 million.

The Group's credit facility has an interest rate based on local inter-bank offered rate. To limit the exposure to interest rate risks, the Group enters into interest rate swaps, which convert the variable exposure into a fixed exposure. At 31 December 2009 multi-currency fixed interest rate agreements were concluded with a notional amount of € 272.0 million (2008 € 402.1 million) by means of interest rate swaps with an average remaining duration of 1.8 years and an average interest rate of 3.9% (2008: 2.4 years respectively 3.9%). In addition the group entered into forward starting interest rate swaps denominated in Euro for an amount of € 160.0 million to limit exposure to interest rate developments for the period October 2011 – April 2013 under the Forward Start Facility at an average interest rate of 3.8%. Per 31 December 2009 not all interest rate swaps were effective. The fair value of the ineffective hedges per 31 December 2009 amounts to € 2.7 million.

A change of 100 basis points in interest rates would have increased or decreased equity by € 9.9 million (2008: € 11.4 million) and net profit by € 3.8 million, due to changes in the fair value of interest rate swaps.

Cash flow sensitivity analysis for variable rate instruments

As 87.9% of the Group's debt has been hedged (2008: 78.6%) it is estimated that a general increase in interest rates of 1.0% would have only a limited effect on the Group's profit before tax. This analysis assumes that all other variables, in particular foreign currency rates, remain unchanged. The analysis is performed on the same basis as for 2008.

Fair values

Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. For interest rate swaps the market to market value is based on the last applicable floating rate of 2009. Receivables and payables with a remaining life of less than one year are valued at the notional amount, which is deemed to reflect the fair value. All non-current interest bearing loans have variable interest rates. All non-current interest bearing loans are therefore valued at their notional amount.

The fair value of financial assets and liabilities per 31 December 2009 are equal to the carrying amounts shown in the balance sheet except for the Amended Credit Facility of which the carrying amount is € 14.1 million below the fair value, representing the capitalised fee costs.

5. Segment reporting

Based on the Group's management and internal reporting structure the Group defined seven geographic segments. The geographic segments are based on the location of the customers. For each of these segments the Group's Management Board reviews internal management reports on a monthly basis.

The Group acknowledges the following geographic segments:

- North West Europe (The Netherlands, Germany, Belgium)
- UK/Ireland (UK (including clay activities of Euroceramics), Ireland)
- South East Europe (Italy, Turkey, Hungary, Romania, Serbia, Croatia, Bulgaria)
- Central and Eastern Europe (Poland, Czechia, Russia, Slovakia, Ukraine)
- Nordic Europe (Denmark, Norway, Sweden, Finland, Lithuania, Estonia, Latvia, Belarus)
- South West Europe (France, Portugal)
- Overseas and Other (Wavin Overseas, Wavin T&I, Wavin Head Office and several small companies)

Performance is measured mainly on segment's Ebitda (operating profit before depreciation, amortisation and non-recurring items), as included in the internal management reports. Ebitda is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within the industry.

Inter-segment pricing is determined at an arm's length basis. Segment's results, assets and liabilities include items directly attributable to the region as well as those that can be allocated on a reasonable basis. Segment's capital expenditure is the total cost incurred during the period to acquire property, plant & equipment, and intangible assets other than goodwill.

Geographic segmentation income statement

(€ x 1,000)	Note	North West Europe	UK / Ireland	South East Europe	Central & Eastern Europe	Nordic Europe	South West Europe	Overseas and Other	Consolidated
2009									
Total external revenue	8	**276,433**	**215,751**	**184,397**	**164,943**	**148,072**	**126,414**	**43,616**	**1,159,626**
Result from operating activities		**7,262**	**(6,731)**	**5,652**	**16,751**	**2,472**	**535**	**6,954**	**32,895**
Non-recurring operational results	14	(3,034)	(6,167)	(1,455)	(818)	(871)	(2,115)	(181)	(14,641)
Recurring result from operating activities		**10,296**	**(564)**	**7,107**	**17,569**	**3,343**	**2,650**	**7,135**	**47,536**
Depreciation and amortisation (recurring)	17,18	12,643	14,367	5,417	10,874	6,989	5,661	6,894	62,845
Ebitda		**22,939**	**13,803**	**12,524**	**28,443**	**10,332**	**8,311**	**14,029**	**110,381**
2008									
Total external revenue	8	**322,593**	**311,599**	**253,656**	**242,777**	**217,028**	**170,495**	**63,077**	**1,581,225**
Result from operating activities		**14,066**	**(3,321)**	**16,267**	**27,948**	**10,393**	**11,803**	**6,127**	**83,283**
Non-recurring operational results	14	(135)	(9,399)	–	(9)	(961)	59	116	(10,329)
Recurring result from operating activities		**14,201**	**6,078**	**16,267**	**27,957**	**11,354**	**11,744**	**6,011**	**93,612**
Depreciation and amortisation (recurring)	17,18	12,294	16,118	5,457	11,721	7,583	5,219	8,980	67,372
Ebitda		**26,495**	**22,196**	**21,724**	**39,678**	**18,937**	**16,963**	**14,991**	**160,984**

Geographic segmentation balance sheet and other key figures

(€ x 1,000)	Note	North West Europe	UK / Ireland	South East Europe	Central & Eastern Europe	Nordic Europe	South West Europe	Overseas and Other*	Elimination	Consolidated
2009										
Segment assets		171,835	319,624	161,183	169,547	151,085	92,298	725,893	(495,661)	1,295,804
Investment in associates	19	60	1	15	–	32	–	18,953	–	19,061
Total assets		**171,895**	**319,625**	**161,198**	**169,547**	**151,117**	**92,298**	**744,846**	**(495,661)**	**1,314,865**
Total liabilities		**115,262**	**229,049**	**85,977**	**142,503**	**104,070**	**74,557**	**186,446**	**(181,616)**	**756,248**
Acquired through business combinations	7	–	–	–	–	–	–	308	–	308
Capital expenditure	17,18	5,388	5,113	4,884	5,568	4,436	2,974	7,196	–	35,559
Number of employees per year end	12	1,228	1,404	806	1,244	720	590	274	–	6,266
2008										
Segment assets**		176,943	396,768	159,552	185,521	161,437	108,141	647,275	(480,992)	1,354,645
Investment in associates	19	116	–	15	–	29	–	20,956	–	21,116
Total assets		**177,059**	**396,768**	**159,567**	**185,521**	**161,466**	**108,141**	**668,231**	**(480,992)**	**1,375,761**
Total liabilities**		**132,226**	**297,554**	**93,817**	**160,396**	**117,008**	**84,459**	**330,608**	**(174,473)**	**1,041,595**
Acquired through business combinations	7	–	12,409	31,480	–	310	–	–	–	44,199
Capital expenditure	17,18	8,725	8,801	6,299	19,614	9,691	6,273	8,820	–	68,223
Number of employees per year end	12	1,272	1,715	887	1,355	834	635	265	–	6,963

* The goodwill related to the acquisition of the shares Beheermaatschappij Wavin B.V. in 2005 is included in this segment. For the allocation of this goodwill to each region we refer to note 18.

** Intercompany positions within the region have been eliminated. As a consequence 2008 figures have been adjusted for comparison reasons.

Business segmentation

The Management Board also monitors the sales performance of the identified business segments. The Group comprises two Strategic Business Units, which are divided in the specific business units.

Building & Installation; This segment includes above ground plastic pipe and fitting systems for surface heating and cooling, hot and cold tap water, soil and waste discharge and electrical conduit applications.

Civils & Infrastructure; This segment includes below ground pipe systems for rain and storm water management and foul water discharge as well as systems for cable ducting and water and gas distribution.

(€ x 1,000)	Revenue	
	2009	2008
Hot & Cold	248,904	352,327
Soil & Waste	149,752	197,891
Other Building Systems	54,053	72,290
Building & Installation	**452,709**	**622,508**
Foul Water Systems	348,971	471,136
Water Management	132,988	176,470
Cable Ducting	54,656	78,889
Water & Gas	147,433	201,850
Civils & Infrastructure	**684,048**	**928,345**
Unallocated	22,869	30,372
Total revenue	**1,159,626**	**1,581,225**

The unallocated revenue includes, amongst others, the sale of raw materials and services rendered.

6. Assets held-for-sale

The assets and liabilities per 31 December classified as held-for-sale can be specified as follows:

(€ x 1,000)	2009	2008
Property, plant & equipment	3,477	2,517
Inventories	350	–
Total assets	**3,827**	**2,517**
Employee benefits	48	–
Trade and other payables	11	–
Total liabilities	**59**	**–**

The reported assets classified as held-for-sale relate to certain buildings and installations in Belgium which were also classified as held-for-sale as per 31 December 2008. In addition following the intention to sell a distribution centre in the Netherlands and part of a manufacturing site in France certain assets and liabilities were classified as held-for-sale per 31 December 2009.

It is expected that these assets will be sold in the first half year of 2010 at a sales price above the total current book value.

7. Acquisitions of subsidiaries

Acquisitions

On 7 July 2009 additional shares in associate Aquatecnic Sistemas S.A. were acquired. As a result the Group's interest in Aquatecnic increased from 30% to 65% of the outstanding shares and voting interests in the company. The purchase price of € 0.3 million was settled in cash. The acquisition was accounted for using the purchase method. In 2009 the company contributed € 1.0 million to the consolidated revenue and € 0.3 million loss to the consolidated net result. If the acquisition had occurred on 1 January 2009, revenue would have been € 1.7 million and net result would not have deviated significantly.

The acquisition in 2009 had no material effect on the Group's assets and liabilities.

Fair value adjustments according to IFRS 3

In 2009 no adjustments to the provisional accounting in 2008 were made. The earn out liability related to the acquisition of Warmafloor was released against goodwill per 31 December 2009 as the conditions were not met due to the current economic climate (see note 18).

8. Revenue

(€ x 1,000)	2009	2008
Sales of goods	1,148,137	1,568,196
Other revenues	11,489	13,029
Total revenue	**1,159,626**	**1,581,225**

Other revenues are mainly related to services rendered, the rental of properties and royalties for our products and technologies.

9. Other operating income

(€ x 1,000)	2009	2008
Gain on disposal of equipment	447	585
Gain on sale of land and buildings	1,968	2,202
Various commissions	–	985
Other rental income	296	636
Other income	3,235	4,291
Total	**5,946**	**8,699**

In 2009 the Group realised a profit of € 2.0 million on the sale of land and buildings in the UK, Sweden, Poland and Switzerland. Other income includes the release of provisions built in former years as disputes were settled.

10. Other operating expenses

(€ x 1,000)	2009	2008
Loss on disposal of non-current assets	(197)	(513)
Amortisation of assets acquired through business combinations	(6,762)	(6,130)
Taxes, other than income tax	(3,309)	(4,046)
Adjustment goodwill	–	(2,680)
Other expenses	(1,703)	(1,103)
Total	**(11,971)**	**(14,472)**

Expenses related to the amortisation of assets acquired through business combinations represent the amortisation of acquired intangible assets such as order portfolios, customer contracts, customer relations and distribution networks. For further details see note 18 of the Group Financial Statements. Taxes, other than income tax amongst others relate to real estate tax.

11. Personnel expenses

(€ x 1,000)	Note	2009	2008
Salaries and wages		(204,853)	(244,980)
Social security contributions		(33,697)	(39,841)
Contributions to defined contribution plans		(4,351)	(4,250)
Expenses related to defined benefit plans	27	(9,225)	(10,600)
Other personnel expenses		(10,136)	(11,356)
Total recurring personnel expenses		**(262,262)**	**(311,027)**
Expenses share appreciation rights / LTIP	28	174	575
Total		**(262,088)**	**(310,452)**

The decrease of personnel expenses relates to the workforce reduction in ongoing operations due to the difficult market conditions throughout Europe. Total average full time equivalents was reduced by 1,158 to 6,709 in 2009 (see note 12).

12. Personnel employed

The total average full time equivalent (FTE) of employees and the number of employees are as follows:

	2009	2008
Average full time equivalents	**6,709**	**7,867**
Number of employees at 31 December	**6,266**	**6,963**

Of the average number of FTEs, 865 are based in the Netherlands and 5,844 FTEs are based outside the Netherlands (2008: 955 FTEs and 6,912 FTEs respectively).

Due to the difficult market circumstances throughout Europe, the Group's, labour employment has been scaled back substantially mainly through restructuring programmes. All regions have reduced their number of employees. The main reduction was realised in the UK/Ireland and Nordic regions.

13. Finance income and expense

Recognised in profit or loss

(€ x 1,000)	2009	2008
Interest income on bank deposits	1,647	1,202
Fair value revaluation gains	678	–
Total finance income	**2,325**	**1,202**
Transfer hedge reserve to profit or loss	(3,272)	–
Interest expense	(34,387)	(36,430)
Exchange rate differences	(33)	(10,544)
Gain (loss) on sale of financial instruments	–	(49)
Total finance expense	**(37,692)**	**(47,023)**
Total net finance costs recognised in profit or loss	**(35,367)**	**(45,821)**

In 2009 the finance expenses were affected by the refinancing completed in July 2009. Interest expenses were negatively affected by the increase of the interest margin and higher amortisation charges due to the capitalisation of banking fees related to the Amended Credit Facility. In addition a one-off impairment charge of € 0.4 million of the capitalised fees related to the former syndicated loan was taken into account due to the reduction of the credit facility (see note 26). On the other hand interest expenses decreased due to the decrease of drawings under the facility compared to last year as a result of the rights issue. All in all the interest expenses were in line with the previous year.

As a result of the recapitalisation package the level of outstanding interest instruments exceeded the drawings under the Amended Credit Facility. As a consequence of the repayment of debt, with the proceeds of the rights issue, outstanding hedge instruments with a market value of € 3.3 million became ineffective which resulted in a write-off of the related hedge reserve through the income statement. As from the date that these instruments became ineffective, the change in fair value of these instruments is recorded through the income statement instead of equity, resulting in a profit of € 0.6 million.

Recognised in other comprehensive income

(€ x 1,000)	2009	2008
Exchange rate differences on translating foreign operations	9,532	(33,950)
Fair value changes financial instruments	(5,224)	(19,488)
Transfer hedge reserve to profit or loss	3,272	–
Income tax on finance income (expense) recognised in other comprehensive income	495	4,841
Total net finance costs recognised in comprehensive income	**8,075**	**(48,597)**
Attributable to:		
Equity holders of the Company	7,922	(47,814)
Non-controlling interest	153	(783)
Total net finance costs recognised in comprehensive income	**8,075**	**(48,597)**

14. Non-recurring income and expense

(€ x 1,000)	Note	2009	2008
Restructuring costs	29	(18,078)	(12,916)
Adjustment goodwill	18	–	(1,425)
Profit on sale of property, plant & equipment	9	2,020	2,202
Curtailment gain	27	1,378	–
Earn out settlement	9	–	1,234
Share-based payments	28	(51)	475
Other		90	101
Total non-recurring results from operating activities		**(14,641)**	**(10,329)**
Profit on sale of associates		**–**	**16**
Tax rate adjustments	15	16	(41)
Utilisation of not capitalised losses carried forward		–	1,425
Non-recurring tax benefits		4,700	2,115
Total non-recurring income tax		**4,716**	**3,499**
Total		**(9,925)**	**(6,814)**

Restructuring costs in 2009 relate to restructuring programmes in the UK/Ireland, North West, and South West regions and some smaller programmes throughout the Group.

The profit on sale of property, plant & equipment relates to the divestments of redundant buildings and installations in Sweden and Poland and the sale of land in Switzerland and the UK.

The curtailment gain on defined benefit obligations are a result of reduction of the workforce in the UK and the Netherlands.

Share-based payment expenses relate to a one-off allocation of shares granted to Wavin employees following the IPO of the Group. In 2009 the final part of the granted rights were vested.

15. Income tax expense

Recognised in the income statement

(€ x 1,000)	2009	2008
Current year	(5,191)	(18,804)
Utilisation of / addition to not capitalised compensable losses	522	1,497
Adjustments for prior years	322	(4)
Current tax income (expense)	**(4,347)**	**(17,311)**
Origination and reversal of temporary differences	2,004	5,863
Changes in tax rate	16	(41)
Benefit from tax losses recognised	3,545	892
Deferred tax income (expense)	**5,565**	**6,714**
Total income tax recognised in the income statement	**1,218**	**(10,597)**

The decrease of the current tax expense compared to 2008 fully relates to the decreased operating result.
The effective income tax rate increased from a 28.3% tax charge to a 49.3% tax benefit. The effective income tax rate excluding non-recurring items was 28.7% in 2009 compared to 29.5% in 2008. The tax income 2009 includes the release of a tax provision for identified tax exposure in the Group for an amount of € 0.7 million. In addition some not capitalised tax losses carried forward were utilised, partly compensated by losses incurred in some emerging markets for which no tax recovery was taken into account (€ 0.5 million).

Recognised in other comprehensive income

(€ x 1,000)	2009			2008		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Exchange differences on translating foreign operations	9,532	–	9,532	(33,950)	–	(33,950)
Fair value changes financial instruments	(5,224)	1,329	(3,895)	(19,488)	4,841	(14,647)
Transfer hedge reserve to profit or loss	3,272	(834)	2,438	–	–	–
Share-based payment plan	51	–	51	(475)	–	(475)
Long Term Incentive Plan	222	–	222	–	–	–
Costs of shares issued	(15,213)	3,879	(11,334)	(59)	15	(44)
Total	**(7,360)**	**4,374**	**(2,986)**	**(53,972)**	**4,856**	**(49,116)**

Reconciliation of effective tax rate

	2009		2008	
	%	€ x 1,000	%	€ x 1,000
Profit before tax		601		42,679
Gain on sale of associates		–		(16)
Share of profit of associates		(3,073)		(5,201)
Adjusted profit before tax		**(2,472)**		**37,462**
Income tax using the Dutch tax rate	25.5%	630	25.5%	(9,553)
Effect of taxes in foreign jurisdictions	14.6%	362	(0.7%)	247
Non-deductible expenses	(56.4%)	(1,393)	4.5%	(1,670)
Other movements in goodwill included in the income statement		–	1.8%	(683)
Tax rate adjustments	0.6%	16	0.1%	(41)
Utilisation of / addition to not capitalised compensable losses	21.1%	522	(4.0%)	1,497
Recognition of previously not recognised tax losses	(0.8%)	(20)	(2.4%)	892
Other effects	44.5%	1,101	3.4%	(1,286)
Total	**49.3%**	**1,218**	**28.3%**	**(10,597)**

Other effects in 2009 comprise amongst others the release of a tax provision for identified tax exposure in the Group for an amount of € 0.7 million and a tax income related to prior years of € 0.3 million.

16. Earnings per share

Basic earnings per share

The basic earnings per share are based on the profit attributable to ordinary shareholders of € 0.2 million (2008: € 32.1 million) and the number of ordinary shares outstanding per 31 December 2009 of 406,257,050 (2008 on a comparable basis: 197,884,271) and the average number of outstanding shares in 2009 of 290,395,874 (2008 on a comparable basis: 198,011,902). The average number of outstanding shares for the periods presented prior to the July 2009 rights issue has been adjusted by a factor of 2.45, reflecting the impact of the rights issue. The average number of outstanding shares for 2008 prior to the adjustment was 80,495,833.

The earnings per share are as follows:

(€ x 1,000)	2009	2008*
Net profit attributable to ordinary shareholders	187	32,099
Recurring net profit attributable to ordinary shareholders	10,109	38,913
Earnings per share (year end)	0.00	0.16
Recurring earnings per share (year end)	0.02	0.20
Earnings per share (weighted average)	0.00	0.16
Diluted earnings per share (weighted average)	0.00	0.16

* In line with IAS 33.A2 earnings per share 2008 have been adjusted for comparison reasons to reflect the effect of the rights issue. In addition according to IAS 33.28 issued shares due to paid stock dividend in 2009 also affects the weighted average number of ordinary shares in 2008.

Outstanding number of shares

The change in outstanding number of shares can be specified as follows:

(shares × 1)	Note	2009	2008*
Issued ordinary shares at 1 January		80,769,090	78,766,116
Treasury shares at 1 January		(375,140)	–
Outstanding ordinary shares at 1 January		**80,393,950**	**78,766,116**
Effect of paid stock dividend 2008	25	–	2,002,974
Effect of paid stock dividend 2009	25	482,320	–
Effect of share buyback		(565,950)	(500,000)
Effect of shares re-issued		375,140	124,860
Effect of rights issue		325,005,640	116,571,228
Outstanding ordinary shares at 31 December		**405,691,100**	**196,965,178**
Treasury shares at 31 December		565,950	375,140
Effect of rights issue		–	543,953
Issued shares at 31 December		**406,257,050**	**197,884,271**

* In line with IAS 33.A2 outstanding shares per 31 December 2008 have been adjusted for comparison reasons to reflect the effect of the rights issue.

Weighted average number of shares

(shares × 1)	Note	2009	2008*
Issued ordinary shares at 1 January		80,769,090	78,766,116
Treasury shares at 1 January		(375,140)	–
Outstanding ordinary shares at 1 January		**80,393,950**	**78,766,116**
Effect of paid stock dividend 2008	25	–	2,002,974
Effect of paid stock dividend 2009	25	482,320	482,320
Rights issue		144,249,203	–
Dilution effect of rights issue		64,729,424	117,054,567
Effect of treasury shares re-issued		520,820	(294,075)
Effect of share buyback		20,157	–
Weighted average number of ordinary shares at 31 December		**290,395,874**	**198,011,902**
Effect of dilutive shares:			
Granted matching shares		196,163	51,004
Granted option rights		–	–
Weighted average number of ordinary shares at 31 December (diluted)		**290,592,037**	**198,062,906**

* According to IAS 33.28 issued shares due to paid stock dividend in 2009 also affects the weighted average number of ordinary shares in 2008. According to IAS 33.A2 . weighted average number of ordinary shares per 31 December 2008 has been adjusted for comparison reasons to reflect the effect of the rights issue.

The dilution of ordinary shares relates to the granted matching shares as part of the Long Term Incentive Plan (see note 28). The granted option rights do not result in a dilution of shares as the vesting conditions are expected not to be met.

Issued stock dividend does not have an impact on the dilution of shares as these shares are also assumed to be issued as per 31 December 2008 in the calculation above.

17. Property, plant & equipment

(€ x 1,000)	Note	Land and buildings	Machinery and equipment	Other assets	Under construction	Total
Cost						
Balance at 1 January 2008		**275,170**	**738,204**	**83,862**	**28,534**	**1,125,770**
Acquisitions through business combinations	7	12,108	12,810	837	–	25,755
Investments		13,369	39,706	4,747	(3,010)	54,812
Transfer to assets classified as held-for-sale	6	(1,389)	(76)	–	–	(1,465)
Disposals and divestments		(1,304)	(40,619)	(10,234)	–	(52,157)
Effect of movements in exchange rates		(22,326)	(68,450)	(3,791)	(2,273)	(96,840)
Balance at 31 December 2008		**275,628**	**681,575**	**75,421**	**23,251**	**1,055,875**
Balance at 1 January 2009		**275,628**	**681,575**	**75,421**	**23,251**	**1,055,875**
Acquisitions through business combinations	7	47	–	26	–	73
Investments		5,292	33,017	2,807	(12,185)	28,931
Transfer to assets classified as held-for-sale	6	(3,480)	(5,198)	(1,004)	–	(9,682)
Disposals and divestments		(2,175)	(6,738)	(3,604)	–	(12,517)
Effect of movements in exchange rates		4,586	15,339	552	(227)	20,250
Balance at 31 December 2009		**279,898**	**717,995**	**74,198**	**10,839**	**1,082,930**
Depreciation						
Balance at 1 January 2008		**(119,040)**	**(557,662)**	**(70,603)**	**–**	**(747,305)**
Depreciation charge for the year		(9,586)	(38,619)	(5,991)	–	(54,196)
Transfer to assets classified as held-for-sale	6	596	74	–	–	670
Disposals and divestments		946	40,237	9,946	–	51,129
Effect of movements in exchange rates		8,130	49,794	2,891	–	60,815
Balance at 31 December 2008		**(118,954)**	**(506,176)**	**(63,757)**	**–**	**(688,887)**
Balance at 1 January 2009		**(118,954)**	**(506,176)**	**(63,757)**	**–**	**(688,887)**
Depreciation charge for the year		(8,804)	(36,643)	(4,651)	–	(50,098)
Transfer to assets classified as held-for-sale	6	2,734	4,326	977	–	8,037
Disposals and divestments		1,721	6,446	3,603	–	11,770
Effect of movements in exchange rates		(1,861)	(11,541)	(567)	–	(13,969)
Balance at 31 December 2009		**(125,164)**	**(543,588)**	**(64,395)**	**–**	**(733,147)**
Carrying amounts						
At 1 January 2008		**156,130**	**180,542**	**13,259**	**28,534**	**378,465**
At 31 December 2008		**156,674**	**175,399**	**11,664**	**23,251**	**366,988**
At 1 January 2009		**156,674**	**175,399**	**11,664**	**23,251**	**366,988**
At 31 December 2009		**154,734**	**174,407**	**9,803**	**10,839**	**349,783**

Depreciation charge

The depreciation charge is recognised in the following line items in the income statement:

(€ x 1,000)	2009	2008
Cost of sales	(39,350)	(44,657)
Research & development expenses	(249)	(320)
Administrative expenses	(10,425)	(9,219)
Other operating expenses	(74)	–
Total	**(50,098)**	**(54,196)**

Impairment testing

In assessing whether property, plant & equipment have to be impaired, the carrying amount of the cash generating assets are compared with the recoverable amount of the cash generating unit. Because the recoverable amount of non-current assets was determined to be higher than the carrying amount, no impairment loss was recognised. For details regarding the impairment tests performed reference is made to note 18.

Acquisitions through business combinations

Acquisitions through business combinations in 2009 reflect the acquisition of shares in Aquatecnic Sistemas S.A. in Spain (see note 7). The 2008 figure reflects the acquisition of Pilsa in Turkey.

Leased plant and machinery

The Group has no material financial lease agreements.

Security

At 31 December 2009 properties with a carrying amount of € 33.5 million (2008: nil) were subject to a registered debenture to secure bank loans (see note 26).

Assets under construction

Assets under construction of € 10.8 million (2008: € 23.3 million) are mainly related to investments in production equipment and installations.

Capitalised borrowing costs

In 2009 no borrowing costs were capitalised as the assets under construction per 31 December 2009 and investments in 2009 did not classify as qualifying assets.

18. Intangible assets

(€ x 1,000)	Note	Goodwill	Brand names	Customer relations and other IFRS 3 assets	Other intangible assets	Total
Cost						
Balance at 1 January 2008		**156,782**	**321,359**	**32,584**	**56,904**	**567,629**
Acquisitions through business combinations	7	7,138	3,874	7,317	115	18,444
Additions		–	–	–	10,448	10,448
Internally developed assets		–	–	–	2,963	2,963
Disposals and divestments		–	–	–	(1,269)	(1,269)
Adjustment goodwill		(500)	–	–	–	(500)
Other moves		–	(87,056)	87,056	–	–
Effect of movements in exchange rates		(9,396)	(23,101)	(8,823)	(2,105)	(43,425)
Balance at 31 December 2008		**154,024**	**215,076**	**118,134**	**67,056**	**554,290**
Balance at 1 January 2009		**154,024**	**215,076**	**118,134**	**67,056**	**554,290**
Acquisitions through business combinations	7	46	–	181	8	235
Additions		–	–	–	2,639	2,639
Internally developed assets		–	–	–	3,989	3,989
Disposals and divestments		–	–	–	(1,546)	(1,546)
Adjustment goodwill		(1,406)	–	–	–	(1,406)
Effect of movements in exchange rates		3,453	5,560	2,978	324	12,315
Balance at 31 December 2009		**156,117**	**220,636**	**121,293**	**72,470**	**570,516**
Depreciation						
Balance at 1 January 2008		**(1,752)**	**–**	**(23,620)**	**(37,135)**	**(62,507)**
Amortisation charge for the year		–	–	(6,130)	(5,862)	(11,992)
Adjustment goodwill		(2,680)	–	–	–	(2,680)
Disposals and divestments		–	–	–	1,269	1,269
Effect of movements in exchange rates		134	–	811	1,415	2,360
Balance at 31 December 2008		**(4,298)**	**–**	**(28,939)**	**(40,313)**	**(73,550)**
Balance at 1 January 2009		**(4,298)**	**–**	**(28,939)**	**(40,313)**	**(73,550)**
Amortisation charge for the year		–	–	(6,758)	(6,093)	(12,851)
Disposals and divestments		–	–	–	1,546	1,546
Effect of movements in exchange rates		(116)	–	(239)	(145)	(500)
Balance at 31 December 2009		**(4,414)**	**–**	**(35,936)**	**(45,005)**	**(85,355)**
Carrying amounts						
At 1 January 2008		**155,030**	**321,359**	**8,964**	**19,769**	**505,122**
At 31 December 2008		**149,726**	**215,076**	**89,195**	**26,743**	**480,740**
At 1 January 2009		**149,726**	**215,076**	**89,195**	**26,743**	**480,740**
At 31 December 2009		**151,703**	**220,636**	**85,357**	**27,465**	**485,161**

Impairment testing

In assessing whether non-current assets including goodwill and brand names have to be impaired, the carrying amount of each cash generating unit is compared to the recoverable amount of its cash generating unit. The recoverable amount is the higher of value in use and fair value less costs to sell. The Group estimates value in use using a discounted cash flow model.

The operating plan for the coming year is the main source of information for the determination of the value in use. In our projections, including forecasts of sales volumes and revenues and assumptions regarding developments in raw material prices, costs and capital expenditure, we assume that the decrease of sales and results that we have seen in 2008 and 2009 are not structural. In our forecasts, we assume that in the years following the recession sales and results will increase to the pre-recession level in a period of eight years. The increase is supported by expected market recovery and the impact of certain cost reduction programmes that have been implemented. We have extended our projections beyond five years as we expect further (modest) growth in the years after the recovery. Beyond the projected period, results are extrapolated using an assumed growth rate that does not exceed 1% in mature markets and 2% in the emerging markets. Projected cash flows are discounted at an average pre-tax discount rate of 10.1% (2008: 10.7%). The discount rate decreased compared to last year as a result of a reduced rate for risk free debt and an adjusted target debt / equity ratio.

With a sensitivity analysis we have assessed the impact of specific risks identified in the different cash generating units, amongst others by discounting the cash flows of the cash generating units by a pre-tax discount rate adjusted for country specific risks. In addition we have performed a sensitivity analysis on the base case assumptions. We have concluded that no reasonably possible changes in key assumptions, including discount rates, would cause the carrying amount to exceed its recoverable amount. Because the recoverable amount of non-current assets including goodwill and brand names was determined to be higher than the carrying amount, no impairment loss was recognised.

Amortisation charge and adjustment goodwill

Intangible assets not being goodwill and brand names are amortised over the estimated economic lifetime. If an impairment indicator exists, an impairment test is performed. In cases when the book value of an asset exceeds the recoverable amount an impairment charge is recognised in the income statement. The amortisation charge is recognised in the following line items in the income statement:

(€ x 1,000)	2009	2008
Cost of sales	(216)	(207)
Research & development expenses	(1,148)	(1,208)
Administrative expenses	(4,725)	(4,447)
Other operating expenses	(6,762)	(8,810)
Total	**(12,851)**	**(14,672)**

Goodwill

The carrying amount of goodwill allocated to each region is as follows:

(€ x 1,000)	2009	2008
North West Europe	20,433	20,433
UK/Ireland	36,448	35,493
South East Europe	12,729	12,760
Central & Eastern Europe	50,310	49,607
Nordic Europe	23,987	23,269
South West Europe	4,861	4,861
Overseas and Other	2,935	3,303
Total	**151,703**	**149,726**

In line with IFRS 3 a goodwill adjustment for an amount of € 1.4 million was taken into account since an earn out liability related to the acquisition of Warmafloor was released because the conditions were not met due to the current economic climate.

Brand names

The increased carrying amount of brand names by € 5.5 million is the result of exchange rate differences especially of the Pound Sterling. The carrying amount of brand names can be specified as follows:

(€ x 1,000)	Brand name	2009	2008
UK/Ireland	Hep$_2$O	58,293	54,351
UK/Ireland	Warmafloor	580	541
South East Europe	Chemidro	3,000	3,000
South East Europe	Pilsa	2,553	2,560
Wavin Group	Wavin	156,210	154,624
Total		**220,636**	**215,076**

The carrying amount of brand names can be allocated as follows to each region:

(€ x 1,000)	2009	2008
North West Europe	36,350	36,350
UK/Ireland	87,975	83,532
South East Europe	21,515	21,569
Central & Eastern Europe	23,158	22,851
Nordic Europe	26,418	25,554
South West Europe	21,510	21,510
Overseas and Other	3,710	3,710
Total	**220,636**	**215,076**

Customer relations and other assets from business combinations

The carrying amount of other assets from business combinations represents the recognised assets consisting mainly of order portfolio and customer contracts which meet the conditions for recognition under IFRS 3. In case of a triggering event an impairment test is performed by estimating the recoverable amount based on its value in use.

Other intangible assets

Development costs

As a result of the change in accounting policy with respect to the treatment of borrowing costs (see note 3 (b)), an amount of € 0.3 million is included in capitalised development costs, which represents capitalised borrowing costs during the period ended 31 December 2009 using an average capitalisation rate of 5.2%.

The carrying amount of development costs represents the capitalised expenses related to new internally developed products and production processes. In case of a triggering event an impairment test is performed by estimating the recoverable amount based on its value in use.

Software

The carrying amount of software represents the capitalised expenses related to new (internally developed) software solutions and related implementation expenses. The additions in software for an amount of € 3.3 million (2008: € 7.1 million) are related to the further roll out of the Group-wide IT platform. At 31 December 2009 no borrowing costs were capitalised as the additions did not classify as a qualifying asset.

After the implementation of SAP some software applications have been removed from the system, resulting in a divestment with a purchase price of € 1.4 million and a book value of nil.

Other

The carrying amount of other intangible assets includes capitalised expenses related to licenses, trademarks, patents etc.

19. Investments in associates

The investment in associates mainly relates to our 40% (2008: 40%) shareholding in GF Wavin AG (Switzerland). The (100%) key figures of GF Wavin AG are:

(€ x 1,000)	Assets	Liabilities	Equity	Revenue	Profit/Loss
2009					
GF Wavin AG	70,671	26,914	43,757	69,886	8,264
2008					
GF Wavin AG	74,870	26,824	48,046	90,009	12,648

In July 2009 the Group acquired additional shares in Aquatecnic Sistemas S.A., resulting in a share of 65% (see note 7). As a consequence Aquatecnic Sistemas S.A. is included in the consolidation of the Group as of July 2009.

20. Other financial (non-current and current) assets

(€ x 1,000)	2009	2008
Non-current investments		
Guaranteed deposit	414	537
Interest instruments	17	–
Other non-current investments	355	551
Total non-current investments	**786**	**1.088**
Current investments		
Financial assets held for trading	–	24
Total current investments	**–**	**24**

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 4.

The Group's current investment held for trading was impaired to a value of nil as there is no active trading of these shares at the Frankfurt Stock Exchange.

21. Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are attributable to:

(€ x 1,000)	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	121	82,078	323	82,121
Property, plant & equipment	563	30,333	640	33,215
Financial assets	2	1,450	330	261
Inventories	969	1,283	958	1,324
Other current assets	1,047	104	320	262
Tax losses carried forward	9,688	–	6,111	–
Provision for employee benefits	2,224	57	3,240	94
Other provisions	1,181	–	1,308	2
Interest-bearing loans and borrowings	156	289	173	30
Other liabilities	6,340	488	5,841	478
Tax assets / liabilities	**22,291**	**116,082**	**19,244**	**117,787**
Set off tax assets and liabilities	(11,886)	(11,886)	(9,448)	(9,448)
Net tax assets / liabilities	**10,405**	**104,196**	**9,796**	**108,339**
Utilised losses carried forward	**–**	**110**	**–**	**697**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

(€ x 1,000)	2009	2008
Deductible temporary differences not capitalised	198	(46)
Tax losses carried forward not capitalised	8,190	9,700
Withholding taxes not capitalised	3,739	3,558
Total unrecognised deferred tax assets	**12,127**	**13,212**

The tax assets are not recognised because it is not probable that taxable profit will be available against which the Group can utilise the benefits in the near future. The decrease of tax losses not capitalised mainly relates to the realisation of tax losses carried forward in Switzerland and utilisation of not capitalised losses carried forward of Wavin Norway. There are no time restrictions on the utilisation of not capitalised taxes for an amount of € 10.1 million. Unrecognised taxes for an amount of € 2.0 million have a limited usage. Withholding taxes not capitalised relate to positions in The Netherlands which will not expire, but can only be compensated when all tax losses have been utilised besides meeting other specific requirements.

Movement in temporary differences during the year

(€ x 1,000)	Balance at 1 January	Acquired through business combinations	Recognised in profit or loss	Recognised directly in equity	Used for purpose	Effect of movements in foreign exchange	Balance at 31 December
2009							
Intangible assets	81,798	46	(1,032)	–	–	1,145	81,957
Property, plant & equipment	32,575	15	(3,300)	–	–	480	29,770
Financial assets	(69)	–	1,501	–	–	16	1,448
Inventories	366	–	(40)	–	–	(12)	314
Other current assets	(58)	–	(853)	–	–	(32)	(943)
Tax losses carried forward	(6,111)	–	(3,379)	–	110	(308)	(9,688)
Provision for employee benefits	(3,146)	–	1,118	–	–	(139)	(2,167)
Other provisions	(1,306)	–	179	–	–	(54)	(1,181)
Interest-bearing loans and borrowings	(143)	–	277	–	–	(1)	133
Other liabilities	(5,363)	–	(36)	(495)	–	42	(5,852)
Tax (assets) liabilities	**98,543**	**61**	**(5,565)**	**(495)**	**110**	**1,137**	**93,791**
2008							
Intangible assets	87,531	2,777	(972)	–	–	(7,538)	81,798
Property, plant & equipment	36,613	2,570	(3,447)	–	–	(3,161)	32,575
Financial assets	1,760	–	(127)	(1,737)	–	35	(69)
Inventories	67	111	174	–	–	14	366
Other current assets	(288)	(26)	339	–	–	(83)	(58)
Tax losses carried forward	(6,467)	–	(892)	–	697	551	(6,111)
Provision for employee benefits	(4,031)	(378)	639	–	–	624	(3,146)
Other provisions	(1,123)	(199)	(213)	–	–	229	(1,306)
Interest-bearing loans and borrowings	458	–	(627)	–	–	26	(143)
Other liabilities	(1,136)	(4)	(1,588)	(3,175)	–	540	(5,363)
Tax (assets) liabilities	**113,384**	**4,851**	**(6,714)**	**(4,912)**	**697**	**(8,763)**	**98,543**

22. Inventories

(€ x 1,000)	2009	2008
Raw materials and consumables	23,565	25,035
Finished products and merchandise	113,551	136,231
Other inventories	8,883	10,835
Total	**145,999**	**172,101**
Inventories stated at fair value less costs to sell	**673**	**2,014**

At 31 December 2009 the provision for obsolete stocks amounts to € 18.0 million (2008: € 16.0 million). The write down of inventories in the current year amounted to € 3.7 million (2008: € 3.8 million). During the year stock levels were aligned to the lower revenue level following the market contraction. In addition lower raw material prices compared to last year resulted in a further decrease of stock value.

The charge to the income statement is included in cost of sales. In 2009 raw materials, consumables and changes in finished goods recognised as cost of sales amounted to € 555.6 million (2008: € 814.7 million).

23. Trade and other receivables

(€ x 1,000)	Note	2009	2008
Trade receivables	4	216,847	242,858
Amounts receivable from associates		128	235
Other receivables and prepayments		20,651	27,292
Total		**237,626**	**270,385**

The decrease of trade receivables is the result of lower sales in the second half of 2009. Trade receivables are shown net of an allowance for doubtful debts of € 11.2 million (2008: € 9.6 million) arising from the possible non-payment by customers. The impairment loss recognised in the current year was € 3.4 million (2008: € 3.4 million). For a specification of the aging of the trade receivables and the allocation of the allowance for doubtful debts at the reporting date we refer to note 4.

24. Cash and cash equivalents

(€ x 1,000)	2009	2008
Bank balances	58,520	48,676
Cash	106	171
Total	**58,626**	**48,847**

Due to the seasonality of the business most cash is generated in the last months of the year. This cash flow cannot completely be used for the repayment of debt given the maturity of the drawings under the Amended Credit Facility and the funding requirements for the building up of working capital at the beginning of the following year. At 31 December the bank balances were freely available.

25. Equity

The movement in the number of shares is as follows:

(shares × 1)	2009	2008*
Issued ordinary shares at 1 January	80,769,090	78,766,116
Treasury shares at 1 January	(375,140)	–
Outstanding ordinary shares at 1 January	**80,393,950**	**78,766,116**
Effect of paid stock dividend 2008	–	2,002,974
Effect of paid stock dividend 2009	482,320	–
Effect of share buyback	(565,950)	(500,000)
Effect of shares re-issued	375,140	124,860
Effect of rights issue	325,005,640	116,571,228
Outstanding ordinary shares at 31 December	**405,691,100**	**196,965,178**
Treasury shares at 31 December	565,950	375,140
Effect of rights issue	–	543,953
Issued shares at 31 December	**406,257,050**	**197,884,271**

* Outstanding shares per 31 December 2008 have been adjusted for comparison reasons to reflect the effect of the rights issue.

The Annual General Meeting of Shareholders of 22 April 2009 adopted an amendment of the Articles of Association to reduce the nominal value of the shares from € 1.25 to € 0.05. For further details we refer to note F of the Company Financial Statements.

As part of a comprehensive recapitalisation package to strengthen Wavin's capital structure the Company issued 325,005,640 shares with a nominal value of € 0.05 per share at an issue price of € 0.70 per share. The net proceeds of € 216.2 million were used for debt reduction and payment of the fees and other costs related to the refinancing. The effect of stock dividend relates to the closing dividend 2008 paid in shares in 2009.

The Company holds 565,950 shares as treasury shares to cover current and future obligations under the Long Term Incentive Plan of the Company. In the year under review 104,772 shares were issued to the Management Board and senior management as part of the Long Term Incentive Plan (see note 28).

Changes in equity classified as other comprehensive income include the fees and other costs paid related to the issuance of shares and includes changes in the hedging reserve. Changes in the hedging reserve consist of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As a consequence of the refinancing some of the outstanding instruments became ineffective which resulted in a write-off of the unrealised loss from the related hedge reserve through the income statement (see note 13).

Cumulative translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Of the shareholders' equity of € 551.7 million, an amount of € 9.5 million (2008: € 12.3 million) is not available for distribution subject to relevant provisions of the Company's Articles of Association, local accounting principles and legal requirements.

For further details on Wavin N.V.'s shareholders' equity we refer to note F of the Company Financial Statements and the statement of changes in equity.

26. Interest-bearing loans and borrowings

(€ x 1,000)	2009	2008
Non-current liabilities		
Interest-bearing loans and borrowings	285,917	501,241
Total non-current liabilities	**285,917**	**501,241**
Current liabilities		
Discounted drafts	2,081	–
Current portion of finance lease liabilities	–	2
Secured bank overdrafts	243	201
Unsecured bank overdrafts	7,145	8,478
Total current liabilities	**9,469**	**8,681**

In the second half of 2009 the Company finalised a recapitalisation package. The recapitalisation included an amendment and extension of the existing credit facility.

The syndicated facility was reduced from € 750 million to € 500 million which will mature in October 2011. Furthermore a € 475 million Forward Start Facility starting October 2011 with a maturity date of April 2013 was agreed. The Amended Credit Facility and Forward Start Facility are extensions of the original credit facility and have resulted in greater headroom in light of continued market uncertainties and seasonality as well as increased flexibility going forward.

Drawings under the € 500 million Amended Credit Facility are secured. Non-current bank loans relate mainly to the Amended Credit Facility. The € 500 million Amended Credit Facility exists of a term loan and a revolving part. The total facility is a bullet facility repayable in full in October 2011. Under the revolving facility funds are drawn and repaid in line with the short term financing needs. Per 31 December 2009 the drawings under the Amended Credit Facility amount to € 292.1 million and are secured. The remaining part of the interest-bearing loans and borrowings of € 7.9 million per 31 December 2009 are unsecured. All drawings on interest-bearing loans and borrowings per 31 December 2008 were unsecured.

Drawings under the revolving credit facility which are part of the Amended Credit Facility are categorised as non-current liability despite the duration of less than one year, since the Group intends and is able to roll over this facility at maturity date until the contractual expiration date of the loan facility.

The current portion of interest-bearing loans and borrowings consists of money market loans that the Group holds per 31 December 2009.

Terms and debt repayment schedule

(€ x 1,000)	Note	2009				2008			
		Effective interest rate	Year of maturity	Face value	Carrying amount	Effective interest rate	Year of maturity	Face value	Carrying amount
Secured bank loans									
Syndicated loan facility		7.54%	2011-2013	292,121	278,020			–	–
Unsecured bank loans									
Syndicated loan facility				–	–	4.87%	2011	492,634	490,586
Other unsecured loans		4.26%	2010-2012	7,897	7,897	5.58%	2009-2011	10,655	10,655
Unsecured bank overdrafts		5.12%	2010	7,145	7,145	7.07%	2009	8,478	8,478
Financial lease liabilities				–	–			2	2
Discounted drafts		0.98%	2010	2,081	2,081			–	–
Secured bank overdrafts		4.45%	2010	243	243	6.51%	2009	201	201
Cash and cash equivalents	24	misc.	2010	(58,626)	(58,626)	misc.	2009	(48,847)	(48,847)
Total				**250,861**	**236,760**			**463,123**	**461,075**

The effect of the existing interest rate swaps per 31 December 2009 is included in the calculation of the effective interest rates.

The key terms of the € 500 million Amended multi-currency Credit Facility are:

- Facility consisting of a € 250 million committed term loan facility and a € 250 million committed revolving credit facility;
- For the term loan and revolving facility: repayment in one amount at final maturity date of 16 October 2011 (remaining duration of 1.8 years);
- Upfront fees of € 6.65 million;
- Interest rate is Euribor/Libor/Wibor/Pribor with a margin of 3.80% (380 bps) until the first covenant testing at 31 December 2009. After the first covenant testing period at 31 December 2009 the margin is based on a margin grid depending on the leverage ratio in which the maximum margin is 505 basis points and the minimum is 217 basis points. The margin is recalculated on a quarterly basis;
- The commitment fee amounts to 40% of the applicable margin;
- Comprehensive security package in place (see note 34);
- Until 31 December 2011 cash dividend distribution is capped at € 0.01 per share;
- The financial covenants have to be tested on a quarterly basis. First covenant testing is based on the 2009 Financial Statements.

The key terms of the € 475 million Forward Start Facility are:

- Facility consisting of a € 237.5 million committed term loan facility and a € 237.5 million committed multi-currency revolving credit facility;
- For the term loan and revolving facility: repayment in one amount at maturity date of 16 April 2013 (remaining duration of 3.3 years);
- Upfront fees of € 4.75 million;
- Interest rate is Euribor/Libor/Wibor/Pribor with a margin based on a margin grid depending on the leverage ratio in which the maximum margin is 525 basis points and the minimum margin is 225 basis points. The margin is recalculated on a quarterly basis;
- The commitment fee amounts to 40% of the applicable margin;
- Comprehensive security package in place (see note 34);
- The financial covenants have to be tested on a quarterly basis.

The aggregate tangible assets and the aggregate identified guarantors of the facility should represent at least 70% of the consolidated tangible assets and consolidated Ebitda. The leverage ratio as defined in the Amended Credit Facility is defined as: Total net debt adjusted for the 10 quarters rolling cash out with respect to restructuring expenses divided by operating profit before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates. The interest coverage ratio is defined as: Operating profit before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates divided by the net interest expenses, including all interest and other financing charges in the nature of interest.

The maximum leverage ratio and minimum interest coverage ratio under both facilities vary in line with the seasonality of the business for the different time periods and can be specified as follows:

Testing date Amended Credit Facility	Leverage ratio	Interest coverage ratio	Testing date Forward Start Facility	Leverage ratio	Interest coverage ratio
2010 Q1	< 4.10	> 2.30	2011 Q4	< 3.20	> 2.80
2010 Q2	< 5.00	> 2.20	2012 Q1	< 3.30	> 3.00
2010 Q3	< 4.90	> 2.20	2012 Q2	< 3.70	> 3.20
2010 Q4	< 3.70	> 2.30	2012 Q3	< 3.70	> 3.40
2011 Q1	< 3.80	> 2.40	2012 Q4	< 3.00	> 3.70
2011 Q2	< 4.30	> 2.50	2013 Q1	< 3.00	> 3.90
2011 Q3	< 4.40	> 2.60			

Covenant ratios per 31 December can be specified as follows:

(€ x 1,000)	2009		2008	
	Actual	Required	Actual	Required
Leverage ratio	1.96	< 3.80	2.84	< 3.50
Interest coverage ratio	3.98	> 2.40	4.83	> 3.50

Wavin is in compliance with the agreed ratios as defined in the Amended Credit Facility and expects to be compliant for the upcoming year.

The term loans are fully drawn and from the revolving facility € 44.6 million (2008: € 121.2 million) is drawn.

Lenders have approved in addition to some specific indebtedness a threshold of € 130.0 million for permitted guarantees or indebtedness.

In addition to the group facility, the Group has mostly uncommitted bilateral credit facilities with several banks for an amount of € 68.1 million of which € 17.4 million was drawn per 31 December 2009.

Of the unamortised transaction costs related to the former credit facility an amount of € 0.4 million was impaired due to the reduction of the credit facility (see note 13). The remaining part is amortised over the remaining duration of the Amended Credit Facility. The transaction costs related to the Amended Credit Facility of € 500 million and the Forward Start Facility of € 475 million are amortised using the effective interest method during the period of the borrowings. The transaction costs are mainly related to arrangement and underwriting fees, legal fees and consultancy fees (due dilligence, non-audit services, etc.).

27. Employee benefits

(€ x 1,000)	2009	2008
Present value of unfunded obligations	12,033	13,058
Present value of funded obligations	381,427	324,192
Total present value of obligations	**393,460**	**337,250**
Fair value of plan assets	(360,554)	(299,342)
Unrecognised actuarial gains and losses	(19,409)	(19,204)
Effect of asset ceiling	1,165	–
Recognised liability for defined benefit obligations	**14,662**	**18,704**
Share-based payments liability	–	99
Total employee benefits	**14,662**	**18,803**
Non-current	12,048	15,632
Current	2,614	3,171

Unfunded obligations

Unfunded obligations consist a.o. of service awards and jubilee commitments qualifying as other long term benefit plans, which are recognised in the Dutch, German, Irish, Polish and Italian operating companies. The liability included in the balance sheet in this respect amounts to € 8.2 million (2008: € 9.4 million).

Liability for defined benefit obligations

Wavin has defined benefit pension plans in Norway, Ireland, the UK, Germany, France, Italy and The Netherlands. All other pension arrangements are defined contribution plans.

In the UK and Ireland the pension liabilities are covered by company pension funds. The company is liable for any deficits of these funds. Plan assets of these funds do not include investments in the Company. The pension fund of Wavin Ltd. had a deficit of € 15.8 million in September 2005 after which it has been agreed with the trustees and the regulator that Wavin will pay this deficit in twenty quarterly instalments of which the first one was due in November 2005. Wavin has issued a bank guarantee in this respect to the trustees of this fund of which the value per December 2009 amounted to € 2.4 million (2008: € 5.6 million). In 2010 the final instalments will be paid.

With the exception of EuroCeramic B.V. the pension liabilities of the Dutch Wavin entities are covered by a multi-employer pension fund (Pensioenfonds OWASE). Although the Company is not liable for any deficits in this fund the plan qualifies as a defined benefit plan as the Company might be entitled to a possible reward if the board of the pension fund would decide on a premium reduction or premium refund. However the participating companies of the pension fund are still in a process of changing the current defined benefit plan into a collective defined contribution plan. The negotiations with the different stakeholders are ongoing.

The defined benefit schemes of EuroCeramic B.V., Wavin Germany and Wavin Norway are outsourced to insurance companies. The exposures related to the pension liabilities in France and Italy are fully accrued for. Movements in the liability for defined benefit obligations for the Group were:

(€ x 1,000)	2009	2008
Liability for defined benefit obligations at 1 January	**337,250**	**372,282**
Effect of movements in foreign exchange	7,746	(32,885)
Contributions received	3,459	3,762
Movements to defined benefit plans	71	287
Acquired through business combinations	–	1,888
Benefits paid by the plan	(15,901)	(13,412)
Actuarial (gains) losses not recognised	36,009	(22,468)
Curtailment (gains) losses	(1,477)	–
Actuarial (gains) losses recognised through profit or loss	25	(250)
Movement to liabilities held-for-sale	(48)	–
Service costs and interest	26,326	28,046
Liability for defined benefit obligations at 31 December	**393,460**	**337,250**

Recently in The Netherlands revised mortality tables have been announced. When these new tables would have been used per 31 December 2009 this would have resulted in an increase of the liability for defined benefit obligations by approximately € 6 million. As the Dutch pension fund has reported a considerable unrecognised gain as per 31 December 2009 the increase of the liability for defined benefit obligations would not have had a material effect on the reported figures.

As a result of a curtailment in the pension arrangement for a number of employees in the UK and The Netherlands the Group defined benefit pension obligation decreased by € 1.5 million. A corresponding curtailment gain is included in the Group's income statement at 31 December 2009 as non-recurring income (see note 14).

Plan assets

Movements in the plan assets were:

(€ x 1,000)	2009	2008
Fair value of plan assets at 1 January	**299,342**	**368,783**
Effect of movements in foreign exchange	6,745	(31,891)
Contributions paid into the plan by participants	3,459	3,473
Contributions paid into the plan by the Group	12,615	12,668
Benefits paid by the plan	(14,700)	(12,172)
Expected return on plan assets	17,392	21,194
Actuarial (gains) losses not recognised	35,701	(62,672)
Actuarial (gains) losses recognised through profit or loss	–	(41)
Fair value of plan assets at 31 December	**360,554**	**299,342**

Plan assets consist of the following:

	2009	2008
Equity securities	45%	43%
Government bonds	49%	44%
Property	0%	2%
Other	6%	11%
Total fair value of plan assets	**100%**	**100%**

Expense recognised in the income statement

(€ x 1,000)	2009	2008
Current service costs	6,463	9,167
Interest on obligation	19,863	18,879
Expected return on plan assets	(17,392)	(21,194)
Actuarial (gains) losses to the extent recognised	504	(209)
Curtailment (gains) losses	(1,378)	–
Effect of asset ceiling	1,165	(2,187)
Immediate recognition actuarial loss as an effect of asset ceiling	–	6,144
Expense recognised in the income statement	**9,225**	**10,600**

In the UK the unrecognised actuarial losses per 31 December 2009 have exceeded the corridor. This will result in an increase of the expense for employee benefits recognised in the 2010 income statement.

The expense is recognised in the following line items in the income statement:

(€ x 1,000)	2009	2008
Cost of sales	4,062	5,764
Selling and distribution expenses	3,840	3,198
Administrative expenses	1,323	1,638
Total	**9,225**	**10,600**
Actual return on plan assets	**20,228**	**(41,321)**

Actuarial gains and losses not recognised

(€ x 1,000)	2009	2008
Actuarial gains and losses not recognised at 1 January	**(19,204)**	**16,633**
Effect of movements in foreign exchange	(475)	(1,777)
Immediate recognition actuarial loss as an effect of asset ceiling	–	6,144
Curtailment (gains) losses	99	–
Recognised during the period	479	–
Not recognised during the period on the liabilities	(36,009)	22,468
Not recognised during the period on the assets	35,701	(62,672)
Actuarial gains and losses not recognised at 31 December	**(19,409)**	**(19,204)**

Principal actuarial assumptions at the balance sheet date

(% – expressed as weighted average)	2009	2008
Discount rate at 31 December	5.6	5.9
Expected return on plan assets at 31 December	5.9	5.7
Future salary increases	3.4	3.2
Future pension increases	2.2	2.0

The overall expected long term rate of return on assets is 5.9 percent. The expected long term rate of return is based on the target portfolio as a whole and based on the sum of the returns on individual asset categories.

The Group expects to contribute € 12.4 million to its defined benefit pension plans in 2010. For other benefit plans the contribution for 2010 by the Group is expected to be € 0.6 million.

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plans are as follows:

(€ x 1,000)	2009		2008	
	Netherlands	UK	Netherlands	UK
Longevity at age 65 for current pensioners				
Males	18.7	20.6	18.6	20.6
Females	21.6	23.5	21.6	23.5
Longevity at age 65 for current members aged 45				
Males	20.2	21.8	20.1	21.8
Females	22.3	24.6	22.3	24.6

Historical information

The difference between the actual and expected return on plan assets was a gain of € 2.8 million in 2009, a loss of € 62.4 million in 2008, a loss of € 14.4 million in 2007 and a gain of € 6.1 million in 2006.

The historical data breakdown of the deficit in the plan and experience adjustments is as follows:

(€ x 1,000)	2009	2008	2007	2006	2005
Present value of the defined benefit obligation	393,460	337,250	372,282	174,723	171,689
Fair value of plan assets	(360,554)	(299,342)	(368,783)	(163,877)	(141,003)
Deficit in the plan	**32,906**	**37,908**	**3,499**	**10,846**	**30,686**
Adjustments due to experience	35,588	(68,763)	(5,656)	5,732	4,844
Adjustmenst due to change in assumptions	(36,890)	28,826	(1,427)	12,053	(7,325)
Total adjustments	**(1,302)**	**(39,937)**	**(7,083)**	**17,785**	**(2,481)**

28. Share-based payments

The final part of the share plans which were set up after the completion of the IPO by two management participation foundations for Wavin employees to stimulate the awareness of the development of the Wavin shares vested in 2009. In 2009, at vesting date 74,500 shares were transferred to Wavin employees. These plans were fully financed by the foundations but as they qualify as share-based payment plans under IFRS 2 all costs were charged to the income statement of Wavin N.V. as non-recurring costs. The contribution by the foundations was recorded in retained earnings as other comprehensive income.

According to the Long Term Incentive Plan (LTIP) eligible employees can, on a voluntary basis, elect to invest part of their individual annual bonus in Wavin shares. The investment is limited to 50% of the individual's gross annual bonus payment. The minimum investment, if an employee elects to invest, is set at 10% of the gross annual bonus payment. The employee 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. Only employees who participated and remain in service after the vesting period of 3 years will become entitled to receive the matching shares. The total number of performance options to be granted is dependent on the realisation of an Ebitda growth realised during the four years vesting period and the number of employees that is still employed at the time of vesting. Only employees who participated and remain in service after the vesting period of 4 years will become entitled to receive the performance options. The purchased shares and the matching shares are subject to a mandatory lock-up period of five years. In 2009 eligible employees purchased 104,772 shares (2008: 124,860 shares).

The terms and conditions relating to the grants of the Long Term Incentive Plan are as follows:

	Number of instruments in thousands originally granted	Number of instruments in thousands after rights issue	Vesting conditions	Contractual life options
Conditional performance options granted in 2008	374,580	919,440	4 years' service and Ebitda growth target	2012
Conditional performance options granted in 2009	314,316	771,517	4 years' service and Ebitda growth target	2013
Total performance options	**688,896**	**1,690,957**		
Conditional matching shares granted in 2008	62,455	153,301	3 years' service	2011
Conditional matching shares granted in 2009	52,386	128,586	3 years' service	2012
Total conditional shares	**114,841**	**281,887**		

Following the rights issue, participants received transferable subscription entitlements (SETs) with respect to the purchased shares. The participants were not entitled to the SETs related to the rights to shares and options since they were not the legal holder of the underlying shares at the time of the rights issue. The Management Board of Wavin decided that all participants would be treated equally and that no additional payment should be required from the participants as a result of the rights issue. Therefore it was decided that for the SETs issued a cashless exercise solution was applied.

The Management Board of Wavin and the Supervisory Board of Wavin decided to apply the specific rules, issued by NYSE Euronext to protect the holders of rights to shares against the dilutive effect of a rights issue, to the outstanding matching shares and performance options awarded or granted to employees including the members of the Management Board under the LTIP 2008 and 2009. Under these rules a theoretical adjustment ratio was determined at the time of the rights issue and this ratio was applied to adjust the original number of outstanding matching shares and performance options and the original exercise price of the performance options.

The number of the granted shares and options are as follows:

	2009			2008		
	Weighted average exercise price*	Number of performance options	Number of matching shares	Weighted average exercise price	Number of performance options	Number of matching shares
Outstanding at 1 January	**7.29**	**374,580**	**62,455**		**–**	**–**
Granted during the period		314,316	52,386	7.29	374,580	62,455
Forfeited during the period		(161,077)	(26,907)		–	–
Effect rights issue		1,002,061	167,046		–	–
Outstanding at 31 December	**1.93**	**1,529,880**	**254,980**	**7.29**	**374,580**	**62,455**
Exercisable at 31 December		**–**	**–**		**–**	**–**

* The weighted average exercise price per 31 December 2009 is affected by the rights issue and granted options in 2009.

The fair value of the matching shares is determined using the Black-Scholes formula. Given that the Wavin shares are listed as from 11 October 2006, insufficient historical share price data is available for determining the historical volatility of the Wavin shares for a period equal to the life of the options granted. Therefore we have analysed the historical share price development of comparable companies in order to determine the expected volatility to be applied. The fair value of the performance options at grant date is determined using a binominal tree valuation methodology.

The input used in the measurement of the fair values at grant date of the Long Term Incentive Plan is as follows:

(€ unless otherwise stated)	2009	2008
Fair value of share options and assumptions		
Fair value of matching shares at grant date	1.48	6.16
Adjusted fair value matching shares due to rights issue	0.60	2.51
Fair value performance option at grant date	0.36	1.57
Adjusted fair value performance option at grant date	0.15	0.64
Share price at grant date	1.89	7.38
Exercise price	1.96	7.29
Adjusted exercise price	0.80	2.97
Expected volatility (weighted average)	40%	35%
Option life (expected weighted average in years)	6.17	5.83
Expected dividends	0.14	0.46
Risk-free interest rate (based on government bonds)	3.28%	3.70%

The effect of forfeitures is remeasured at each reporting date and at settlement date.

The expenses related to the share-based payment plans and Long Term Incentive Plan can be summarised as follows:

(€ x 1,000)	2009	2008
Expense arising from shares granted in 2008	103	99
Expense arising from shares granted in 2009	20	–
Expense arising from cash-settled plans in 2006	–	278
Effect of share appreciation rights granted in 2006	51	198
Total expense recognised as personnel costs	**174**	**575**
Total unrecognised value of liability for vested benefits	**–**	**242**

29. Provisions

(€ x 1,000)	Warranty	Restructuring	Tax provisions	Other provisions	Total
Balance at 1 January 2009	**4,315**	**4,145**	**6,121**	**6,211**	**20,792**
Provisions made during the year	1,360	18,535	–	2,218	22,113
Provisions used during the year	(1,621)	(17,251)	–	234	(18,638)
Provisions reversed during the year	(272)	(464)	(721)	(256)	(1,713)
Effect of movements in foreign exchange	50	140	1,211	114	1,515
Other movements	–	(1,201)	–	973	(228)
Balance at 31 December 2009	**3,832**	**3,904**	**6,611**	**9,494**	**23,841**
Non-current	925	251	6,611	6,952	14,739
Current	2,907	3,653	–	2,542	9,102

Warranty

For products sold, a provision is recognised based on actual claims received and on historical data regarding warranty costs, which were not provided for on an individual claims basis. The product liability insurance cover is taken into account when determining the provision. Claims honoured are charged against the provision. The Group expects to incur the liabilities over the next two years.

Restructuring

In 2009 restructuring provisions were made for the announced restructurings throughout the Group but mainly in the North West, the South West, the South East regions and additional restructurings in the UK/Ireland region. It is expected that these restructurings will largely be completed within one year from the balance sheet date. The provision used for purpose mainly relates to restructuring activities in the UK, Ireland, the Netherlands and Denmark. The remainder was used for smaller restructurings throughout the Group.

Tax

The tax provisions relate to identified tax exposures in the Group. The release of € 0.7 million is the result of the settlement with the tax authorities of one of the identified exposures. The majority of the cash outflows related to the tax provisions are expected to be within one to four years.

Other provisions

The other provisions per 31 December 2009 mainly consist of provisions for the obligation to take back returnable packaging in Germany (€ 2.8 million), quarry restoration obligations related to the clay activities in the UK (€ 1.9 million) and environmental commitments at the Dutch production site (€ 1.1 million). The majority of the cash outflows related to other provisions are expected to be within one to five years.

30. Other non-current liabilities

The other non-current liabilities can be specified as follows:

(€ x 1,000)	2009	2008
Interest instruments	17,179	12,600
Deferred government grants	50	63
Other non-current liabilities	670	505
Total other non-current liabilities	**17,899**	**13,168**

Increase of the carrying value for financial instruments is due to decreasing interest rates on the capital market.

31. Trade and other payables

(€ x 1,000)	2009	2008
Trade payables	232,652	292,403
Non-trade payables and accrued expenses	60,227	65,645
Amounts payable to associates	1,407	1,054
Total trade and other payables	**294,286**	**359,102**

Trade payables decreased due to lower activity levels and reduced capital expenditures. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 4.

32. Operating leases

Non-cancellable operating leases are payable as follows:

(€ x 1,000)	2009	2008*
Less than one year	10,912	7,342
Between one and five years	31,555	31,229
More than five years	17,125	15,105
Total	**59,592**	**53,676**

* The comparative figures have been adjusted for the amount of outstanding rental contracts.

The Group leases a number of warehouse and factory facilities and internal transport equipment under operating leases. The leases typically run for an initial period of between five and ten years, with an option to renew the lease after that date. None of the leases includes purchase liabilities or contingent rentals. Some leases provide for additional rent payments that are based on changes in a local price index. The increase of lease rentals relates to the new production location in Romania.

During the year ended 31 December 2009 € 17.6 million was recognised as an expense in the income statement in respect of operating leases and rental costs (2008: € 16.5 million).

33. Capital commitments

With respect to the purchase of investment goods, per 31 December 2009 obligations have been entered into and orders have been placed to a value of € 8.7 million (2008: € 9.8 million).

34. Contingent liabilities

At 31 December 2009 bank guarantees issued mainly for bid bonds and performance bonds amount to approximately € 7.8 million (2008: € 5.3 million). Per 31 December 2009 letters of credit were issued for an amount of € 9.8 million (2008: nil).

The Group is defending its position in different procedures brought up by employees, suppliers and/or customers in different countries in Europe. While liability is not admitted, the estimated fines and legal costs are provided for when it is anticipated to take defensive actions. Based on legal advice, the Group does not expect the outcome of the actions to have a material effect on the Group's financial position.

For drawings under the Amended Credit Facility of € 500 million the Group has provided lenders securities consisting of mortgages on real estate, pledges on receivables, inventories and bank accounts for a total amount of € 417 million. For an amount of € 321 million shares in subsidiaries have been pledged. The leverage ratio should not be below a certain level whereas the interest coverage should at least meet a certain level (for details we refer to note 26). The Group must assure that the aggregate tangible assets and the aggregate Ebitda of the identified guarantors represent at least 70% of the consolidated tangible assets and the consolidated Ebitda of the Wavin Group.

Wavin N.V. and the subsidiaries have issued cross guarantees for drawings under the notional cash pool system.

Almost all the subsidiaries in The Netherlands form a fiscal unity with Wavin N.V. for the income tax, VAT and tax on wages. Wavin N.V. is severally liable for the tax debts of the fiscal unity.

35. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries and associates (see overview principal direct and indirect participations). During 2009 related party relationships have existed with the shareholders Stichting Management Participatie Wavin and Stichting Werknemersbinding Wavin (for details we refer to note 28) as well as with Stichting Preferente Aandelen Wavin which has a call option for preference shares of Wavin N.V. (for details we refer to note F of the Company Financial Statements). As per 31 December 2009 the Group has settled all financial positions with Stichting Management Participatie Wavin and Stichting Werknemersbinding Wavin. These foundations have not been consolidated as the impact would not be material for the consolidated balance sheet and consolidated income statement.

The Group also has a related party relationship with Wavin Ltd Pensionfund, Hepworth Building Products Pensionfund, New Ireland Assurance-Wavin Ireland Defined Contribution Pension Plan and Stichting Pensioenfonds Owase (for details we refer to note 27). Finally a related party relationship exists with the Supervisory Board members and Management Board members (for details we refer to note K of the Company Financial Statements).

Transactions with shareholders

In July 2009 Wavin N.V. sold the outstanding position of treasury shares to Stichting Management Participatie Wavin with the obligation to use these shares voor Wavin's Long Term Incentive Plan. In December 2009 Wavin N.V. re-purchased these shares from Stichting Management Participatie including the shares the foundation acquired through a so-called cashless exercise and waived the obligation to use these shares for Wavin's Long Term Incentive Plan.

In 2009 the final component of the share plans set up for Wavin employees by Stichting Management Participatie Wavin and Stichting Werknemersbinding Wavin at the time of the IPO in 2006 have vested. These plans are also fully financed by these shareholders. For further details we refer to note 28.

Other related party transactions

During the year ended 31 December 2009, associates purchased goods from the Group in the amount of € 0.2 million (2008: € 0.9 million). Sales of associates to the Group amounted to € 12.2 million (2008: € 11.7 million). At 31 December 2008 the Group owed associates € 1.3 million (2008: € 0.8 million). For details regarding outstanding receivables and liabilities we refer to notes 23 and 31.

Wavin purchases and sells goods and services to various related parties in which Wavin holds a 50% or less equity interest (non-consolidated companies). Such transactions were not significant on an individual or aggregate basis. The transactions were conducted at arm's length with terms comparable to transactions with third parties. During the year ended 31 December 2009 the Group received € 5.0 million dividend from associates (2008: € 3.0 million).

36. Transactions with key management and remuneration

There have been no transactions with members of the Supervisory Board or Management Board or any family member of such persons except for the participation in the rights issue of some members of the Supervisory Board and Management Board in their capacity as shareholders. Two members of the Supervisory Board and all members of the Management Board participated in the rights issue (see note 25). All transactions were conducted at arm's length principle.

No loans have been extended to members of the Supervisory Board or Management Board or any family member of such persons. Members of the Management Board are entitled to equity compensation benefits (for details reference is made to note 28). Members of the Supervisory Board are not entitled to equity compensation benefits.

37. Group companies

The Group's ultimate parent company is Wavin N.V. Please refer to the list of principal direct and indirect participations for an overview of the subsidiaries of the Group.

COMPANY FINANCIAL STATEMENTS
Company balance sheet

As at 31 December

(€ x 1,000)	Note	2009	2008*
Assets			
Intangible assets	B	93,325	91,904
Investments in subsidiaries	C	272,535	257,784
Deferred tax assets	D	3,500	2,928
Other non-current assets		2,500	2,652
Total non-current assets		**371,860**	**355,268**
Trade and other receivables		552	1,439
Income tax receivable		6,117	–
Cash and cash equivalents		210,794	–
Total current assets	E	**217,463**	**1,439**
Total assets		**589,323**	**356,707**
Equity			
Issued capital	F	20,313	100,961
Share premium	F	422,847	126,029
Reserves	F	(25,971)	(31,015)
Retained earnings	F	134,464	133,040
Total equity		**551,653**	**329,015**
Liabilities			
Interest-bearing loans and borrowings	G	15,000	15,000
Employee benefits		–	99
Other non-current liabilities	H	16,171	11,638
Total non-current liabilities		**31,171**	**26,737**
Income tax payable		–	95
Bank overdrafts		315	659
Trade and other payables		6,184	201
Total current liabilities		**6,499**	**955**
Total liabilities		**37,670**	**27,692**
Total equity and liabilities		**589,323**	**356,707**

* 2008 figures have been adjusted for comparison reasons. For details see note 3(b) of the consolidated financial statements and note A of the Company Financial Statements.

Company income statement

For the year ended 31 December

(€ x 1,000)	Note	2009	2008
Net income from subsidiaries and associates	I	6,899	34,374
Other net income		(6,712)	(2,275)
Profit for the period		**187**	**32,099**

Notes to the Company Financial Statements

A. General

The Company Financial Statements are presented in Euro, which is the Company's functional currency. The amounts are rounded to the nearest thousand, unless otherwise stated.

The Company Financial Statements of Wavin N.V. have been prepared in using the option of section 362 of Book 2 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements. Foreign currency has been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the valuation principles and determination of income as prescribed in the significant accounting policies.

Subsidiaries of Wavin N.V. are accounted for at net equity value.

To meet broader industry practice we have reclassified in the Company Financial Statements: Property, plant & equipment, brand names and customer relations and other IFRS 3 assets including the deferred tax positions related to these assets as originally reported in 2008 to investments in subsidiaries. These assets with a total net book value per 31 December 2008 of € 170.3 million originate from the purchase price allocation of the consideration paid for the acquisition of the shares of Beheermaatschappij Wavin B.V. The reclassification can be specified as follows:

(€ x 1,000)	2008
Brand names	154,624
Customer relations and other IFRS 3 assets	56,120
Total reclassification intangible assets	**210,744**
Property, plant & equipment	19,787
Total reclassification non-current assets	**230,531**
Deferred tax related to reclassified intangible assets and P,P&E	(60,215)
Increase investment in subsidiaries	**170,316**
Original book value subsidiaries	87,468
Adjusted book value subsidiaries	**257,784**

In addition we have reclassified the 2009 depreciation and amortisation charges related to the reclassified assets mentioned above net of tax from other net income to net income from subsidiaries. The impact of the reclassification on the 2008 company income statement can be specified as follows:

(€ x 1,000)	2008 adjusted	2008 reported
Net income from subsidiaries	34,374	37,521
Other net income	(2,275)	(5,422)
Profit for the period	**32,099**	**32,099**

As the financial data of Wavin N.V. are included in the consolidated financial statements, the income statement of Wavin N.V. is condensed in conformity with section 402 of Book 2 of the Dutch Civil Code.

B. Intangible assets

(€ x 1,000)	Goodwill
Cost	
Balance at 1 January 2008	**98,667**
Effect of movements in exchange rates	(4,083)
Balance at 31 December 2008	**94,584**
Balance at 1 January 2009	**94,584**
Effect of movements in exchange rates	1,421
Balance at 31 December 2009	**96,005**
Depreciation	
Balance at 1 January 2008	**–**
Adjustment goodwill	(2,680)
Balance at 31 December 2008	**(2,680)**
Balance at 1 January 2009	**(2,680)**
Balance at 31 December 2009	**(2,680)**
Carrying amounts	
At 1 January 2008	**98,667**
At 31 December 2008	**91,904**
At 1 January 2009	**91,904**
At 31 December 2009	**93,325**

The goodwill fully relates to the acquisition of the shares of Beheermaatschappij Wavin B.V. by Wavin Holdings B.V. in 2005. For details we refer to note 18 of the Group Financial Statements.

C. Investments in subsidiaries

(€ x 1,000)	2009	2008*
Balance at 1 January	**257,784**	**294,556**
Profit for the period	6,899	34,374
Currency differences	7,766	(29,068)
Dividends received	–	(40,000)
Other movements	86	(2,078)
Balance at 31 December	**272,535**	**257,784**

* 2008 figures have been adjusted for comparison reasons (see note A).

The other movements relate to fair value adjustments of interest rate swaps included directly in equity of operating companies.

D. Deferred tax asset

The deferred tax asset fully relates to the fair value of financial instruments.

E. Cash and cash equivalents

The cash and cash equivalents are included in the notional cash pool system. These assets were on demand available per 31 December.

F. Shareholders' equity

(€ x 1,000)	Issued capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained profit	Total
Balance at 1 January 2008	**98,457**	**128,577**	**8,461**	**(805)**	**5,272**	**123,234**	**363,196**
Total comprehensive income for the period							
Profit (loss) for the period	–	–	5,201	–	–	26,898	32,099
Other comprehensive income							
Exchange rate differences on translating foreign operations	–	–	–	(33,306)	139	–	(33,167)
Fair value changes financial instruments, net of tax	–	–	–	–	(14,647)	–	(14,647)
Share-based payment plans	–	–	–	–	–	(475)	(475)
Cost of shares issued	–	(44)	–	–	–	–	(44)
Reclassification	–	–	1,661	–	–	(1,661)	–
Total other comprehensive income	**–**	**(44)**	**1,661**	**(33,306)**	**(14,508)**	**(2,136)**	**(48,333)**
Total comprehensive income for the period	**–**	**(44)**	**6,862**	**(33,306)**	**(14,508)**	**24,762**	**(16,234)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Stock dividend	2,504	(2,504)	–	–	–	–	–
Long Term Incentive Plan, treasury shares re-issued	–	–	–	–	–	906	906
Purchase own shares	–	–	–	–	–	(3,643)	(3,643)
Dividends paid to shareholders	–	–	–	–	–	(15,210)	(15,210)
Dividends received from associates	–	–	(2,991)	–	–	2,991	–
Total transactions with owners	**2,504**	**(2,504)**	**(2,991)**	**–**	**–**	**(14,956)**	**(17,947)**
Balance at 31 December 2008	**100,961**	**126,029**	**12,332**	**(34,111)**	**(9,236)**	**133,040**	**329,015**

(€ x 1,000)	Issued capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained profit	Total
Balance at 1 January 2009	**100,961**	**126,029**	**12,332**	**(34,111)**	**(9,236)**	**133,040**	**329,015**
Profit (loss) for the period	–	–	3,073	–	–	(2,886)	187
Other comprehensive income							
Exchange rate differences on translating foreign operations	–	–	–	9,391	(12)	–	9,379
Fair value changes financial instruments, net of tax	–	–	–	–	(3,895)	–	(3,895)
Realised fair value changes financial instruments, net of tax	–	–	–	–	2,438	–	2,438
Long Term Incentive Plan	–	–	–	–	–	222	222
Share-based payment plans	–	–	–	–	–	51	51
Cost of shares issued	–	(11,334)	–	–	–	–	(11,334)
Reclassification	–	–	(969)	–	–	969	–
Total other comprehensive income	**–**	**(11,334)**	**(969)**	**9,391**	**(1,469)**	**1,242**	**(3,139)**
Total comprehensive income for the period	**–**	**(11,334)**	**2,104**	**9,391**	**(1,469)**	**(1,644)**	**(2,952)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares issued	16,250	211,254	–	–	–	–	227,504
Stock dividend	603	(603)	–	–	–	–	–
Long Term Incentive Plan, treasury shares re-issued	–	–	–	–	–	206	206
Dividends paid to shareholders	–	–	–	–	–	(2,120)	(2,120)
Dividends received from associates	–	–	(4,982)	–	–	4,982	–
Reclassification	(97,501)	97,501	–	–	–	–	–
Total transactions with owners	**(80,648)**	**308,152**	**(4,982)**	**–**	**–**	**3,068**	**225,590**
Balance at 31 December 2009	**20,313**	**422,847**	**9,454**	**(24,720)**	**(10,705)**	**134,464**	**551,653**

Share capital and share premium

(€ x 1,000)	2009	2008
On issue at 1 January	226,990	227,034
Shares issued	227,504	–
Costs of shares issued, net of tax	(11,334)	–
Costs of stock dividend	–	(44)
Total share capital and share premium at 31 December	**443,160**	**226,990**

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. 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.

At 31 December 2009, the total authorised ordinary share capital exists of 710 million ordinary shares with a par value of € 35.5 million. In addition to the ordinary shares the Company authorised 710 million preference shares with a par value of € 0.05 per share for future issuance.

Issued shares

As part of a comprehensive recapitalisation package to strengthen Wavin's capital structure the Company issued 325,005,640 shares with a nominal value of € 0.05 per share at an issue price of € 0.70 per share. The net proceeds of € 216.2 million have been used for debt reduction and payment of the fees and other costs related to the debt refinancing. The effect of stock dividend relates to dividend paid in shares in 2009.

The total issued ordinary share capital per 31 December 2009 exists of 406,257,050 shares with a par value of € 20.3 million (2008: € 101.0 million) and a share premium of € 422.8 million (2008: € 126.0 million). Under the Long Term Incentive Plan senior and middle management acquired 104,772 shares which were deducted from the treasury shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's shares that are held by the Group (see below), all rights are suspended until those shares are re-issued.

The number of issued and outstanding shares can be specified as follows:

(shares × 1)	2009	2008*
Issued ordinary shares at 1 January	80,769,090	78,766,116
Treasury shares at 1 January	(375,140)	–
Outstanding ordinary shares at 1 January	**80,393,950**	**78,766,116**
Effect of paid stock dividend 2008	–	2,002,974
Effect of paid stock dividend 2009	482,320	–
Effect of share buyback	(565,950)	(500,000)
Effect of shares re-issued	375,140	124,860
Effect of rights issue	325,005,640	116,571,228
Outstanding ordinary shares at 31 December	**405,691,100**	**196,965,178**
Treasury shares at 31 December	565,950	375,140
Effect of rights issue	–	543,953
Issued shares at 31 December	**406,257,050**	**197,884,271**

* Outstanding shares per 31 December 2008 have been adjusted for comparison reasons to reflect the effect of the rights issue.

The Company holds 565,950 shares as treasury shares to cover current and future obligations under the Long Term Incentive Plan of the Company (see note 28).

Share premium

The increase of share premium is due to the reduction of the nominal value which resulted in a reclassification for an amount of € 97.5 million between share capital issued and share premium reserve. In addition an amount of € 11.3 million costs related to the rights issue was deducted, net of tax, from share premium.

Dividends

The dividends paid relate to the final dividend 2008. In 2009 dividends were paid in cash or as stock dividend. The following dividends were declared and paid:

(€ x 1,000)	2009	2008
Final dividend prior year	2,723	18,814
Interim dividend current year	–	9,550
Total dividend declared	**2,723**	**28,364**
Of which paid in cash	2,120	15,210

For the difference between total dividend and dividend paid in cash, amounting to € 0.6 million, 482,320 shares were issued as stock dividend in 2009.

As a result of the Amended Credit Facility a cash dividend distribution is capped at € 0.01 per share until 31 December 2011.

For the 2009 financial year, no annual dividend will be proposed to the General Meeting of Shareholders.

Share-based compensation

For details regarding the applicable share-based payment plans and Long Term Incentive Plans we refer to note 28. The expenses as included in the income statement in 2009 for the Long Term Incentive Plan amounted to € 0.1 million (2008: € 0.1 million). The granted shares and options can be summarised as follows:

Serie	Outstanding at 1 January 2009*	Granted	Market value at grant date	Outstanding at 31 December 2009	Market value at 31 December 2009	Vesting date	Holding period up to and including
Conditional shares	**Shares**	**Shares**	**(€)**	**Shares**	**(€)**		
LTIP 2009	–	128,856	77,151	122,155	213,771	March 5, 2012	March 4, 2014
LTIP 2008	153,301	–	455,297	132,825	232,445	March 10, 2011	March 9, 2013
Total			**532,448**	**254,980**	**446,216**		

Serie	Exercise price	Outstanding at 1 January 2009*	Granted maximum**	Outstanding at 31 December 2009 maximum	Market value at 31 December 2009 maximum	Vesting date	Expiry date
Conditional options		**Options**	**Options**	**Options**	**(€)**		
LTIP 2009	0.80	–	771,517	732,930	–	March 5, 2013	March 5, 2016
LTIP 2008	2.97	374,580	–	796,950	–	March 10, 2012	March 10, 2015
Total		**374,580**	**771,517**	**1,529,880**	**–**		

* Outstanding shares at 1 January have been adjusted for comparison reasons to reflect the effect of the rights issue (see note 28).
** At 15% or more average annual Ebitda growth over the years 2008 up to and including 2011 resp. over the years 2009 up to and including 2012 the maximum number of performance options will be granted.

Option rights granted

The Company has issued call option rights for preference shares to a maximum of the outstanding issued ordinary share capital to the foundation Stichting Preferente Aandelen Wavin (Foundation). The board of the Foundation independently decides to exercise its call option. The Foundation has the possibility to subscribe for the preference shares at nominal value. The Foundation will pay one/fourth of the nominal amount of the preference shares subscribed for. Three/fourths of the nominal amount only need to be paid after the Company has called for it. If the call option is exercised the shareholder is not entitled to dividend but receives an interest based on 12 months Euribor plus 2% on the actual deposits. For further details we refer to the paragraph Special rights provided for by the Articles of Association and to the chapter Corporate Governance of the annual report (page 35 – 46).

Legal and statutory reserves

Legal and statutory reserves include non-distributable profits which are not available for dividend payment due to legal restrictions in the countries of domicile of the participations as long as there is a repayment obligation. The legal reserves also include a reserve for capitalised development costs representing the capitalised development costs within the Group since the Company has been established. This amount is not available for dividend distribution due to legal restrictions in the Netherlands.

Translation reserve

Translation reserve represents the translation differences of participations. These amounts are not available for dividend distribution. A negative reserve for translation differences has to be regarded as a reduction of the retained earnings.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

G. Interest-bearing loans and borrowings received

All reported interest-bearing loans and borrowings per 31 December 2009 of € 15.0 million (2008: € 15.0 million) are secured (2008: unsecured).

H. Other non-current liabilities

The other non-current liabilities fully relate to the fair value of financial instruments.

I. Net Income from subsidiaries and associates

Net income from subidiaries and associated companies relates to Wavin N.V.'s share in earnings of its subidiaries and associates. For further details see note D.

J. Contingent liabilities

In accordance with Dutch legislation on the exemption concerning the preparation and filing of annual accounts, Wavin N.V. has assumed individual liability for debts originating from legal acts by Wavin B.V. (sect. 403, title 9 Book 2 of the Dutch Civil Code). This regards all Dutch group companies with the exception of Rezo.

Almost all the subsidiaries in The Netherlands form a fiscal unity with Wavin N.V. for income tax, VAT and tax on wages. Wavin N.V. is severally liable for the tax debts of the fiscal unity.

Wavin N.V. and the subsidiaries have issued cross guarantees for drawings under the notional cash pool system.

K. Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board

The individual service contracts of the members of the Management Board are determined by the Supervisory Board. For more details regarding decisions of the Remuneration, Appointment & Corporate Governance Committee with respect to service contracts of the Management Board we refer to page 42 of this annual report.

The remuneration of the Management Board includes salaries, performance related bonuses, emoluments and other compensations.

(€)	Fixed base salary	Annual bonus	Other benefits	Total short term employee benefits	Post employment benefits*	Long Term Incentive Plan	Total remuneration
2009							
Philip Houben	442,989	49,836	50,222	**543,047**	128,773	10,279	682,099
Pim Oomens	318,610	57,350	43,363	**419,323**	78,495	9,995	507,813
Henk ten Hove	329,437	59,299	35,738	**424,474**	70,931	9,902	505,307
Andy Taylor**	256,521	51,702	71,981	**380,204**	73,823	–	454,027
Total	**1,347,557**	**218,187**	**201,304**	**1,767,048**	**352,022**	**30,176**	**2,149,246**
2008							
Philip Houben	442,989	–	57,557	**500,546**	127,603	10,279	638,428
Pim Oomens	318,610	30,268	38,538	**387,416**	78,567	8,090	474,073
Henk ten Hove	329,437	31,296	38,462	**399,195**	71,003	7,998	478,196
Andy Taylor	287,002	31,402	77,085	**395,489**	75,623	–	471,112
Total	**1,378,038**	**92,966**	**211,642**	**1,682,646**	**352,796**	**26,367**	**2,061,809**

* These benefits relate to pension contributions by the employer.
** Fixed base salary in Euro of Andy Taylor is below last year's level due to a depreciation of the Pound Sterling.

Number of conditional shares of the Management Board

	Series	Outstanding at 1 January 2009	Granted in 2009	Adjustment grant due to rights issue	Value at grant date	Outstanding at 31 December 2009	Market value at 31 December 2009	Vesting date up to	Holding period up to and including
		shares	shares	shares	(€)	shares	(€)		
Philip Houben	LTIP 2009	–	–	–	–	–	–		
Philip Houben	LTIP 2008	5,006	–	7,281	36,494	12,287	21,502	March 10, 2011	March 9, 2013
Pim Oomens	LTIP 2009	–	3,861	5,615	7,568	9,476	16,583	March 5, 2012	March 4, 2014
Pim Oomens	LTIP 2008	3,940	–	5,730	28,723	9,670	16,923	March 10, 2011	March 9, 2013
Henk ten Hove	LTIP 2009	–	3,992	5,807	7,824	9,799	17,148	March 5, 2012	March 4, 2014
Henk ten Hove	LTIP 2008	3,895	–	5,664	28,395	9,559	16,728	March 10, 2011	March 9, 2013
Andy Taylor	LTIP 2009	–	–	–	–	–	–		
Andy Taylor	LTIP 2008	–	–	–	–	–	–		
Total		**12,841**	**7,853**	**30,097**	**109,004**	**50,791**	**88,884**		

Number of conditional options of the Management Board

	Series	Exercise price	Adjusted exercise price	Outstanding at 1-1-2009	Granted 2009 (maximum)*	Adjustment grant due to rights issue	Outstanding at 31-12-2009 (maximum)*	Market value at 31-12-2009 (maximum)	Vesting date	Expiry date
		(€)	(€)	options	options	options	options	(€)		
Philip Houben	LTIP 2009	1.96	0.80	–	–	–	–	–		
Philip Houben	LTIP 2008	7.29	2.97	30,036	–	43,689	73,725	–	March 10, 2012	March 10, 2015
Pim Oomens	LTIP 2009	1.96	0.80	–	23,163	33,692	56,855	–	March 5, 2013	March 5, 2016
Pim Oomens	LTIP 2008	7.29	2.97	23,637	–	34,381	58,018	–	March 10, 2012	March 10, 2015
Henk ten Hove	LTIP 2009	1.96	0.80	–	23,952	34,839	58,791	–	March 5, 2013	March 5, 2016
Henk ten Hove	LTIP 2008	7.29	2.97	23,367	–	33,988	57,355	–	March 10, 2012	March 10, 2015
Andy Taylor	LTIP 2009	–	–	–	–	–	–	–		
Andy Taylor	LTIP 2008	–	–	–	–	–	–	–		
Total				**77,040**	**47,115**	**180,589**	**304,744**	**–**		

* At 15% or more average annual Ebitda growth over the vesting period.

Remuneration of the Supervisory Board

The income statement includes the following remuneration for the Supervisory Board:

(€ x 1,000)	2009	2008
Paul van den Hoek	52	52
Brian Hill	37	37
René Kottman	37	37
Rob Ruijter	37	37
Birgitta Stymne Göransson	37	37
Total	**200**	**200**

L. Shares held by the Management Board and Supervisory Board

Shares held by the Management Board

Wavin shares held by members of the Management Board as per 31 December 2009 were as follows:

	Outstanding 2008	Transactions 2009	Outstanding 2009	Market value 31 December 2009
	shares	shares	shares	(€)
Philip Houben	543,006	1,436,603	1,979,609	3,464,316
Pim Oomens	406,929	1,082,416	1,489,345	2,606,354
Henk ten Hove	406,839	539,027	945,866	1,655,266
Andy Taylor	355,550	186,450	542,000	948,500
Total	**1,712,324**	**3,244,496**	**4,956,820**	**8,674,436**

The transactions of the members of the Management Board includes the purchase of shares in relation to the Long Term Incentive Plan, the rights issue, the receipt of stock dividend as well as individual transactions.

The number of shares with unrestricted control held by the Management Board and the related market value can be specified as follows:

	2009		2008	
	shares	(€)	shares	(€)
Philip Houben	1,958,607	3,427,562	532,994	1,241,876
Pim Oomens	1,456,620	2,549,085	399,050	929,787
Henk ten Hove	912,779	1,597,363	399,050	929,787
Andy Taylor	542,000	948,500	355,550	828,432
Total	**4,870,006**	**8,522,510**	**1,686,644**	**3,929,882**

Shares held by the Supervisory Board

Wavin shares held by the members of the Supervisory Board as per 31 December 2009 were as follows:

	Outstanding 2008	Transactions 2009	Outstanding 2009	Market value 31 December 2009
	shares	shares	shares	(€)
Paul van den Hoek	53,206	217,489	270,695	473,716
Brian Hill	26,604	108,751	135,355	236,871
Total	79,810	326,240	406,050	710,587

The transactions of the members of the Supervisory Board include the purchase of shares in relation to the rights issue and receipt of stock dividend.
The number of shares with unrestricted control held by members of the Supervisory Board and the related market value can be specified as follows:

	2009		2008	
	shares	(€)	shares	(€)
Paul van den Hoek	270,695	473,716	53,206	123,970
Brian Hill	135,355	236,871	26,604	61,987
Total	**406,050**	**710,587**	**79,810**	**185,957**

M. Auditor remuneration

The fees for the audit of the annual report due to the Company's external auditor, KPMG Accountants N.V. in The Netherlands, and other KPMG member firms amounted to € 0.8 million for 2009 (2008: € 0.9 million). The fees as included under administration and general expenses in the income statement can be specified as follows:

(€ x 1,000)	2009			2008		
	KPMG Accountants N.V.	KPMG other	Total	KPMG Accountants N.V.	KPMG other	Total
Audit of the annual report	347	470	817	369	561	930
Other audit assignments	24	339	363	78	340	418
Tax services	–	430	430	–	1,195	1,195
Other non-audit activities	393	759	1,152	–	270	270
Total	**764**	**1,998**	**2,762**	**447**	**2,366**	**2,813**

The members of the Management Board have signed the Financial Statements pursuant to their statutory obligations under clause 2:101 sub 2 Dutch Civil Code and clause 5:25c sub 2 Financial Markets Supervision Act.

Zwolle, 25 February 2010

MANAGEMENT BOARD

Philip Houben

Pim Oomens

Henk ten Hove

Andy Taylor

SUPERVISORY BOARD

Paul van den Hoek (Chairman)

Brian Hill (Vice-Chairman)

René Kottman

Rob Ruijter

Birgitta Stymne Göransson

OTHER INFORMATION
Wavin Management
(per 31 December 2009)

SUPERVISORY BOARD

Paul van den Hoek (Chairman) – Dutch (1939)
Appointed 1999, current term ends 2011

Brian Hill (Vice-Chairman) – Irish (1944)
Appointed 2005, current term ends 2013

René Kottman – Dutch (1945)
Appointed 2006, current term ends 2010

Rob Ruijter – Dutch (1951)
Appointed 2007, current term ends 2012

Birgitta Stymne Göransson – Swedish (1957)
Appointed 2007, current term ends 2012

MANAGEMENT BOARD

Philip Houben, President & CEO – Dutch (1950)
Appointed 2005, current term ends 2010 (Member of the Management Board of Wavin B.V. since 2000)

Pim Oomens, Executive Vice President and CFO – Dutch (1956)
Appointed 2005, current term ends 2010 (Member of the Management Board of Wavin B.V. since 2004)

Henk ten Hove, Executive Vice President – Dutch (1952)
Appointed 2005, current term ends 2010 (Member of the Management Board of Wavin B.V. since 1999)

Andy Taylor, Executive Vice President – British (1955)
Appointed 2005, current term ends 2010 (Member of the Management Board of Wavin B.V. since 2005)

For more information, please see chapter Corporate Governance on page 35-43.

Principal Direct and Indirect Participations

100% unless stated otherwise.

Head office
Wavin Group
Stationsplein 3, 8011 CW
Postbus 173, 8000 AD Zwolle, The Netherlands
www.wavin.com

The Netherlands
Wavin N.V., Zwolle
Wavin B.V., Zwolle
Wavin Nederland B.V., Hardenberg
www.wavin.nl
Wavin Diensten B.V., Hardenberg
De Hoeve Kunststofrecycling B.V., Hardenberg (50%)
Wavin Overseas B.V., Dedemsvaart
www.wavinoverseas.com
Wavin Technology & Innovation B.V., Dedemsvaart
Wavin Finance B.V., Zwolle
Wavin Staf B.V., Zwolle
Wavin Assurantie B.V., Zwolle
EuroCeramic B.V., Belfeld
www.euroceramic.nl

Belgium
Wavin Belgium N.V., Aalter
www.wavin.be

Bulgaria
Wavin Bulgaria EOOD, Sofia
www.wavin.bg

China
Foshan Hepworth Pipe Company Ltd., Foshan
www.wavin.cn

Croatia
Wavin d.o.o., Sesvete (Zagreb)
www.wavin.hr

Czech Republic
Wavin Ekoplastik s.r.o., Kostelec nad Labem
www.wavin.cz

Denmark
Nordisk Wavin A/S, Hammel
www.wavin.dk

Estonia
Wavin Estonia OU, Saue
www.wavin.ee

Finland
Wavin-Labko Oy, Kangasala
www.wavin.fi

France
Wavin France S.A.S., Varennes-sur-Allier, Sorgues, Sully-sur-Loire, Haute Goulaine
www.wavin.fr
Climasol S.A., Saint-Nazaire
Kulker S.A.S., Sully-sur-Loire
www.europe-geothermie.com
Wavin Novotech S.A.S., Motz

Germany
Wavin GmbH, Twist, Westeregeln
www.wavin.de

Hungary
Wavin Hungary Kft., Zsámbék
www.wavin.hu

Ireland
Wavin Ireland Ltd., Balbriggan (Dublin)
www.wavin.ie

Italy
Wavin Italia SpA, S. Maria Maddalena
www.wavin.it
Chemidro SpA, Udine
www.chemidro.com

Latvia
Wavin Latvia SIA, Riga
www.wavin.lv

Lithuania
UAB Wavin Baltic, Vilnius
www.wavin.lt

Norway
Norsk Wavin A/S, Fjellhamar
www.wavin.no
Wavin Polyfemos AS, Alta

Poland
Wavin Metalplast-BUK Sp.z.o.o., Buk (99%)
www.wavin.pl
Arot Polska Sp.z.o.o., Leszno
www.arot.pl
MPC Sp.z.o.o., Strzelin (51%)
www.mpc.pl

Portugal
Wavin Portugal-Plásticos S.A., Estarreja
www.wavin.pt

Romania
Wavin Romania s.r.l., Bucharest
www.wavin.ro

Russia
OOO Wavin Rus, Moscow
www.wavin.ru

Serbia
Wavin Balkan d-o.o., Belgrade

Slovak Republic
Wavin Slovakia spol s.r.o., Bànovce nad Bebravou

Spain
Aquatecnic Sistemas S.A., Madrid (65%)
www.aquatecnic.es

Sweden
AB Svenska Wavin, Eskilstuna
www.wavin.se

Switzerland
Georg Fischer Wavin AG, Schaffhausen (40%)
Wavin Swisspipe AG, Bern Liebefeld
www.wavin.ch

Turkey
Pilsa A.S., Adana
www.pilsa.com.tr

United Kingdom
Wavin Plastics Ltd., Chippenham
www.wavin.co.uk
Hepworth Building Products Ltd., Sheffield
www.hepworthbp.co.uk
Thermoboard Ltd., Exeter
www.thermoboard.co.uk
Warmafloor (GB) Ltd., Sheffield
www.warmafloor.co.uk

Ukraine
Wavin Ukrain O.O.O.T.O.V., Kiev
www.wavin.ua

The locations mentioned are the main places of business of the companies concerned. Based on art. 363 sub 3, Book 2 of the Dutch Civil Code, some participations of negligible importance have been omitted.

Addresses of these offices can be found on www.wavin.com.

Appropriation of result as provided for by the Articles of Association

Allocations of profit

Article 22.

1. The company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that the company's shareholders' equity exceeds the sum of the paid-in capital and the reserves which it is required by law to maintain.
2. If the adopted profit and loss account shows a profit the Management Board shall determine, subject to prior approval of the Supervisory Board, which part of the profits shall be reserved.
3. To the charge of the profit, as this appears from the adopted profit and loss account, to the extent not reserved in accordance with paragraph 2 of this article:
   - first of all, on the preferred shares a dividend will be distributed to the amount of a percentage on the amount paid on those shares, which equals twelve months 'EURIBOR', as published by De Nederlandsche Bank N.V. – calculated according to the number of days the rate applied – during the financial year to which the distribution relates, increased by two percentage points. If and to the extent that the profit is not sufficient to fully make a distribution meant afore in this paragraph, the deficit shall be paid from the reserves. In case of cancellation with repayment of preferred shares, on the day of repayment a distribution shall be made on the cancelled preference shares, which distribution shall be calculated to the extent possible in accordance with the provision referred to above and with regard to the current financial year to be calculated time wise over the period from the first day of the current financial year, or if the preferred shares have been issued after such day, as from the day of issue, until the day of repayment without prejudice to the provisions of article 2:105 paragraph 4 Dutch Civil Code. In the event that in an financial year the profit or the distributable reserves (as the case may be) are not sufficient to make the distributions meant above in this article, the provisions above shall apply over the following financial years until the deficit has been cleared;
   - secondly, the part of the profit remaining after application of the first bullet shall be at the disposal of the general meeting.
4. After the approval of the Supervisory Board, the Management Board may make interim distributions only to the extent that the requirements set forth in paragraph 1 above are satisfied as apparent from an (interim) financial statement drawn up in accordance with the law.
5. After the approval of the Supervisory Board, the Management Board may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the company.
6. On the recommendation of the Management Board, subject to the approval of the Supervisory Board, the general meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity.
7. Any claim a shareholder may have to a distribution shall lapse after five years, to be computed from the day on which such a distribution becomes payable.

Proposal for profit allocation

With observance of article 22, of the Articles of Association, it is proposed that for 2009 no dividend on ordinary shares will be distributed.

Auditors' Report

To: The Supervisory Board and Shareholders of Wavin N.V.

Report on the financial statements

We have audited the accompanying financial statements 2009 (as set out on pages 73 to 141) of Wavin N.V., Zwolle. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements (as set out on pages 130 to 141) comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Wavin N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Wavin N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 25 February 2010
KPMG ACCOUNTANTS N.V.
M.J.P. Thunnissen RA

Summary of last five years

(€ x million unless otherwise stated)	2009	2008	2007	2006	2005**
Consolidated balance sheet					
Property, plant & equipment	349.8	367.0	378.5	375.1	383.9
Intangible assets	485.1	480.7	505.1	510.9	506.2
Financial non-current assets	30.3	32.0	34.7	28.6	54.3
Total non-current assets	**865.2**	**879.7**	**918.3**	**914.6**	**944.4**
Inventories	146.0	172.1	214.1	200.6	166.2
Trade and other receivables	245.1	275.0	339.6	332.0	314.3
Cash and cash equivalents	58.6	49.0	19.5	17.0	68.3
Total current assets	**449.7**	**496.1**	**573.2**	**549.6**	**548.8**
Total assets	**1,314.9**	**1,375.8**	**1,491.5**	**1,464.2**	**1,493.2**
Total equity attributable to equity holders of the Company	**551.7**	**329.0**	**363.2**	**295.4**	**5.6**
Non-controlling interest	6.9	5.2	6.6	4.5	4.7
Total equity	**558.6**	**334.2**	**369.8**	**299.9**	**10.3**
Liabilities					
Interest-bearing loans and borrowings	285.9	501.2	515.8	596.9	962.6
Employee benefits	12.1	15.6	21.9	29.5	28.2
Provisions	14.7	13.2	16.2	18.4	16.5
Other non-current liabilities	122.1	121.6	124.0	127.6	140.1
Total non-current liabilities	**434.8**	**651.6**	**677.9**	**772.4**	**1.147.4**
Short term borrowings	9.5	8.7	46.1	17.9	15.0
Employee benefits	2.6	3.2	2.4	0.5	–
Provisions	9.1	7.6	5.7	7.4	0.7
Other current liabilities	300.3	370.5	389.6	366.1	319.8
Total current liabilities	**321.5**	**390.0**	**443.8**	**391.9**	**335.5**
Total equity and liabilities	**1,314.9**	**1,375.8**	**1,491.5**	**1,464.2**	**1,493.2**
Balance sheet ratios					
Net capital employed	820.2	815.0	926.3	901.3	917.4
Debt to equity ratio*	0.4	1.4	1.5	2.0	
Key data per share					
Reported number of shares outstanding *(× 1,000)*	406,257	80,769	78,766	77,651	64,014
Adjusted number of shares outstanding due to the rights issue *(× 1,000)*	–	197,884	192,977	190,245	156,834
Result attributable to equity holders of the Company	0.2	32.1	91.2	71.7	28.7
Dividend (2009 proposal) *(€)*	–	0.16	0.46	0.35	–
Share price at year end *(€)*	1.75	2.33	9.12	14.80	–
Adjusted share price at year end due to the rights issue *(€)*	–	0.95	3.71	6.03	–

* Previous years figures are not comparable, due to leverage financing before 2006.
** The 2005 figures contain the pro forma consolidated figures of Wavin Investments B.V. The pro forma consolidated figures comprise the Wavin Group in 2005, including Wavin B.V. and all subsidiaries, Beheermaatschappij Wavin B.V. (the former ultimate holding company) and Wavin Holdings B.V. which was also established in the year 2005.

(€ x million unless otherwise stated)		2009	2008	2007	2006	2005
Consolidated income statement						
Continuing operations						
Revenue including discontinued operations		1,159.6	1,581.2	1,618.5	1,501.5	1,330.7
Revenue discontinued operations		–	–	(3.8)	(6.1)	(27.9)
Revenue contuining operations		**1,159.6**	**1,581.2**	**1,614.7**	**1,495.4**	**1,302.8**
Cost of sales		(862.8)	(1,192.7)	(1,171.0)	(1,086.2)	(947.0)
Gross profit		**296.8**	**388.5**	**443.7**	**409.2**	**355.8**
Other operating expenses		(249.3)	(294.9)	(291.2)	(272.4)	(257.9)
Result from operating activities before non-recurring operational result		**47.5**	**93.6**	**152.5**	**136.8**	**97.9**
Non-recurring operational result		(14.6)	(10.3)	(2.7)	(16.6)	(11.4)
Result from operating activities		**32.9**	**83.3**	**149.8**	**120.2**	**86.5**
Net finance costs		(35.4)	(45.8)	(35.0)	(84.1)	(48.6)
Share of profit of associates		3.1	5.2	4.7	3.3	7.3
Profit on sale of associates		–	–	–	39.0	–
Profit before income tax		**0.6**	**42.7**	**119.5**	**78.4**	**45.2**
Income tax income (expenses)		1.2	(10.6)	(28.0)	(6.0)	(14.3)
Profit from continuing operations		**1.8**	**32.1**	**91.5**	**72.4**	**30.9**
Discontinued operations						
Profit (loss) from discontinued operations (net of income tax)		–	–	1.5	1.0	(1.2)
Profit for the period		**1.8**	**32.1**	**93.0**	**73.4**	**29.7**
Other key financials						
Ebitda		110.4	161.0	212.1	196.3	163.4
Ebit		32.9	83.3	149.8	120.2	86.5
Depreciation		50.1	54.2	51.6	50.8	43.7
Ratios continuing operations						
Cash generated from operating activities		86.5	261.9	192.7	181.4	139.2
Ebitda as percentage of revenue	*(%)*	9.5%	10.2%	13.1%	13.1%	12.3%
Other						
Average full time equivalents	*(×1)*	6,709	7,867	7,308	7,069	6,998
Number of employees at 31 December	*(×1)*	6,266	6,963	6,794	6,704	6,813

Glossary of Terms

In this annual report definitions are as follows:

Operating profit	Total result from operating activities before interest and tax
Like-for-like growth	Change in total revenue at constant currency less revenues acquired and/or divested companies in the year
Ebitda	Operating profit before depreciation, amortisation and non-recurring items
Net investments	Investments paid less proceeds from sold property, plant & equipment and intangible assets
Net Debt	Current and non-current interest-bearing loans and borrowings including bank overdrafts less cash and cash equivalents
Net Capital Employed	Total assets less cash and cash equivalents less investments in associates less other investments less deferred tax liabilities less current liabilities (trade and other liabilities, income tax payable and liabilities classified as held-for-sale) less current provisions and current employee benefits
Return on average Net Capital Employed	Recurring result from operating activities divided by average Net Capital Employed
Debt / Equity ratio	Net Debt divided by Total Equity
Interest coverage ratio	Operating profit before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates divided by the net interest expenses, including all interest and other financing charges in the nature of interest
Leverage ratio	Total net debt adjusted for the 10 quarters rolling cash out with respect to restructuring expenses divided by operating profit before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates
Workforce	Total FTEs including own personnel and temporary personnel
Headcount	Number of employees on the payroll
Lost time incident frequency	Number of lost time incidents per million hours worked

Colophon

Published by

Wavin N.V.

Concept and realisation

C&F Report Amsterdam B.V.

Photography

Dirk Laubner, Berlin Airports

Contact

Postbus 173
8000 AD Zwolle
+31 (0)38 – 429 49 11
info@wavin.com
www.wavin.com

Cautionary note regarding forward-looking statements

www.wavin.com