This Offer expires at 17:30 hours CET on 7 May 2012, unless extended

OFFER MEMORANDUM
dated 9 March 2012

RECOMMENDED CASH OFFER

by

MEXICHEM SOLUCIONES INTEGRALES HOLDING, S.A. DE C.V.
a direct subsidiary of
MEXICHEM, S.A.B. DE C.V.

FOR ALL ISSUED AND OUTSTANDING ORDINARY SHARES
WITH A NOMINAL VALUE OF EUR 0.40 EACH IN THE CAPITAL OF

WAVIN N.V.

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WAVIN N.V.

This offer memorandum (the "**Offer Memorandum**") contains details of the recommended cash offer by Mexichem Soluciones Integrales Holding, S.A. de C.V. (the "**Offeror**"), a direct subsidiary of Mexichem, S.A.B. de C.V. ("**Mexichem**"), to all holders of issued and outstanding ordinary shares with a nominal value of EUR 0.40 each in the capital of Wavin N.V. ("**Wavin**" or the "**Company**") including any and all ordinary shares in the capital of the Company that may be issued and/or delivered by the Company prior to the Settlement Date (as defined below) pursuant to the existing long term incentive plan in which the members of the management board of Wavin and certain senior managers of Wavin participate (the "**LTIP**") (the "**Shares**") (such holders of Shares, excluding Mexichem and its group companies being referred to as "**Shareholders**") to purchase for cash all or part of the Shares held by them, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum (the "**Offer**"). Capitalised terms used in this Offer Memorandum have the meaning as set out in Section 4 (Definitions) or elsewhere in this Offer Memorandum.

Shareholders tendering their Shares under the Offer will be paid on the terms, and subject to the conditions and restrictions, contained in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and delivered (*geleverd*), a cash amount of EUR 10.50 per Share (the "**Offer Price**"). See Section 5 (Invitation to the Shareholders).

Both the supervisory board of Wavin (the "**Supervisory Board**") and the management board of Wavin (the "**Management Board**") fully support and recommend the Offer for acceptance to the Shareholders. See Section 6.7 (Recommendation) of Part I and Section 7 of Part III.

The acceptance period under the Offer commences at 9:00 hours CET, on 12 March 2012 and, unless extended, expires at 17:30 hours CET, on 7 May 2012 (the "**Acceptance Closing Date**") (the "**Acceptance Period**"). Acceptance under the Offer must be made in the manner specified in this Offer Memorandum.

Shares tendered on or prior to the Acceptance Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during an extension of the Acceptance Period in accordance with the provisions of Article 15, paragraph 3 of the Decree on public offers Wft (*Besluit openbare biedingen Wft*) (the "**Takeover Decree**").

The Offeror reserves the right to extend the Offer past the Acceptance Closing Date if one or more of the Offer Conditions are not fulfilled by the Acceptance Closing Date. If the Offer is extended past the Acceptance Closing Date, the Offeror will make an announcement to that effect in accordance with the Takeover Decree. See Section 5 (Invitation to the Shareholders). The provisions of Article 15, paragraph 2 of the Takeover Decree, require that such an announcement be made within three (3) Business Days following the Acceptance Closing Date.

Unless the Acceptance Period is extended, the Offeror will, in accordance with Article 16 of the Takeover Decree, announce whether the Offer is declared unconditional (*gestand wordt gedaan*) within three (3) Business Days following the Acceptance Closing Date (the "**Unconditional Date**"). See Section 5.7 (Declaring the Offer Unconditional (*gestanddoening*)). The Offeror reserves the right to waive certain Offer Conditions, if relevant and to the extent permitted by applicable law. See Section 6.2 (Offer Conditions).

Announcements will be made by a press release and on the websites of the Company and Mexichem. See Section 5.14 (Announcements).

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Shareholders who have tendered and delivered their Shares to the Offeror prior to the Acceptance Closing Date will receive within three (3) Business Days following the Unconditional Date (the "**Settlement Date**") the Offer Price in respect of each Share validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and delivered (*geleverd*).

At 14:00 hours CET, on 25 April 2012, the annual general meeting of Wavin will be held at the Rosarium, Amstelpark 1, (1083 HZ) Amsterdam, the Netherlands, at which meeting the Offer, among other matters, will be discussed in accordance with the provisions of Article 18, paragraph 1 of the Takeover Decree (the "**Wavin AGM**"). See the Position Statement in Part III of this Offer Memorandum.

This Offer Memorandum (Part I together with Part II, Financial Statements) has been prepared in accordance with Article 5:76 of the Wft in conjunction with Article 8, paragraph 1 of the Takeover Decree and has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiele Markten*, the "**AFM**"). The information required under Article 18, paragraph 2 and Annex G of the Takeover Decree is included in the Position Statement (Part III). The Position Statement including all Appendices thereto included as Part III do not form part of the Offer Memorandum and are not subject to review and approval by the AFM. However, the Position Statement is subject to review by the AFM after publication thereof.

1. RESTRICTIONS

The Offer is being made in and from the Netherlands with due observance of such statements, conditions and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been effected in the manner as set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than the Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholders, in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. However, acceptances of the Offer by Shareholders not residing in the Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum, and (ii) the applicable laws and regulations in the jurisdiction from which such acceptances have been made. Persons obtaining the Offer Memorandum are required to take due notice and observe all such restrictions and obtain any necessary authorisations, approvals or consents. Outside of the Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with nor recognised by the authorities of any jurisdiction other than the Netherlands.

Neither the Offeror, Mexichem or Wavin, nor any of their respective affiliates or any of their respective supervisory or managing directors, employees or advisers accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who would or otherwise intends to forward this Offer Memorandum or any related document to any jurisdiction outside the Netherlands should carefully read this Section 1 (Restrictions) and Section 2 (Important information) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than the Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the law of any such jurisdiction.

United States of America

The Offer is not being made, directly or indirectly, in or into, or by use of the mailing systems of, or by any means or instrumentality (including, without limitation, electronic mail, post, telephone, facsimile, telex or electronic transmission) of interstate or foreign commerce of, or of any facility of a securities exchange of the United States of America, and the Offer cannot be accepted by any such use, means, instrumentality or facility of or from within the United States of America. Accordingly, this Offer Memorandum and any related documents are not being and must not be mailed or otherwise distributed or sent in or into the United States of America or in their capacities as such custodians, trustees or nominees holding shares for American persons and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them into such jurisdictions and doing so will render invalid any relevant purported acceptance of the Offer.

This Offer Memorandum has not been submitted to or reviewed by the United States Securities and Exchange Commission ("**SEC**") or any state securities commission. Neither the SEC nor any such state securities commission has approved or disapproved or determined whether this Offer

Memorandum is truthful or complete. Any representation to the contrary is a criminal offence in the United States of America.

Australia, Canada and Japan

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Australia, Canada or Japan, or by use of the mailing systems, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Australia, Canada or Japan. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Australia, Canada or Japan or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Australia, Canada or Japan. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Australia, Canada or Japan, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Australia, Canada or Japan.

Tender and transfer of Shares constitutes a representation and warranty that the person tendering the Shares (i) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Australia, Canada or Japan and (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Australia, Canada or Japan. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, any such purported acceptance will be null, void and without effect.

2. IMPORTANT INFORMATION

2.1 Introduction

This Offer Memorandum contains important information that should be read carefully before any decision is made to tender Shares under the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders may wish to consult with their tax advisers regarding the tax consequences of tendering their Shares under the Offer.

2.2 Responsibility

The information included in Sections 1 up to and including 5, 6 (excluding Sections, 6.3.2, 6.4 and 6.7.1) 8, 10, 12 and 13 of Part I has been solely prepared by the Offeror. The information included in Sections 6.3.2, 6.4, 6.7.1 and 7 of Part I, the information included in Part II (other than the auditor's reports included in Section 2 of Part II) and the information included in Part III has been solely prepared by the Company. The information included on the front page, on the introduction page and in Sections 9 and 11 of Part I has been jointly prepared by the Offeror and the Company.

The report included in Section 2 (Independent Auditor's report from PWC relating to the comparative overview of summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2011 and the Financial Year 2010) of Part II has been provided to the Company by PWC. The report included in Section 2 (Independent Auditor's report from KPMG relating to the summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2009) of Part II has been provided to the Company by KPMG.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each exclusively with respect to the information as it has provided individually, and jointly with respect to the information they have prepared together.

Both the Offeror and the Company confirm, each with respect to such information that it has provided, and jointly with respect to the information they have provided together in this Offer Memorandum, that to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, as of the date hereof the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

2.3 Presentation of financial information and other information

The selected consolidated financial information of Wavin is that of Wavin and its consolidated subsidiaries. The selected consolidated financial information should be read in conjunction with the consolidated financial statements of Wavin for the financial years 2010 and 2009, and the notes thereto, incorporated by reference in this Offer Memorandum. The 2009 year-end summaries of the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows of Wavin is derived from Wavin's consolidated financial statements that have been audited by KPMG, Wavin's independent auditor at that point in time. The 2010 and 2011 year-end summaries of the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows of Wavin is derived from Wavin's consolidated financial statements that have been audited by PWC, Wavin's independent auditor at that point in time. The consolidated financial statements of Wavin for the financial year 2011 have not yet been adopted by the general meeting of shareholders of Wavin. The adoption of the financial statements for the financial year 2011 has been placed on the agenda of the Wavin AGM. Please note that pursuant to article 2:362 sub 6 of the Dutch Civil Code, the financial statements for the financial year 2011 shall be adopted with due observance of any material matters relating to the financial situation on the balance sheet date that have become apparent in the period between the preparation of the financial statements and the Wavin AGM to the extent required by law. The financial statements and accounts from which the selected consolidated financial information has been derived were prepared in accordance with IFRS as adopted by the European Union.

Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the publication nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to the date of this Offer Memorandum or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Offeror, Wavin and/or their respective subsidiaries and/or affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of both the Offeror and Wavin, each in so far as it concerns them, to make a public announcement pursuant to Article 5:25i Wft or Article 4, paragraph 3 of the Takeover Decree, if applicable.

No person, other than the Offeror, Mexichem and Wavin and without prejudice to the auditors' reports issued by KPMG and PWC, respectively, included in the Offer Memorandum, and the Fairness Opinions issued to the Management Board by BofA Merrill Lynch and to the Supervisory Board by ING included in the Position Statement, is authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror, Mexichem or Wavin in connection with the Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror or Wavin, such information or statement should not be relied upon as having been provided by or made by or on behalf of the Offeror, Mexichem or Wavin. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror, Mexichem or Wavin.

2.4 Governing law

This Offer Memorandum and the Offer are, and any tender, purchase or delivery of Shares will be, governed by and construed in accordance with the laws of the Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares may be brought exclusively before such courts.

2.5 Language

This Offer Memorandum is published in the English language. A summary in the Dutch language is included as Section 12 (*Nederlandse samenvatting van het bod*). In the event of any differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch summary of this Offer Memorandum, the English text of this Offer Memorandum shall prevail.

2.6 Assignment

On 7 February 2012, Mexichem and Wavin entered into a merger protocol setting out their respective rights and obligations with respect to the Offer (the "**Merger Protocol**"). Mexichem has assigned all of its rights and obligations under the Merger Protocol to the Offeror with the exception of the obligations of Mexichem in respect of the commitments set out in Sections 6.8.5, 6.8.6 and 6.9.2, which shall remain the obligations of Mexichem. Mexichem shall remain jointly and severally liable with the Offeror for the proper performance of any obligations assigned to the Offeror, and the Company and any other party who is entitled to require performance pursuant to a third party stipulation (*derdenbeding*) from Mexichem may require performance (*nakoming*) by Mexichem of all of the obligations under the Merger Protocol regardless of the assignment of obligations to the Offeror.

2.7 Contact details

Rabobank International has been appointed as Settlement Agent in the context of this Offer.

The Offeror and Mexichem
Rio San Javier 10
Fracc. Viveros del Rio
Tlalnepantla, Estado de Mexico
54060 Mexico

The Company
Stationsplein 3
P.O. Box 173
8000 AD Zwolle
the Netherlands

The Settlement Agent
Croeselaan 18
P.O. Box 17100
3500 HG Utrecht
The Netherlands
Tel: +31 (0)30 712 4451
Fax: +31 (0)30 712 4018
Email: prospectus@rabobank.com

2.8 Availability of copies of the Offer Memorandum

Digital copies of this Offer Memorandum and any documents incorporated by reference herein are available on the website of the Company (www.wavin.com), Mexichem (www.mexichem.com) and the Offeror (http://www.mexichem.com/English/SolucionesIntegrales/si.html). Copies of the Offer Memorandum are also available free of charge at the offices of Mexichem, the Offeror, the Settlement Agent and the Company at the addresses mentioned above. The Mexichem, the Offeror and Wavin websites do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

2.9 Documentation incorporated by reference

Copies of the Wavin Articles of Association, the proposed amendments to the Wavin Articles of Association (before delisting and after delisting of the Company) and the annual consolidated financial statements of Wavin for the Financial Year 2010 and the Financial Year 2009 including notes and auditor's report, which documents are incorporated by reference in, and form an integral part of, this Offer Memorandum. The documents referred to in this Section 2.9 are available free of charge at the offices of Wavin and can be obtained by contacting Wavin at the address mentioned above and also on the website of Wavin (www.wavin.com).

2.10 Forward-looking statements

This Offer Memorandum includes "forward-looking statements" including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risk and uncertainty because these statements relate to events and depend on circumstances that all occur in the future. Generally, words such as "may", "should", "aim", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. Each of the Offeror, Mexichem and the Company, and any of their respective affiliates, each with respect to the statements it has provided, believes the expectations reflected in such forward-looking statements are based on reasonable assumptions. Nevertheless, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. Any such forward-looking statements must be considered together with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror, Mexichem and/or the Company does business, to competitive developments or risks inherent to the Offeror's, Mexichem's or the Company's business plans and to uncertainties, risk and volatility in financial markets and other factors affecting the Offeror, Mexichem and/or the Company.

Mexichem, the Offeror and the Company undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any competent regulatory authority.

2.11 Financial advisers

Barclays Capital is acting as lead financial advisor exclusively to the Offeror and Mexichem and to no one else in connection with the Offer. Citigroup Global Markets is acting as joint financial advisor to the Offeror and Mexichem and to no one else in connection with the Offer. Barclays Capital and Citigroup Global Markets will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer and will not be responsible to anyone other than the Offeror and Mexichem for providing advice in relation to the Offer.

Barclays Capital and Citigroup Global Markets have given and have not withdrawn their written consent to the issue of this Offer Memorandum with the references to their name in the form and context in which they appear.

BofA Merrill Lynch is acting as the sole financial adviser exclusively to the Company and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing advice in relation to the Offer or for providing anyone else with the protections afforded to its clients.

BofA Merrill Lynch has issued a fairness opinion to the Management Board, as to the fairness to the shareholders of the Company of the Offer Price from a financial point of view.

BofA Merrill Lynch has given and has not withdrawn its written consent to the issue of this Offer Memorandum with the references to its name in the form and context in which they appear.

ING has issued a fairness opinion to the Supervisory Board, in support of its recommendation, as to the fairness from a financial point of view of the Offer Price.

ING has given and has not withdrawn its written consent to the issue of this Offer Memorandum with the references to its name in the form and context in which they appear.

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4. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form shall constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made. A reference to "including" means, where the context so permits, "including without limitation".

Defined terms used in this Offer Memorandum shall have the following meaning:

Acceptance Closing Date	the time and date on which the Offer expires, being at 17:30 hours CET, on 7 May 2012, unless extended by the Offeror in accordance with Article 15 of the Takeover Decree
Acceptance Period	the period during which the Shareholders can tender their Shares to the Offeror, which commences on 12 March 2012 and ends on the Acceptance Closing Date
Admitted Institutions	those institutions admitted to Euronext Amsterdam
AFM	the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
Barclays Capital	the investment banking division of Barclays Bank Plc
Boards	the Supervisory Board and the Management Board of Wavin collectively
BofA Merrill Lynch	Merrill Lynch International acting together with its Amsterdam branch
Business Day(s)	a day other than a Saturday or Sunday on which banks in the Netherlands, according to the collective agreements for the banking sector (*Algemene Bank-CAO*), and Euronext Amsterdam are open for normal business
CET	central European time
Chairman	chairman of the Supervisory Board
Citigroup Global Markets	Citibank International Plc., the Netherlands branch
Company or **Wavin**	Wavin N.V., a public company (*naamloze vennootschap*), incorporated under the laws of the Netherlands, having its statutory seat (*statutaire zetel*) in Zwolle, the Netherlands, having its registered office at Stationsplein 3, 8011 CW, the Netherlands
Competing Offer	has the meaning ascribed thereto in Section 6.12 (Certain arrangements between the Offeror and the Company)
Defaulting Party	the Party that breaches one or more provisions of the Merger Protocol
Disappearing Entity	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
Dutch Corporate Governance Code	the Dutch Corporate Governance Code dated 10 December 2008
EBITA	operating profit before amortisation of acquisition-related

	intangible assets and impairment goodwill
EBITDA	operating profit before amortisation of acquisition-related intangible assets and impairment goodwill, depreciation of property plant and equipment and amortisation of software
Envisaged Post-Closing Restructuring Measures	the measures referred to under (i) up to and including (vi) of Section 6.8.2.
EUR	euro, the legal currency of the European Economic and Monetary Union
Euronext Amsterdam	the stock exchange of Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext N.V.
Fairness Opinion	the fairness opinion issued to the Management Board by BofA Merrill Lynch dated 9 February 2012 and the fairness opinion issued to the Supervisory Board by ING dated 7 February 2012
Financial Year 2009	financial year of Wavin ending on 31 December 2009
Financial Year 2010	financial year of Wavin ending on 31 December 2010
Financial Year 2011	financial year of Wavin ending on 31 December 2011
IFRS	International Financing Reporting Standards as adopted by the European Union
Independent Supervisory Board Members	the two members of the Supervisory Board that shall be independent from the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by Mexichem, including Kaluz, S.A. de C.V.
ING	the corporate finance division of ING Bank N.V.
Kaluz	Kaluz, S.A. de C.V., a private variable capital corporation, incorporated under the laws of Mexico, having its statutory seat in Mexico City, Federal District, and its registered office at Emilio Castelar No. 75, Floor 1, Col. Chapultepec Polanco, México, Distrito Federal, C.P. 11560.
KPMG	KPMG Accountants N.V.
Legal Merger	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
LTIP	the existing long term incentive plan in which the members of the Management Board and certain senior managers of Wavin participate
Management Board	the management board (*raad van bestuur*) of Wavin
Matching Shares	has the meaning ascribed thereto in the LTIP in Section 6.4.3 (Information on LTIP)
Material Breach	a breach of one or more provisions of the Merger Protocol that has or is expected to have a material adverse effect on the Offer
Material Adverse Effect	has the meaning ascribed thereto in Section 6.2.1(d)
MB Individuals	the current members of the Management Board
Merger Code 2000	*SER besluit Fusiegedragsregels 2000 ter bescherming van de*

	belangen van werknemers
Merger Protocol	the merger protocol relating to the Offer between Wavin and Mexichem dated 7 February 2012
Merger Rules	all applicable laws and regulations, including without limitation the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and/or the Takeover Decree, the Works Council Act, the Merger Code 2000, the rules and regulations of Euronext Amsterdam, the Dutch Civil Code and any other applicable securities or competition regulatory laws that apply to the Offer
Mexichem	Mexichem, S.A.B. de C.V., a public variable capital corporation incorporated under the laws of Mexico, having its statutory seat in Tlalnepantla, Estado de México, Mexico, and its registered office at Río San Javier No. 10, Fracc. Viveros del Río, Tlalnepantla, Estado de México, Mexico, C.P. 54060.
Mexichem EGM	the extraordinary general meeting of shareholders of Mexichem to be held on 22 March 2012, at which meeting the general meeting of Mexichem is asked to resolve on the Offer
Offer	the offer for the Shares as described in this Offer Memorandum
Offer Conditions	the conditions precedent to declaring the Offer unconditional (*gestanddoening*) as set out in Section 6.2 (Offer Conditions)
Offer Memorandum	this offer memorandum relating to the Offer
Offer Price	a cash amount of EUR 10.50 cum dividend per Share
Offeror	Mexichem Soluciones Integrales Holding, S.A. de C.V., a private variable capital corporation, incorporated under the laws of Mexico, having its statutory seat in Mexico City, Mexico, and its registered office at Río San Javier No. 10, Fracc. Viveros del Río, Tlalnepantla, Estado de México, Mexico, C.P. 54060.
Performance Options	has the meaning ascribed thereto in the LTIP in Section 6.4.3 (Information on LTIP)
Position Statement	the position statement of Wavin including all Appendices thereto included as Part III. Which does not form part of this Offer Memorandum
Post Acceptance Period	a period of no more than two weeks after the Offer Period during which the Shareholders that have not yet tendered their Shares under the Offer may be given the opportunity to do so in the same manner and under the same conditions as set out in this Offer Memorandum
PWC	PricewaterhouseCoopers Accountants N.V.
Revised Offer	a revised offer on terms and conditions which is, in the reasonable opinion of the Boards, on balance equal to the Competing Offer
SB Individuals	the current members of the Supervisory Board
SEC	United States Securities and Exchange Commission

Section	a (sub)section of this Offer Memorandum
Settlement	the payment of the Offer Price per Share by the Offeror to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) under the Offer
Settlement Agent	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., a cooperative entity with limited liability organised under the laws of the Netherlands, having its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its registered office at Croeselaan 18, 3521 CB Utrecht, the Netherlands, trading as Rabobank International
Settlement Date	the date on which, in accordance with the terms and subject to the conditions and restrictions of the Offer, the Offeror shall pay the Offer Price to the Shareholders for each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) under the Offer, being no later than the third Business Day after the Unconditional Date
Shares	all issued and outstanding ordinary shares with a nominal value of EUR 0.40 each in the capital of Wavin, including any and all ordinary shares in the capital of the Company that may be issued and/or delivered by the Company prior to the Settlement Date pursuant to the LTIP
Shareholder(s)	the holder(s) of one or more Share(s)
Squeeze-Out	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
Statutory Squeeze-Out	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
Supervisory Board	the supervisory board (*raad van commissarissen*) of Wavin
Surviving Entity	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
Takeover Decree	the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*)
Takeover Squeeze-Out	has the meaning ascribed thereto in Section 6.8.2 (Post Offer restructuring of Wavin)
Treasury Shares	the 203,123 ordinary shares with a nominal value of EUR 0.40 each in the capital of Wavin which are held by the Company
Unconditional Date	the date on which the Offeror shall publicly announce that the Offer is declared unconditional (*gestand wordt gedaan*), being no later than three (3) Business Days following the Acceptance Closing Date, in accordance with Article 16, paragraph 1 of the Takeover Decree
Wavin or **Company**	Wavin N.V., a public limited liability company (*naamloze vennootschap*), incorporated under the laws of the Netherlands, having its statutory seat (*statutaire zetel*) in Zwolle, the Netherlands, having its registered office at

	Stationsplein 3, 8011 CW Zwolle, the Netherlands
Wavin 2015 Strategy Plan	the 'Wavin 2015' strategy launched in October 2010, a roadmap to sustainable growth and profitability with local market leadership as the key driver
Wavin Articles of Association	the articles of association (*statuten*) of Wavin
Wavin AGM	the annual general meeting of Shareholders of the Company to be held on 25 April 2012, at which meeting the Offer, among other matters, will be discussed in accordance with the provisions of Article 18, paragraph 1 and paragraph 2 of the Takeover Decree, and a vote will be requested on resolutions referred to in Section 10 (Agenda Wavin AGM) of the Position Statement
Wavin Group	Wavin N.V. together with its direct and indirect subsidiaries and affiliates
Wft	the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*)
WMO	the Overijsel Water Board
Works Council Act	the Dutch Works Council Act (*Wet op de ondernemingsraden*)

5. INVITATION TO THE SHAREHOLDERS

The Offeror hereby makes a recommended cash offer for all Shares not already held by itself, Mexichem or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by the Offeror, including Kaluz. Shareholders are advised to review this Offer Memorandum (including all documents incorporated by reference herein) and in particular Sections 1 (Restrictions) and 2 (Important information) thoroughly and completely. Furthermore, Shareholders are advised to seek independent financial, tax or legal advice where appropriate in order to reach a balanced judgment with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Section 6.8.1. (Liquidity and Delisting) and Section 6.8.2 (Post Offer restructuring of Wavin).

With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and on the terms and subject to the conditions and restrictions set out in this Offer Memorandum.

5.1 Offer Price

Shareholders tendering their Shares under the Offer will be offered, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum, an amount in cash of EUR 10.50 cum dividend for each Share (the "**Offer Price**"), without interest and subject to any withholding of taxes. The Offer price is offered for each Share validly tendered pursuant to the Offer (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), subject to the Offer being declared unconditional (*gestanddoening*).

The Offer Price includes any cash or share dividends or other distributions on the Shares that is or may be declared by the Company on or prior to the Settlement Date. Consequently, if on or prior to the Settlement Date any such cash or share dividend or other distribution is declared in respect of the Shares, and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Share equal to any such cash or share dividend or other distribution per Share.

5.2 Acceptance by Shareholders of the Offer

5.2.1 Acceptance by Shareholders through an Admitted Institution

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 17:30 hours CET on the Acceptance Closing Date, unless the Acceptance Period is extended in accordance with Section 5.8 (Extension of the Acceptance Period) and/or Section 5.9 (Post Acceptance Period). The bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner.

The Admitted Institutions may tender Shares for acceptance only in writing to the Settlement Agent. In tendering for acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that the Shares tendered by it are being tendered in compliance with the restrictions set out in Section 1 (Restrictions) and Section 2 (Important Information), and (iii) they undertake to deliver (*leveren*) these Shares to the Offeror prior to or ultimately on the Settlement Date, provided the Offer is declared unconditional (*gestand wordt gedaan*).

Subject to Article 15, paragraph 3 of the Takeover Decree, the tendering of Shares in acceptance of the Offer shall constitute irrevocable instructions to block any attempt to transfer the Shares tendered. As a result of these instructions no transfer of such Shares may be effected between the tendering and the Settlement Date. Exceptions to this transfer prohibition are (i) transfer to the Settlement Agent on the Settlement Date if the Offer is declared unconditional (*gestand wordt gedaan*) and the Shares have been accepted for purchase, and (ii) transfer under withdrawal rights that are available because of an extension of the Offer Period. These irrevocable instructions shall also include the instruction to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Shares tendered, against payment by the Settlement Agent on behalf of the Offeror of the Offer Price in respect of those Shares.

5.2.2 Acceptance by Shareholders individually recorded in the Wavin Shareholders' register

Shareholders owning Shares individually recorded in the Wavin Shareholders' register who choose to accept the Offer in respect of such Shares must deliver a completed and signed acceptance letter to the Settlement Agent. In accordance with the terms and conditions of the Offer, the acceptance letters must be received by the Settlement Agent no later than 17:30 hours CET, on the Acceptance Closing Date, unless the Acceptance Period is extended in accordance with Section 5.8 (Extension of the Acceptance Period) and/or Section 5.9 (Post Acceptance Period). The Settlement Agent will notify the Shareholders by regular mail about the details of the acceptance letter. The acceptance letter will also serve as a deed of transfer (*akte van levering*) with respect to the Shares referenced therein.

5.3 Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered up to and including the Settlement Date, subject to the proper withdrawal of any tender in accordance with Article 15, paragraph 3 of the Takeover Decree, that:

(a) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;

(b) such Shareholder has full power and authority to tender, sell and deliver (*leveren*) the Shares tendered by it, and has not entered into any other agreement to tender, sell or deliver (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror for the Offer Price, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind; and

(c) such Shares are being tendered in compliance with the restrictions as set out in Section 1 (Restrictions) and 2 (Important information) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares;

Each Shareholder tendering Shares, pursuant to the Offer, by such tender undertakes, represents and warrants to the Offeror that it relinquishes all rights or entitlements (*doet afstand van recht*) towards Mexichem, the Offeror, Mexichem's direct and indirect subsidiaries as well as towards any company within the Wavin Group (including the Company) and all the supervisory and management board members of the companies mentioned in this paragraph.

5.4 Withdrawal rights

Shares tendered on or prior to the Acceptance Closing Date may not be withdrawn. With the exception of the right to withdraw any tendered Shares during the extension of the Acceptance Period in accordance with the provisions of Article 15, paragraph 3 of the Takeover Decree. During any such extension of the Acceptance Period, Shares previously tendered and not withdrawn will remain subject to the Offer. Shares tendered during the extension of the Acceptance Period may not be withdrawn.

5.5 Offer Conditions

The Offer shall be declared unconditional (*wordt gestand gedaan*) if the Offer Conditions as set out in Section 6.2 (Offer Conditions) are fulfilled or, if permitted by applicable law, waived by the party entitled to waive such Offer Conditions. Subject to the Offer Conditions set out in Section 6.2 (Offer Conditions), the Offeror reserves the right to accept any Shares tendered for acceptance, even if it has not been effected in accordance with Section 5.2 (Acceptance by Shareholders of the Offer).

5.6 Acceptance Period

The Acceptance Period commences at 09:00 hours CET on 12 March 2012. The Acceptance Period ends at 17:30 hours CET on 7 May 2012, subject to extension in accordance with Article 15, paragraph 1 and paragraph 2 of the Takeover Decree.

If one or more of the Offer Conditions is not fulfilled or, where appropriate, waived on the Acceptance Closing Date, the Offeror may extend the Acceptance Period in order to fulfil or waive such Offer Conditions. An extension of the Acceptance Period shall be for a minimum period of two weeks and a maximum period of ten weeks. Extension of the Acceptance Period may occur once. Extension for more than one period is subject to clearance of the AFM, which will only be given in exceptional circumstances. See also Section 5.8 (Extension of the Acceptance Period) and Section 5.9 (Post Acceptance Period).

If all Offer Conditions are fulfilled or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the provisions of Article 15, paragraph 3 of the Takeover Decree and the terms of the Offer. The acceptance will be made in accordance with the procedures set forth in Section 5.2 (Acceptance by Shareholders of the Offer).

5.7 Declaring the Offer unconditional (*gestanddoening*)

The obligation of the Offeror to declare the Offer unconditional is subject to the fulfilment of the Offer Conditions. The Offer Conditions include, but are not limited to, the condition that the aggregate number of (i) Shares (a) tendered under the Offer, (b) held by the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by the Offeror, including Kaluz and (c) unconditionally and irrevocably committed to the Offeror in writing plus (ii) the Treasury Shares, shall represent at least 80% of the Company's aggregate issued share capital (*geplaatst kapitaal*) on a fully diluted basis as at the Acceptance Closing Date, whether or not extended. See also Section 6.2 (Offer Conditions).

The Offeror reserves the right to waive any such Offer Conditions to the extent permitted by law. However, if the Offeror wishes to waive the Offer Condition described in this paragraph, it shall require the prior written approval of the Boards if the aggregate number of (i) Shares (a) tendered under the Offer, (b) held by the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by the Offeror, including Kaluz and (c) unconditionally and irrevocably committed to the Offeror in writing plus (ii) the Treasury Shares, represents less than 66.67% (sixty-six point sixty-seven per cent) of the Company's aggregate issued share capital on a fully diluted basis at the Acceptance Closing Date. See also Section 6.2 (Offer Conditions).

If the Offeror wishes to (partly) waive or reduce one or more Offer Conditions, the Offeror will inform the Shareholders that it (partly) waives or reduces such Offer Conditions by such means as required by the Merger Rules.

Unless the Acceptance Period is extended, the Offeror will announce, in accordance with Article 16, paragraph 1 of the Takeover Decree, within three (3) Business Days after the Acceptance Closing Date whether or not it declares the Offer unconditional The date that the Offer is declared unconditional (*gestand wordt gedaan*) is the Unconditional Date. In the event that the Offer is not declared unconditional, the Offeror will motivate such decision.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror will accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror). After de Offeror has declared the Offer unconditional, it may continue the Offer by way of a Post Acceptance Period (*na-aanmeldingstermijn*) as set out in Section 5.9 (Post Acceptance Period).

5.8 Extension of the Acceptance Period

The Offeror may extend the Offer past the Acceptance Closing Date only once at its discretion if one or more of the Offer Conditions is not fulfilled by the Acceptance Closing Date. Extension for more than one period is subject to clearance of the AFM, which will only be given in exceptional circumstances. If the Acceptance Period is extended all references in this Offer Memorandum to the Acceptance Closing Date or "17:30 hours CET, on 7 May 2012" shall, unless the context requires otherwise, be deemed to be moved to the latest date and time to which the Acceptance Period has been so extended.

If the Acceptance Period is extended, a public announcement to that effect shall be made not later than the third Business Day following the initial Acceptance Closing Date, in accordance with the provisions of Article 15, paragraph 1 and paragraph 2 of the Takeover Decree. Such a public announcement shall contain the date to which the Acceptance Period is extended.

During such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. In accordance with Article 15, paragraph 3 of the Takeover Decree, Shares tendered on or prior to the original Acceptance Closing Date may be withdrawn during the extended Acceptance Period.

5.9 Post Acceptance Period (*na-aanmeldingstermijn*)

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror may publicly announce, in accordance with article 17 of the Takeover Decree, a **Post Acceptance Period** (*na-aanmeldingstermijn*) within three (3) Business Days after declaring the Offer unconditional (*gestanddoening*). The purpose of the Post Acceptance Period is to enable Shareholders that did not tender their Shares in the Acceptance Period to tender their Shares under the same terms and conditions as the Offer. Such Post Acceptance Period shall commence on the first Business Day following the announcement of a Post Acceptance Period. The Post Acceptance Period will have a maximum duration of two (2) weeks.

The Offeror will publicly announce the results of the Post Acceptance Period and the total amount and total percentage of Shares held by it in accordance with Article 17 paragraph 4 of the Takeover Decree. Which announcement shall ultimately be made on the third Business Day following the end of the Post Acceptance Period. The Offeror shall continue to accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such Post Acceptance Period. The Offeror shall promptly pay for such Shares, but in any event within three (3) Business Days following the end of the Post Acceptance Period.

During the Post Acceptance Period, neither Shareholders who tendered Shares during the Acceptance Period, if such Shares were accepted pursuant to the Offer, nor Shareholders who tender Shares during a Post Acceptance Period, will have any right to withdraw such Shares from the Offer.

5.10 Settlement of the Offer

The Shareholders who have tendered their Shares for acceptance under the Offer prior to or on the Acceptance Closing Date will receive on the Settlement Date the Offer Price in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) under the terms and conditions of the Offer. On the Settlement Date dissolution or annulment of a Shareholder's tender or delivery (*levering*) shall not be permitted. Settlement will only take place if the Offer is declared unconditional (*gestand wordt gedaan*).

5.11 Dividends

The Offeror may elect not to cause the Company to pay (cash or share) dividends or other distributions to the Shareholders in the future. The Company's dividend policy is set out in Section 6.8.4.

5.12 Commission

Admitted Institutions shall receive from the Settlement Agent on behalf of the Offeror a commission in the amount of EUR 0.0105 in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*). The commission received by each Admitted Institution shall not exceed EUR 1000 per Shareholder tender. The commission must be claimed from the Offeror through the Settlement Agent within 30 days of the Unconditional Date.

The Offeror or the Company will charge no costs to the Shareholders for the delivery and payment of the Shares if an Admitted Institution is involved. However, Shareholders may be charged certain fees by their banks and stockbrokers. Costs may also be charged if an institution not located in the Netherlands is involved in the delivery and payment of the Shares. Shareholders should consult their banks and stockbrokers regarding any such fees.

5.13 Restrictions

The Offer is being made with due observance of such statements, conditions and restrictions as are included in this Offer Memorandum. Subject to the Offer Conditions set out in Section 6.2 (Offer Conditions), the Offeror reserves the right to accept any Shares tendered for acceptance, even if such tender has not been effected in accordance with Section 5.2 (Acceptance by Shareholders of Offer).

5.14 Announcements

Announcements contemplated by this Offer Memorandum will be issued by press release. Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described in this Section 5.14 (Announcements).

5.15 Indicative Timetable

The times and dates below are indicative only.

Expected date and time	Event
9 March 2012	Publication of the press release announcing the availability of this Offer Memorandum and commencement of the Offer
9:00 hours CET, 12 March 2012	Commencement of the Acceptance Period under the Offer in accordance with article 14 of the Takeover Decree
22 March 2012	Mexichem's EGM, at which meeting the general meeting is asked to resolve on the Offer.
14:00 hours CET, 25 April 2012	Wavin AGM: at this meeting the Offer, among other matters, will be discussed in accordance with the provisions of Article 18, paragraph 1 and paragraph 2 of the Takeover Decree. In addition, the resolutions referred to in Section 10 (Agenda Wavin AGM) of the Position Statement will voted upon
17:30 hours CET, 7 May 2012, subject to extension	Acceptance Closing Date which is the deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with Article 15 of the Takeover Decree
Not later than three (3) Business Days after the Acceptance Closing Date	On this date the Offeror shall publicly announce in accordance with Articles 15 and 16 of the Takeover Decree that either: • the Offer is declared unconditional (*gestand wordt gedaan*), the Unconditional Date; • the Offer is not declared unconditional and has lapsed; or • the Offer is extended for a period of between two (2) and ten (10) weeks
Not later than three (3) Business Days after the Unconditional Date	Settlement Date: the date on which, in accordance with the terms and conditions of the Offer, the Offeror shall pay the Offer Price per Share to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Shares under the Offer
Not later than on the second Business Day following the Unconditional Date	Commencement of Post Acceptance Period (*na-aanmeldingstermijn*): the Offeror may announce a Post Acceptance Period for the Offer with a maximum duration of two (2) weeks. During the Post Acceptance Period, Shareholders that have not yet tendered their Shares under the Offer will have the opportunity to do so in the same manner and under the same conditions as set out in this Offer Memorandum all in accordance with Article 17 of the Takeover Decree

6. EXPLANATION OF THE OFFER

6.1 History of the Offer

On 22 November 2011, the Company announced that it had received an unsolicited non-binding cash offer from Mexichem for the acquisition of all outstanding shares of the Company (see Section 11.1). On the same date, Mexichem confirmed submission of that proposal to the Boards (see Section 11.2). On 23 November 2011, Mexichem and Wavin confirmed the details of Mexichem's proposal (see Sections 11.3 and 11.4).

On 6 December 2011, Mexichem announced that it had raised its non-binding cash offer from EUR 8.50 to EUR 9 per Ordinary Share (see Section 11.5). On that same date, the Company confirmed that certain progress had been made on the non-financial terms. However, Mexichem's non-binding offer was not acceptable as the price materially undervalued the Company and its prospects (see Section 11.6).

On 23 December 2011, Mexichem announced that it had raised its non-binding cash offer to EUR 10 per Ordinary Share (see Section 11.7). The Boards, after careful consideration and taking into account the progress on the key non-financial terms, concluded that the proposed offer price of EUR 10 per Share was at a level to grant Mexichem access to due diligence information (see Section 11.8).

On 8 February 2012, Mexichem and the Company jointly announced that they had reached conditional agreement on the terms and conditions of the Offer at an Offer Price in cash of EUR 10.50 per Share (see Section 11.9).

On 14 February 2012, it was announced that Mexichem will fulfil its obligations under the Offer with cash on its balance sheet and on the basis of existing committed credit facilities (certainty of funds) (see Section 11.10).

6.2 Offer Conditions

6.2.1 The Offer Conditions

Notwithstanding any other provisions of the Offer, the obligation of the Offeror to declare the Offer unconditional (*gestanddoening*) will be subject to the following conditions precedent being satisfied, or waived as set out in this Section 6.2, on or before the Acceptance Closing Date:

(a) all notifications to all relevant competition authorities shall have been made and all waiting periods with respect to such notifications shall have expired and each relevant authority:

  (i) shall have rendered a decision permitting the Offer without requiring any conditions or obligations;

  (ii) shall have rendered a decision stating that no clearance is required;

  (iii) shall not have rendered a decision within the applicable time periods and under the relevant applicable laws thereby implying that unconditional clearance has been given; or

  (iv) shall have referred the matter to any other competent authority in accordance with the relevant applicable laws and clearance subsequently shall have been given;

(b) the aggregate number of (i) Shares (A) tendered under the Offer, (B) held by the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by the Offeror, including Kaluz and (C) unconditionally and irrevocably committed to the Offeror or its Related Parties in writing plus (ii) the Treasury Shares, shall represent at least 80% of the Company's aggregate issued share capital on a fully diluted basis at the Acceptance Closing Date.

A waiver of this Offer Condition by the Offeror shall require the prior written approval of the Boards if the aggregate number of (i) Shares (A) tendered under the Offer, (B) held by the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by the Offeror, including Kaluz and (C) unconditionally and irrevocably committed to the Offeror in writing plus (ii) the Treasury Shares represents less than 66.67% of the Company's aggregate issued share capital on a fully diluted basis at the Acceptance Closing Date;

(c) written confirmation from the board of Stichting Preferente Aandelen Wavin in which it confirms (i) that the call option right to have preference shares issued to it by the Company has not been exercised and (ii) the unconditional termination of the agreement pursuant to which the Stichting Preferente Aandelen Wavin is entitled to the call option right to have preference shares issued to it by the Company effective as per the Settlement Date;

(d) no Material Adverse Effect has occurred after the date of signing of the Merger Protocol, where a **Material Adverse Effect** means:

(i) any breach of the Company's warranties set out in the Merger Protocol that in respect of that particular warranty results in a payment obligation for any member of the Wavin Group that on a net present value basis exceeds an amount of EUR 25 million (or the equivalent in any foreign currency), but excluding any payment obligations to the extent they have been explicitly disclosed to the Offeror prior to 8 February 2012 in the Merger Protocol; and

(ii) any event or circumstance that, individually or together with other events or circumstances, has or could reasonably be expected to have a material adverse effect on the profitability, reputation, financial or trading position of the Wavin Group, taken as a whole, such that the Offeror cannot reasonably be expected to declare the Offer unconditional, as the case may be, other than any event or circumstance that directly results from:

(A) a general economic decline in the business generally affecting companies such as the Company;

(B) any matter which is, or could reasonably be, known to the Offeror or its advisers prior to the date hereof, as a result of the fair disclosure through the due diligence investigation or information in the public domain prior to the date hereof, including information filed by any member of the Wavin Group as a matter of public record or made public by the Company pursuant to applicable laws or regulations;

(C) the announcement, making and implementation of the Offer;

(D) any change in laws, regulations, reporting standards or interpretations thereof, after the date of the Merger Protocol;

(E) a breach of the Merger Protocol or any applicable laws by the Offeror; or

(F) shareholder or stakeholder litigation arising from alleged breach of fiduciary duty relating to the Offer;

(e) the Mexichem EGM has approved the Offer and the measures required to implement the Offer and the transactions resulting from the Offer, without prejudice to the Offeror making best efforts to procure the satisfaction of this Offer Condition as soon as reasonably practicable;

(f) neither of the Boards has revoked or amended its Recommendation;

(g) no public announcement has been made of a Competing Offer or of a mandatory offer for Shares pursuant to article 5:70 Wft;

(h) no notification has been received from the AFM that the Offer has been made in conflict with any of the provisions of chapter 5.5 of the Wft (*Openbaar bod op effecten*) or the Takeover Decree, within the meaning of section 5:80 Wft in which case, pursuant to those rules, securities institutions (*beleggingsondernemingen*) would not be permitted to cooperate with the execution and completion of the Offer;

(i) no order, stay, judgment or decree is issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction shall have been enacted, enforced or deemed applicable to the Offer, any of which prohibits the launch or consummation of the Offer; and

(j) the Company has not breached the Merger Protocol to the extent that such breach could reasonably be expected to constitute a Material Adverse Effect on the Company or the Offer and which is of such material nature that it cannot reasonably be expected that the Offeror makes the Offer (which includes, without limitation, a breach of the Boards' obligations under the Merger Protocol relating to the Recommendation).

6.2.2 Waiver

The Offer Conditions set out above in Section 6.2.1, except for 6.2.1(h) are for the benefit of the Offeror. These Offer Conditions may, to the extent permitted by applicable law, only be waived by the Offeror, either in whole or in part, at any time by written notice to the Company. The Offer Condition included in Section 6.2.1(h) cannot be waived.

Both the Offeror and the Company undertake to use their best efforts to procure the satisfaction of the Offer Conditions as soon as reasonably practicable. The Offeror may not invoke an Offer Condition if it has breached its best efforts undertaking.

If at any time either the Offeror or the Company becomes aware of (i) an Offer Condition being satisfied or (ii) a fact or circumstance that might prevent an Offer Condition of being satisfied, it shall immediately give written notice therof to the other party.

6.3 Respective cross shareholding Mexichem – Wavin

6.3.1 Mexichem's and the Offeror's equity stake in the Company

On 7 March 2012, close of business CET, Mexichem indirectly held 2,406,384 Shares in the Company. Of this equity stake 1,325,284 Shares are held by Mexichem UK Limited, an indirect wholly owned subsidiary of Mexichem (Mexichem UK Limited is held by Mexichem via Mexichem Fluor, S.A. de C.V.). In addition, 1,081,100 Shares are held by the Offeror, a direct subsidiary of Mexichem. Mexichem group's total equity stake in Wavin represents approximately 4.76% of the

Shares. The Shares held by Mexichem UK Limited will be transferred to the Offeror before the end of the Acceptance Period.

In the year preceding the date of the Offer Memorandum Mexichem, the Offeror and Mexichem UK Limited did not execute any transaction and did not conclude any agreements in relation to Wavin securities, except for those listed below:

Entity that executed the transaction	**Date transaction**	**Number and nature of the financial instrument**	**Price per Share**
Mexichem UK Limited	26 April 2011	Sale of 90,000 Shares	EUR 11.56280
Mexichem UK Limited	27 April 2011	Sale of 42,371 Shares	EUR 11.67360
Mexichem UK Limited	28 April 2011	Sale of 250,000 Shares	EUR 11.78700
Mexichem UK Limited	29 April 2011	Sale of 106,745 Shares	EUR 12.03750
Mexichem UK Limited	2 May 2011	Sale of 150,000 Shares	EUR 12.05770
Mexichem UK Limited	3 May 2011	Sale of 50,000 Shares	EUR 12.10750
Mexichem UK Limited	4 May 2011	Sale of 64,714 Shares	EUR 12.13010
Mexichem UK Limited	5 May 2011	Sale of 50,000 Shares	EUR 12.10750
Mexichem UK Limited	9 May 2011	Sale of 97,682 Shares	EUR 11.9283
Mexichem UK Limited	10 May 2011	Sale of 7,206 Shares	EUR 11.9580
Mexichem UK Limited	6 June 2011	Sale of 45,246 Shares	EUR 11.92490
Mexichem UK Limited	19 July 2011	Sale of 933 Shares	EUR 9.36710
Mexichem UK Limited	20 July 2011	Sale of 26,899 Shares	EUR 9.37450
Mexichem UK Limited	21 July 2011	Sale of 26,598 Shares	EUR 9.37950
Mexichem UK Limited	22 July 2011	Sale of 60,000 Shares	EUR 9.46680
Mexichem UK Limited	1 August 2011	Sale of 5,851 Shares	EUR 8.97700
Mexichem UK Limited	6 August 2011	Sale of 39,149 Shares	EUR 8.09050
Mexichem UK Limited	10 February 2012	Purchase of 100,000 Shares	EUR 10.3750
Mexichem UK Limited	13 February 2012	Purchase of 4,746 Shares	EUR 10.3600
Mexichem UK Limited	14 February 2012	Purchase of 16,867 Shares	EUR 10.3600
Mexichem UK Limited	15 February 2012	Purchase of 8,951 Shares	EUR 10.3600
Mexichem UK Limited	17 February 2012	Purchase of 5,285 Shares	EUR 10.3700

Entity that executed the transaction	Date transaction	Number and nature of the financial instrument	Price per Share
the Offeror	20 February 2012	Purchase of 63,360 Shares	EUR 10.3801
the Offeror	21 February 2012	Purchase of 43,593 Shares	EUR 10.3837
the Offeror	22 February 2012	Purchase of 131,930 Shares	EUR 10.4159
Mexichem UK Limited	23 February 2012	Purchase of 43,200 Shares	EUR 10.4200
the Offeror	23 February 2012	Purchase of 133,607 Shares	EUR 10.4268
the Offeror	24 February 2012	Purchase of 37,495 Shares	EUR 10.4170
the Offeror	27 February 2012	Purchase of 30,761 Shares	EUR 10.4154
the Offeror	28 February 2012	Purchase of 103,475 Shares	EUR 10.4239
the Offeror	29 February 2012	Purchase of 174,163 Shares	EUR 10.4386
the Offeror	01 March 2012	Purchase of 52,815 Shares	EUR 10.4398
the Offeror	02 March 2012	Purchase of 75,000 Shares	EUR 10.4436
the Offeror	05 March 2012	Purchase of 62,452 Shares	EUR 10.4320
the Offeror	06 March 2012	Purchase of 97,449 Shares	EUR 10.4245
the Offeror	07 March 2012	Purchase of 75,000 Shares	EUR 10.4200

The transactions concluded by Mexichem UK Limited between 26 April 2011 up to and including 6 June 2011 were conducted at a price that exceeds the Offer Price. All these transactions involved Mexichem UK Limited as the seller of Shares. Mexichem UK Limited chose to execute these transactions because it expected that soon thereafter the share price would drop to a value that no longer reflected the value of the Company. Such a drop was foreseeable due to Wavin's strong European presence, in combination with the continuing problems in the Eurozone and the European construction sector.

6.3.2 The Company's equity stake in Mexichem and the Offeror

On 7 March 2012, close of business CET, the Company did not directly or indirectly hold any shares in the Offeror, Mexichem and/or any of its group companies.

6.4 Overview of Shares and options held by members of the Boards and related transactions and concluded agreements

6.4.1 Overview of Shares held by members of the Supervisory Board and Management Board

At the date of this Offer Memorandum, the members of the Management Board and Supervisory Board jointly hold a total of 440,456 (four hundred forty thousand four hundred fifty-six) Shares by way of long-term investment. This number does not include the unvested Matching Shares. No options on Shares have been granted to the members of the Supervisory Board. The members of the Boards hold the following number of Shares and options at the date of this Offer Memorandum:

Name	Number of Shares	Aggregate nominal value Shares	Number of Performance Options
Mr. ten Hove	123,073	49,229.2	25,438
Mr. Oomens	192,010	76,804.0	28,257
Mr. Roef	108,451	43,380.4	21,621
Mr. Hill	16,922	6,768.8	0
TOTAL	440,456	176,182.4	75,316

6.4.2 Share transactions in the year prior to the date of this Offer Memorandum

The following transactions were performed by the members of the Boards during the year preceding the date of this Offer Memorandum:

Name	Buy/Sell	Number of Shares	Date of trade	Price per Share
Mr. Roef	Buy	5,000	10 June 2011	EUR 10.66
	Buy	10,000	24 August 2011	EUR 6.09
	Buy	10,000	29 August 2011	EUR 6.06
	Buy	5,000	12 September 2011	EUR 5.07
	Buy	5,000	23 September 2011	EUR 4.88
TOTAL		35,000		

Furthermore, pursuant to and in accordance with the terms of the Company's applicable LTIP, certain members of the Management Board purchased Shares and accordingly were awarded Matching Shares and Performance Options in the year preceding the date of this Offer Memorandum (see further below).

6.4.3 LTIP

In 2008, Wavin introduced a long-term incentive plan on the basis of which Management Board members as well as other senior managers were permitted, on a voluntary basis, to invest annually up to 50% of their individual annual bonus in Wavin shares (the "**LTIP**"). The LTIP focuses on allowing participants to create long term shareholder value by encouraging share ownership and aligning their interests with those of Wavin's shareholders.

Based on the LTIP, a participant will receive (a) the right to one conditional matching share for each two purchased shares ("**Matching Shares**"); and (b) a maximum of three conditional performance options for each share purchased ("**Performance Options**"). 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 be granted a maximum of three 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.

The LTIP shall be terminated as a result of the Offer. In 2011, as a result of the participation in the LTIP (see also above in Section 6.4.2), the members of the Management Board have acquired in aggregate 5,534 (five thousand five hundred thirty-four) Shares and have been awarded 2,767 (two thousand seven hundred sixty-seven) Matching Shares and a maximum of 16,602 (sixteen thousand six hundred two) Performance Options:

Name	**Number of Shares**	**Date of trade**	**Price per Share**	**Matching Shares**	**Performance Options**
Mr. ten Hove	2,316	28 March 2011	EUR 10.83	1,158	6,948
Mr. Oomens	2,072	28 March 2011	EUR 10.83	1,036	6,216
Mr. Roef	1,146	28 March 2011	EUR 10.83	573	3,438
TOTAL	5,534			2,767	16,602

Subject to the Offer being declared unconditional (*gestand wordt gedaan*), each member of the Management Board will receive the following cash payments in respect of the LTIP:

:

Name	**Number of Performance Options outstanding**	**Matching Shares**	**Total value Performance Options and Matching Shares**
Mr. ten Hove	25,438	3,045	EUR 125,662
Mr. Oomens	28,257	3,502	EUR 140,523
Mr. Roef	21,621	3,190	EUR 122,284
TOTAL	75,316	9,737	EUR 388,469

6.4.4. Committed Shares

Each of the members of the Management Board and the Supervisory Board who holds Shares, at the date of this Offer Memorandum as set forth in Section 6.4.1, has agreed, subject to the Recommendation not having been revoked or ammended (see Sections 6.2.1 (f) and (j) and Section 6.13 (h)), to tender all Shares held by him to the Offeror in the Acceptance Period under the terms and subject to the conditions and restrictions of the Offer. The lock-up period in respect of Shares acquired pursuant to vesting of Matching Shares will be lifted in connection with the Offer.

6.5 Substantiation of the Offer Price

6.5.1 Analyses

In establishing the Offer Price, the Offeror carefully considered the history and prospects of Wavin, including, but not limited to, analyses of historic financial information (derived from Wavin's annual and interim accounts, market reports and press releases) and potential future developments in profitability, cash flows and balance sheet.

Furthermore, the Offeror performed the following financial analyses in establishing the Offer Price:

- discounted cash flow analysis, considering (i) historic financial developments for Wavin, and assuming (ii) financial forecasts for Wavin on a stand-alone basis, (iii) a weighted average cost of capital of 9.5% to 10.5% and a long-term effective corporate tax rate of 26%. The applied forecast period is 10 years, the residual value at the end of year 10 is based on perpetuity of the cash flow in year 10;

- an analysis of target Share prices of Wavin by research analysts who follow the developments of Wavin and the markets in which it operates and issue reports on Wavin on a regular basis (as described further below); and

- an analysis of bid premiums in comparable public offers in the Netherlands (as described further below).

6.5.2 Premia

The Offer Price allows Shareholders the opportunity to realise certain and immediate value for their Shares. The Offeror believes that this would provide Shareholders with a superior value per share compared to the value of Wavin as a standalone Company:

- The Offer Price per Share represents a premium of 177% over the EUR 3.79 closing price of the Ordinary Shares as on 18 November 2011.

- The Offer Price per Share represents a premium of 97% over the average closing price of the Ordinary Shares of EUR 5.34 for the three months up to and including 18 November 2011.

- The Offer Price per Share represents a premium of 14% over the average closing price of the Ordinary Shares of EUR 9.23 for the twelve months up to and including 18 November 2011.

- The Offer Price per Share represents a premium of 75% over the median of 11 publicly available research analyst target prices of EUR 6.00 set between 20 October 2011 (the day following announcement of Wavin's results for the third quarter of the financial year 2011) and 18 November 2011. The median target price was based on equity research reports issued by ABN Amro, BNP Paribas, Deutsche Bank, Goldman Sachs, ING, KBC, Kempen & Co, Kepler, Petercam, Rabobank and RBS.

- This premium significantly exceeds the 39% average one-day premium for the 26 Dutch public offers with equity value in excess of EUR 100 million that were announced and concluded in the period from 1 January 2007 to 22 November 2011. Transactions that were included in this analysis are: Gilde / Nedschroef, Mecom / Wegener, Cyrte-Mediaset-Goldman Sachs / Endemol, RBS-Fortis-Santander / ABN AMRO, Unibail / Rodamco, Candover-Landsbanki-Eyrir / Stork, CVC / Univar, Danone / Numico, TomTom / TeleAtlas, KPN / Getronics, Rexel / Hagemeyer, SABMiller / Grolsch, Randstad / Vedior, ERIKS / Econosto, Staples / Corporate Express, CVC / Schuitema, Disney / Jetix Europe, SHV / ERIKS, Jumbo / Super de Boer (asset sale), Boskalis / Smit Internationale, Canon / Océ, Johnson & Johnson / Crucell, Prysmian / Draka, Gilde-Parcom / Gamma Holding , Nieuwe Steen Investments / Vastned O/I, ProLogis / ProLogis European Properties.

- Based on the year end net financial debt as per 31 December 2011 the Offer Price per Share represents an enterprise value for Wavin of 7.6x the reported EBITDA 2011 of EUR 98 million, and 7.4x the average expected EBITDA 2012 of EUR 101 million for Wavin based on IBES consensus estimates as per 7 February 2012 (the last trading day before the trading day on which it became public that Mexichem was planning to make a recommended all cash offer).

The enterprise value has been calculated based on 50,579,009 Shares issued and outstanding as at 7 February 2012 (excluding Treasury Shares), the last Business Day prior to the joint public announcement that Mexichem intends to make a recommended all cash public offer and year end net financial debt of EUR 228 million, non-controlling interests of EUR 8 million and investment in associates of EUR 22 million as per 31 December 2011.

6.6 Rationale for the Offer and strategy

The Offer provides Shareholders with an attractive opportunity to realise a premium value for their Shares along with certainty of cash. Against the backdrop of a weakening European economy, Mexichem believes that its all cash Offer provides Shareholders with an immediate superior return, eliminating the uncertainty associated with the execution of a standalone strategy.

Mexichem and Wavin believe that the Offer represents a compelling proposition that extends the current successful partnership and cooperation between the two companies:

Global Leader in Plastic Pipe Systems: The combination of Mexichem and Wavin will create the global leader (EUR 4.0 billion annual sales) in plastic pipe systems and solutions, building on a combined history of innovation and a commitment to client servicing. The companies will capitalise on a strong complementary fit in geography, product portfolio, R&D and business lines and together will be better equipped for future growth from consolidation and expansion into new markets.

More Diversified and Resilient Profile: The combined group will have a more diversified end-market profile across the residential, non-residential and infrastructure segments exposing it to different economic and construction cycles. Moreover, an attractive mix of mature market positions in Europe and high-growth emerging markets in Latin America and Eastern Europe further diversify the combined entity's risk profile. The complementary nature of the operations of the two companies creates a more resilient company, capable of sustaining future cycles and well-positioned for future growth.

Operational Excellence: The combination will have stronger design, engineering and R&D capabilities whilst leveraging Mexichem's low cost manufacturing platform. In addition, the companies will benefit from substantial global sourcing scale across products, components and services, the cross utilisation of production and distribution capabilities and the sharing of best manufacturing and commercial practices. The customers of both Mexichem and Wavin will benefit from an enlarged range of high quality products and services through an extended global sales and service network and through improved product innovation.

Strengthened Financial Position: Mexichem's strong capital structure will support and accelerate the achievement of Wavin's financial targets laid out in the Wavin 2015 plan and will help ensure the combined group can lead further industry consolidation and expansion into new markets such as Asia, Middle East and Africa whilst maintaining a strong financial position.

Attractive Platform for Management and Employees: The combination represents an opportunity for Wavin and Mexichem employees and management to become part of a diversified group with a strong capital structure.

For a further outline of Wavin's strategy reference is made to Section 7.4 (Strategy and objectives).

6.7 Recommendation

6.7.1 Decision-making and recommendation by the Boards

The Boards, after having received extensive legal and financial advice, and having given due and careful consideration to the strategic, financial and social aspects and consequences of the proposed transaction and having considered other alternatives available to Wavin (including a stand-alone scenario and potential third party transactions), have reached the conclusion that, taking into account the current circumstances, the Offer is fair to the shareholders of the Company from a financial point of view and in the interest of the Company and its stakeholders.

The Management Board has regularly consulted with the Supervisory Board throughout this process, and the Supervisory Board has extensively been involved from beginning to end. The terms and conditions of the Offer, as documented in the Merger Protocol, have been agreed between Wavin and Mexichem only with the prior approval of the Supervisory Board.

The Supervisory Board and the Management Board are of the opinion that the Offer Price and the other terms of the Offer are reasonable and fair to the Shareholders taking into account all circumstances. In this respect, reference is made to the Fairness Opinions, as included in the Position Statement in Section 8 (Fairness Opinion Merrill Lynch International) and Section 9 (Fairness Opinion ING Bank N.V.) of Part III. With reference to the above, the Boards fully support the Offer and recommend the Offer to the Shareholders for acceptance. In view of his position as chairman of the supervisory board of Delta Lloyd N.V., an indirect holder of a substantial interest in Wavin, Mr. Kottman, chairman of the Supervisory Board, has recused himself from the discussions and resolutions relating to the Offer in accordance with the Dutch Corporate Governance Code.

6.7.2 Decision-making and unanimous approval of the Offer by the Board of Directors of Mexichem

The board of directors of Mexichem fully supports and has unanimously approved the Offer.

6.8 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section 6.8 (Consequences of the Offer). This section describes certain risks that such Shareholders will be subject to after the Offer has been declared unconditional (*gestand wordt gedaan*). These risks are in addition to the exposure to the risks deriving from the business of the Wavin Group.

6.8.1 Liquidity and delisting

The acquisition of the Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly. This could adversely affect the liquidity and market value of the Shares not tendered and not held by Mexichem and its group companies.

Subject to the Offer being declared unconditional (*gestand wordt gedaan*) and the Offeror acquiring 95% of the Shares, the listing of the Shares on Euronext Amsterdam will be terminated as soon as possible. This will further adversely affect the liquidity of any Shares not tendered.

In addition, the Offeror may initiate any of the procedures described in Section 6.8.2 (Post Offer restructuring of Wavin), including procedures which would result in termination of the listing of the Shares (including Shares not being tendered). As a policy rule in the event of a public offer Euronext Amsterdam does not permit delisting until at least 95% of the listed shares are held by a single entity or by a group controlled by a single entity, unless the Shares disappear as a result of a statutory merger.

6.8.2 Post Offer restructuring of Wavin

Shareholders who do not tender their Shares to the Offeror will hold a minority interest in Wavin until the Offeror becomes the sole Shareholder in Wavin. As the Offeror aims to attain 100% of the

Shares, certain steps are foreseen in order for the Offeror to obtain ownership of 100% of the Shares. The Offeror reserves the right to use any legally permitted method to obtain ownership of 100% of the Shares. If, following the Settlement Date, the Offeror has not obtained 100% of the Shares, the Offeror intends to propose (where applicable) and to implement (or cause to be implemented) the reorganisation measures set out below in this Section 6.8.2, all of which are in accordance with Dutch law, other applicable laws and the Wavin Articles of Association. Any or all of the reorganisation measures mentioned in this Section 6.8.2 may be applied cumulatively, alternatively, or not at all.

(i) Squeeze-Out

If upon the Settlement Date, the Offeror holds 95% or more of the issued and outstanding Shares, the Offeror may choose to acquire the Shares not tendered by means of a squeeze-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a or 2:201a of the Dutch Civil Code (a "**Statutory Squeeze-Out**"), or the takeover buy-out procedure in accordance with Article 2:359c of the Dutch Civil Code (a "**Takeover Squeeze-Out**" and together with the Statutory Squeeze-Out, a "**Squeeze-Out**").

(ii) Legal Merger

If the Offeror has declared the Offer unconditional (*gestand heeft gedaan*) and has not acquired 95% or more of the Shares following the Settlement Date, the Offeror may by simple majority vote of the general meeting of Wavin resolve to effect a legal merger (*juridische fusie*) between Wavin and a Dutch subsidiary of Mexichem holding Shares in accordance with Articles 2:309 and 2:333a *et seq.* of the Dutch Civil Code (a "**Legal Merger**"). The Articles 2:333a *et seq.* of the Dutch Civil Code refer to a 'triangular merger' pursuant to which the shareholders of the disappearing entity will become shareholders of a group company of the surviving company. As a result of a Legal Merger, one of the two legal entities involved (the "**Disappearing Entity**") will disappear and the other (the "**Surviving Entity**") will survive and acquire all assets and liabilities of the Disappearing Entity by operation of law on the date on which the Legal Merger becomes effective.

If a Legal Merger is effected, Shareholders who have not tendered their Shares under the Offer will become, by operation of law, shareholders in the Surviving Entity alongside the existing shareholders in the Surviving Entity. In the event of a 'triangular merger', Shareholders will become shareholders in the relevant group company. If, after a Legal Merger is effected, the majority shareholder of the Surviving Entity holds 95% or more of the capital of the Surviving Entity, such majority shareholder may initiate a Statutory Squeeze-Out in relation to any shares in the Surviving Entity not held by such majority shareholder.

(iii) Contribution of assets

If the Offeror has declared the Offer unconditional (*gestand heeft gedaan*) and has not acquired 95% or more of the Shares following the Settlement Date, the Offeror may decide to accept a contribution of assets in exchange for new shares issued. In this scenario the existing shareholders of the Company do not have pre-emptive rights. Such a contribution of assets in exchanges for new shares issued will be executed on an arms' length basis and supported by a fairness opinion from a reputable corporate finance adviser.

(iv) Sale of assets

If the Offeror has declared the Offer unconditional (*gestand heeft gedaan*) and has not acquired 95% or more of the Shares following the Settlement Date, the Offeror may decide to sell all, substantially all, or a substantial part of the assets of the Company. This may or may not be followed by a distribution of proceeds to the Shareholders. Such a sale of assets will be executed on an arms' length basis and supported by a fairness opinion from a reputable corporate finance adviser.

(v) Dividend policy

If the Offeror has declared the Offer unconditional (*gestand heeft gedaan*) and has not acquired 95% or more of the Shares following the Settlement Date, the Offeror may decide to amend the dividend policy of the Company and may align the dividend policy with the dividend policy of the ultimate parent of the Offeror.

(vi) Conversion into a private limited liability Company

If the Offeror has declared the Offer unconditional (*gestand heeft gedaan*) and has not acquired 95% or more of the Shares following the Settlement Date, the Offeror may cause the Company to be converted into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*).

The measures referred to in (i) up to and including (vi) are defined as the "**Envisaged Post-Closing Restructuring Measures**". The execution of the Envisaged Post-Closing Restructuring Measures is subject to the approval of the Independent Supervisory Board Members. However, the Independent Supervisory Board Members have agreed in writing to vote in favour of any Envisaged Post-Closing Restructuring Measures and steps required to implement them included in Section 6.8.2 (i), (ii), (v) and (vi), subject to the due observance by the Independent Supervisory Board Members of their fiduciary duties in accordance with Dutch law.

The Envisaged Post-Closing Restructuring Measures are by no means an exhaustive list of restructuring measures that the Offeror considers to effectuate if it acquires less than 100% of the Shares. Any or all restructuring measures may be applied cumulatively, alternatively, or not at all, subject to applicable provisions of Dutch law. The Offeror reserves the right to submit any proposal to the shareholders of the Company which proposal if it deviates from the Envisaged Post-Closing Restructuring Measures requires the prior approval of the two independent Supervisory Board members. In considering the Envisaged Post-Closing Restructuring Measures and the execution thereof, the Offeror and Mexichem shall at all times observe and comply with the non-financial commitments agreed upon in the Merger Protocol and the Wavin 2015 Strategy Plan.

6.8.3 Dutch Corporate Governance Code

As long as the Wavin Group has minority shareholders and the Company still is a stock exchange listed company, the Offeror shall procure that the Company shall continue to comply (or explain) with the Dutch Corporate Governance Code, (i) to the extent that the Company currently complies with the Dutch Corporate Governance Code, (ii) unless agreed otherwise in the Merger Protocol and (iii) unless agreed otherwise in writing between the Company and the Offeror. Changes to this principle will only be implemented with the prior approval of the Management Board and the Supervisory Board (with the vote in favour of the two Independent Supervisory Board Members). This arrangement will be effective for a period of five years after the Settlement Date.

6.8.4 Dividend policy

After the Settlement Date, the current dividend policy of Wavin may be discontinued. Shareholders should be aware that Wavin may not pay (cash or share) dividends or other distributions to the Shareholders in the future.

The Offeror and the Company have agreed with respect to the dividend policy that dividends can be paid at a maximum of the annual net profit provided that as a result thereof the leverage ratio will not exceed 3.0 x Net Debt/EBITDA. Any deviation of the dividend policy will require the prior approval of the Supervisory Board with the vote in favour of the two Independent Supervisory Board Members and changes to this principle may only be implemented with the prior approval of the

Supervisory Board, with the vote in favour of the two Independent Supervisory Board Members. This arrangement will be effective for a period of ten years after the Settlement Date.

6.8.5 Consequences for the organisation of Wavin

Mexichem has agreed to comply, for a period of five years after the Settlement Date, with the following organisational covenants:

(i) The Wavin Group will have an operating structure, as a separate division within the Mexichem group: the Company will remain a separate legal entity, the holding company of the Wavin Group's subsidiaries and operations.

(ii) The headquarters of the Company will remain in Zwolle, the Netherlands.

(iii) Wavin Group's R&D centre will remain in Dedemsvaart, the Netherlands.

(iv) Mexichem will keep the businesses of the Wavin Group intact and, in particular, it shall not sell, transfer, close or relocate or cause the Wavin Group to sell, transfer, close or relocate any assets of companies belonging to the Wavin Group, except tangible assets (equipment, such as machines and production lines) within the Mexichem group – including the Wavin Group – in connection with efficient use of capacity.

(v) The Wavin Group's brand name 'Wavin' will be maintained after the Settlement and applied in all relevant markets.

(vi) Mexichem will allow the Wavin Group to maintain its corporate identity and culture, albeit as a division of Mexichem.

(vii) Mexichem will allow the Wavin Group to maintain its commitment to sustainable development.

Changes to the principles set forth in this Section 6.8.5 will only be implemented with the prior approval of the Management Board and the Supervisory Board (with the vote in favour of the two Independent Supervisory Board Members.

An integration plan is to be agreed upon between Wavin and Mexichem. Once agreed the integration plan is to be executed by an integration committee of which the Executive Vice President responsible for integration and acquisitions and the CEO of the Company shall be members. The Company's CEO will be the chairman of that committee.

6.8.6 Strategy

Mexichem shall respect and support the Company with the realisation of its business plan, the Wavin 2015 Strategy Plan, including, in particular the following items: (i) market leadership, (ii) portfolio and segmentation, (iii) operational excellence, and (iv) innovation and financial commitments. Mexichem will provide financial support for capital expenditures, investment and acquisitions in accordance with the Wavin 2015 Strategy Plan. It is of special interest to Mexichem to support the Wavin 2015 Strategy Plan in promoting the value added products. After the realisation of the Wavin 2015 Strategy Plan, Mexichem will work together with the Company to further develop its strategy.

This arrangement will be effective for a period of five years after the Settlement Date.

6.8.7 Future composition of Supervisory Board and Management Board of Wavin

(a) Supervisory Board

As from the Settlement Date, the Supervisory Board shall, subject to the affirmative resolution on their appointment by the Wavin AGM, consist of six members. Four members of the Supervisory Board will be appointed, upon the nomination of the Offeror, by the general meeting of Wavin.

Two members of the Supervisory Board shall be independent from the Offeror or any person or entity, directly or indirectly, solely or jointly, controlling or controlled by Mexichem, including Kaluz (the "**Independent Supervisory Board Members**"). The Independent Supervisory Board members shall, pursuant to the Wavin Articles of Association, be appointed and dismissed by the current members of the Supervisory Board (the "**SB Individuals**") and the current members of the Management Board (the "**MB Individuals**") jointly. The resolution in respect of such appointment or dismissal can only be adopted with an absolute majority of the votes validly cast. In case of a tie of votes, the youngest individual present, who is not a member of the Management Board at the time of the meeting, will decide. Each of the MB Individuals may cast as many votes as there are SB Individuals who cast a vote and each of the SB Individuals may cast as many votes as there are MB Individuals who cast a vote. It is currently envisaged that the two Independent Supervisory Board Members to be appointed as per the Settlement Date shall be Mr. R.A. Ruijter and Mr. R.H.P.W. Kottman. If either Mr. R.A. Ruijter or Mr. R.H.P.W. Kottman would not be willing or able to serve on the Supervisory Board, any other person or persons, as the case may be, appointed in the manner as described above, pursuant to the transitional clause included in the Wavin Articles of Association.

The chairman of the Supervisory Board (the "**Chairman**") shall be one of the four directors appointed by the general meeting of Wavin, provided that the initial Chairman as from the Settlement Date shall be Mr. S. Hepkema. At least two members of the Supervisory Board, including the chairman of the Supervisory Board, shall have the Dutch nationality.

As from the Settlement Date, the Wavin Articles of Association shall continue to include the list of major management resolutions that are subject to Supervisory Board approval, provided that the list included in the Wavin Articles of Association shall be exhaustive. All members of the Supervisory Board and the Management Board shall be covered by adequate directors and officers insurance in line with market practice.

Changes to the principles set out in Section 6.8.7(a) above, will only be implemented with the prior approval of the Supervisory Board and the Management Board, with the vote in favour of the two Independent Supervisory Board Members. The arrangement above will be effective for a period of ten years after the Settlement Date.

As per the Settlement date, all current members of the Supervisory Board, other than Mr. R.A. Ruijter and Mr. R.H.P.W. Kottman, will resign from their positions as members of the Supervisory Board, resulting in four vacancies on the Supervisory Board. The Offeror has nominated the following candidates for the four vacancies on the Supervisory Board: Mr. S. Hepkema, Mr. R. Gutiérrez Muñoz, Mr. J.P. del Valle Perochena and Mr. L.M.J. van Halderen.

The Offeror will procure that all current members of the Supervisory Board will as per the Settlement Date be fully released from any liability in respect of their position or duties as Supervisory Board member, except as a result of fraud or wilful misconduct. The members of the Supervisory Board who resign will receive their pro-rated standard pre-determined annual compensation for the year 2012 (the pre-determined annual compensation for 2012 of each resigning Supervisory Board member is EUR 37,000) including any unpaid compensation. Other than the standard pre-determined compensation, including any unpaid compensation, no compensation as meant in Annex A, paragraph 2, subparagraphs 8 and 9 of the Takeover Decree wil be paid to the members of the Supervisory Board in connection with the Offer.

(b) Management Board

The number of members of the Management Board will be increased from three to four as from the Settlement Date. Mexichem has agreed that the current members of the Management Board, Mr. H. ten Hove, Mr. W.H.J.C.M. Oomens and Mr. M.P.M. Roef, will continue to serve as members of the Management Board after Settlement. As from the Settlement Date, Mr. A.E. Capdepón Acquaroni will become a member of the Management Board, in the position of Executive Vice President responsible for integration and acquisitions. This arrangement will be effective for a period of three years after the Settlement Date.

Mexichem has agreed that the current members of the Management Board's right pursuant to their employment contracts to receive a fixed severance payment in the event of a 'change of control' (as described in Wavin's annual report 2010 on page 34) can be invoked in respect of the completion of the Offer if the relevant member of the Management Board resigns within three years after the Settlement Date. The fixed severance payment for Mr. Ten Hove and Mr. Oomens is equal to 12 months base salary including holiday allowance plus the average annual incentive for the three calendar years preceding the termination (in 2011, Mr. Ten Hove's base salary including holiday allowance was EUR 452,000 and his annual incentive was EUR 120,503; in 2011, Mr. Oomens' base salary including holiday allowance was EUR 336,565 and his annual incentive was EUR 85,521). The fixed severance payment for Mr. Roef is equal to 12 months base salary including holiday allowance (in 2011, Mr. Roef's base salary including holiday allowance was EUR 311,574). Other than their compensation pursuant to their employment contracts, including the arrangement set forth above, and other than the payments in respect of the LTIP as set forth in Section 6.4.3, no compensation as meant in Annex A, paragraph 2, subparagraph 9 of the Takeover Decree will be paid to the current members of the Management Board in connection with the Offer.

As from the Settlement Date, the Management Board shall report to the Supervisory Board. As an operational matter, the Company's CEO shall report directly to the Chairman, and the Company's CFO shall report to the CFO of Mexichem regarding financing and reporting matters. This arrangement will be effective for a period of five years after the Settlement Date.

6.8.8 Amendment of the Wavin Articles of Association

First, following Settlement and again after termination of the listing of the Shares on Euronext Amsterdam (see Section 6.8.1 (Liquidity and Delisting)), the Offeror intends to have the Wavin Articles of Association amended, which amendments will mainly relate to:

(i) in respect of the amendments after Settlement; (a) the deletion of references to the preference shares, (b) an expansion of the list of Management Board resolutions that are subject to the approval of the Supervisory Board, pursuant to the arrangements in the Merger protocol (c) the amendment to the appointment procedures for certain members of the Supervisory Board and the introduction of veto rights for certain members of the Supervisory Board regarding certain resolutions of the Supervisory Board during a certain number of years which are specified in Section 6.9 and 6.10; and

(ii) in respect of amendments after delisting; (w) the deletion of the clauses that specifically relate to the listing on NYSE Euronext Amsterdam (x) the introduction of the compulsory notarial deed for the transfer of shares (y) the deletion of the four (4) year term for members of the Management and Supervisory Board and (z) the suspension of shareholders' rights regarding after the lifting of all Shares from the giro depository is effected and until the relevant shareholder has been registered in the shareholders register of the Company.

The Wavin Articles of Association may, for a period of seven years after the Settlement Date, only be amended with the approval of the Boards. In addition, the provisions in the Wavin Articles of Association regarding the appointment and dismissal of the two Independent Supervisory Board

Members may, for a period of ten years after the Settlement Date, only be amended with the approval of the two Independent Supervisory Board Members. Changes to the principles set forth in this Section 6.8.8 will only be implemented with the prior approval of the Management Board and the Supervisory Board, with the vote in favour of the two Independent Supervisory Board Members.

6.9 Employee statement

6.9.1 General

The trade unions involved with Wavin and the secretariat of the Social Economic Council (*Sociaal Economische Raad*) have been informed in writing of the Offer in accordance with the Merger Code 2010. To the extent required and necessary, a meeting will be arranged with the trade unions once there is more certainty regarding the post Offer restructuring. More information will be provided to the trade unions during the process.

Wavin has a Central Works Council (*Centrale Ondernemingsraad*), which is involved in decisions relating to topics which concern Wavin Nederland Beheer B.V. and its Dutch subsidiaries as a whole or to those topics that are important for the majority of such companies. Wavin also has a European Consultative Council, which discusses European cross-border matters. To the extent that intended decisions regarding the Offer are subject to the advice or consent of the aforementioned bodies at Wavin, the proper procedures have been followed in accordance with the Works Councils Act (*Wet op de ondernemingsraden*) and in accordance with standard practice at Wavin. The Central Works Council has provided positive advice in respect of those decisions regarding the Offer which are subject thereto. The Central Works Council and the Wavin European Consultative Council have been informed about the Offer.

The mitigated structure regime (*gemitigeerd structuurregime*) applicable to Wavin Nederland Beheer B.V. will be maintained. This arrangement will be effective for a period of ten years after the Settlement Date and during this period, any changes hereto will only be implemented with the prior approval of the Management Board and the Supervisory Board, with the vote in favour of the two Independent Supervisory Board Members.

6.9.2 Consequences of the Offer for Employees

The Offer will have the following consequences for employees:

(i) The Wavin Group's current employee consultation structure will remain unchanged (*i.e.* works councils and trade unions).

(ii) There will be no reduction of the number of the Wavin Group's employees as a consequence of the Offer.

(iii) The existing rights and benefits of the Wavin Group's employees will be respected, including under their individual employment agreements, collective labour agreements and social plans, and including covenants made to the works councils and trade unions.

(iv) Existing pension rights of the Wavin Group's current and former employees will be respected. Mexichem will respect the health and financial strength of the Wavin Group pension funds in their current position and in line with the current financial obligations of the Wavin Group regarding underfunding.

(v) Mexichem is focused on ensuring that the Wavin Group's key management is retained and is committed to provide them with career opportunities. The positions of Wavin Group senior management will remain unchanged after Settlement, unless pursuant to a decision by the Management Board.

The covenants set out in this Section 6.9.2 (ii) and (v) will be effective for three years after the Settlement Date. The covenants in Section 6.9.2 (i), (iii) and (iv) shall not expire.

6.10 Benefit and enforcement

The Offeror's covenants, confirmations and obligations set forth in Section 6.8, 6.9 and 6.10are made to the Company as well as, by way of irrevocable third party undertaking for no consideration (*onherroepelijk derdenbeding om niet*), to the two Independent Supervisory Board Members individually, and regardless of whether they are in function or dismissed, provided that after dismissal, the relevant independent director must assign the benefit of such undertaking to a new independent director in function, unless such dismissal is successfully challenged by such director. Mexichem agreed in advance in the Merger Protocol to such assignment.

In addition, Mexichem's covenants, confirmations and obligations set forth in Section 6.9.2 are made by Mexichem to the Wavin Group's works councils in a formal letter agreement dated 21 February 2012, without prejudice to Mexichem's covenants to the works councils and trade unions in connection with the consultation procedure in respect of the Offer pursuant to Section 6.9.2.

Mexichem, the Offeror or the Company, as the case may be, will bear all costs and expenses relating to the enforcement by the two Independent Supervisory Board Members and/or Wavin Group's works councils pursuant to this Section 6.10.

6.11 Financing of the Offer

With reference to Article 7, paragraph 4 of the Takeover Decree, the Offeror is able to fulfil its obligations under the Offer with cash on its balance sheet and on the basis of existing committed credit facilities. Mexichem has taken all necessary measures to secure the funding of the Offer.

6.12 Certain arrangements between the Offeror and the Company

Under the Merger Protocol the Company is not prohibited from positively responding to an unsolicited and uninvited written approach by a *bona fide* third party and to investigate and enter into discussions or negotiations with such third party with respect to the third party making a *bona fide* offer or proposal for the making of a *bona fide* offer for the Shares in writing, or for the whole or substantially the whole of the undertaking, business or assets and liabilities of the Company, whether by way of a legal merger or demerger involving the Company. If a *bona fide* third party has communicated to the Company in writing such proposal, the Company will notify the Offeror promptly thereof.

In the Merger Protocol a "**Competing Offer**" is defined as: a written proposal by a *bona fide* third party to make a (public) offer for all of the Shares or for the whole or substantially the whole of the Company's undertakings, business or assets and liabilities, a merger of the Company with a party or another proposal made by a *bona fide* third party that would involve a change of control of the Company, which is in the reasonable opinion of the Boards – taking into account the identity and track record of the Offeror and that of such third party, certainty of execution (including certainty of financing and compliance with all anti-trust and other regulatory laws), conditionality, the level and nature of the consideration, the future plans of such third party with respect to the Company and the Company's strategy, management, employees and other stakeholders and the other interest of all stakeholders of the Company – a more beneficial offer than the Offer as contemplated in the Merger Protocol and (i) exceeds the Offer Price by at least 10% (ten per cent); and (ii) includes non-financial commitments by such a *bona fide* third party, which are similar to those mentioned in the Merger Protocol.

If a third party makes a Competing Offer:

A. the Company shall inform the Offeror of such event promptly in writing and shall provide reasonable details on the contents of the Competing Offer to the Offeror;

B. the Offeror may submit in writing to the Boards a revision of its Offer within a period of 5 (five) Business Days following the date on which the Offeror has received the notice of the Competing Offer. If such revised offer is on terms and conditions which, in the reasonable opinion of the Boards, on balance is equal to the Competing Offer, such offer shall qualify as a "**Revised Offer**" for purposes of (c) below;

C. and if the Offeror has announced a Revised Offer to the Boards in accordance with (b) above, both the Offeror and the Company shall continue to be bound by their respective rights and obligations of the Merger Protocol.

6.13 Merger Protocol termination events

The Merger Protocol will terminate immediately upon:

(a) mutual written consent of the parties;

(b) by notice in writing given by the Terminating Party to the other party if within (3) three Business Days of the final Acceptance Closing Date any Offer Condition has not been satisfied or waived by the relevant party or parties;

(c) by notice in writing given by the Terminating Party to the other party in the event of a breach of the provisions of the Merger Protocol by the other party (the "**Defaulting Party**") which breach has or is expected to have a material adverse effect on the Offer (a "**Material Breach**"), provided that such Material Breach (a) has not been waived by the non-defaulting Party and (b) has not been remedied by the Defaulting Party within ten (10) Business Days after the Defaulting Party has obtained actual knowledge of such Material Breach;

(d) by notice in writing by the Offeror in the event that a third party offer has been declared unconditional (*gestand gedaan*) with at least 50% (fifty per cent) of the Shares plus one Share having been tendered and provided that such third party has offered an offer price per Share that exceeds the Offer Price by at least 3% (three per cent);

(e) by notice in writing by the Company, if the Offer Condition set out in Section 6.2.1(e) is not satisfied or waived ultimately one day before the Wavin AGM;

(f) by notice in writing by the Company if the Offer has commenced and all Offer Conditions have been satisfied or waived and Settlement has not taken place on the Settlement Date;

(g) by notice in writing by either the Company or the Offeror to the other party, if a Competing Offer exists and the Offeror does not submit a Revised Offer, subject to an obligation to pay a break fee, if any, as set out below; and

(h) by notice in writing by the Offeror in the event that the Recommendation has been revoked or has been amended, other than in case of a material breach of any of the Offeror's warranties as set out in the Merger Protocol.

These termination grounds have been included in the Merger Protocol for various reasons. First, termination grounds (b), (d) and (g) have been included because events on which neither of the parties has influence, might nevertheless create a situation in which the parties can no longer be expected to be bound by the Merger Protocol and be requested to execute the transactions contemplated herein. Second, termination grounds (c), (e), (f) and (h) have been included because if either party does not honour certain key aspects of the agreement or certain conditions that are key to either party are not satisfied, the other party should be able to terminate the Merger Protocol. Finally, the parties have included termination ground (a), because an agreement entered into by mutual consent, can always be terminated by mutual consent.

The Company shall, upon termination of the Merger Protocol in accordance with termination grounds set out in this Section 6.13 (Merger Protocol termination events) under (d) and (h) above, pay to the Offeror, in cash, as compensation for opportunity costs and other costs incurred by the Offeror in connection with the Offer, a total net break fee of EUR 8,000,000. The payment of the break fee shall take place immediately upon a written request by the Offeror thereto.

The Offeror shall, upon termination of this Merger Protocol pursuant to termination ground set out in this Section 6.13 (Merger Protocol termination events) under (e) above, pay to the Company, in cash, as compensation for opportunity costs and other costs incurred by the Company in connection with the Offer, a total net break fee of EUR 8,000,000. The payment of the break fee shall take place immediately upon a written request by the Company thereto.

7. INFORMATION ON WAVIN

7.1 Overview

Wavin is the leading supplier of plastic pipe systems and solutions in Europe, with a total revenue of approximately EUR 1.3 billion in 2011. Wavin offers innovative plastic pipe systems and solutions to customers such as building and civil wholesalers, plumbing merchants, civil contractors, housing developers, large installers, utility companies and municipalities.

Wavin provides plastic pipes, systems and solutions for two major market segments in Europe:

- Building & Installation (B&I): Wavin supplies above ground plastic pipe and fitting systems for hot and cold tap water, surface heating and cooling, soil and waste discharge, and guttering and electrical conduit applications in and around residential and commercial buildings.

- Civils & Infrastructure (C&I): Wavin supplies below ground plastic pipe and fitting systems for foul water discharge, storm and rainwater management, gas and potable water distribution, and cable ducting solutions for telecommunications, signalling and power cables. In addition, Wavin offers its customers end-to-end solutions, which include consultation and design services, product support and after-sales service.

Wavin has offices in 25 European countries with manufacturing plants in 16 of those. Furthermore, Wavin has a strong presence in the growth markets of Central and Eastern Europe. Via the Wavin Overseas network of agents and partners, Wavin products are also available in Asia, Africa, Latin America, the Middle East and North America.

7.2 History

Wavin's business traces its origins to the province of Overijssel, the Netherlands, in the town of Zwolle. In 1953, in search of a solution to corroding pipelines that were threatening the supply of the area's drinking water, Mr. J.C. Keller, a director of the Overijssel Water Board ("**WMO**"), began investigating the use of PVC for potable water pipework. After numerous experiments, his small workshop in Zwolle produced one of the world's first large-diameter PVC pressure pipes. His workshop subsequently started producing pipes for the WMO.

Wavin was incorporated as a limited liability company under the laws of the Netherlands in 1955. The name Wavin is a combination of the words WAter and VINyl chloride. The business of Wavin rapidly became an international one. By the late 1950s, Wavin had established a presence in the Netherlands, Germany, Denmark and Ireland. By the 1960s, Wavin had further expanded into the UK, France and elsewhere in Western Europe. In 1962, Royal Dutch Shell acquired 50.0% of the shares in Wavin, forging a relationship that enabled Wavin to develop a deeper knowledge of polymers utilisation, technology and product applications.

From the 1960s through to the 1980s, Wavin continued to produce plastic pipes and diversified into plastic packaging films, bags and crates. During this period, Wavin Technology and Innovation was established, the Wavin development organisation, as well as Wavin Overseas, Wavin's central export organisation. In the 1990s, Wavin sold its plastic packaging business and refocused on its core competency of plastic pipe systems and solutions, introducing their wide range of plastic pipe products into the emerging Central and Eastern European economies.

In 1999, Royal Dutch Shell sold all of its shares to CVC Capital Partners. In 2005, a transaction took place which effectuated the exit of WMO as a shareholder, the increase of funds advised by CVC Capital Partners' participation in the capital of Wavin and a new participation of AlpInvest. In 2005 Wavin acquired Hepworth, a leading United Kingdom manufacturer of plastic, clay and concrete drainage and hot and cold pipe systems. The acquisition of Hepworth significantly increased the scale of Wavin's European operations.

The Wavin shares have been listed on Euronext Amsterdam since October 12, 2006. Since 4 March 2008 the Wavin shares have been included in the Amsterdam Mid Cap Index (AMX).

Since 2007, Wavin has acquired eight business, including O'Brien Marketing Ltd, a company that sells Hepworth products in Ireland (acquired in June 2007), Polyfemos AS, a Norwegian supplier of cable duct systems for telecom access networks (acquired in March 2007), Pilsa, a Turkish supplier of pipe systems (acquired in January 2008), Warmafloor, a leading provider of under floor heating systems in the United Kingdom (acquired in July 2008), the remaining 20% of shares in the Finnish company Lasa Muovi (acquired in 2008), Wavin Osma s.r.o. (65%), a sales Joint Venture for plastic pipe systems and solutions in Czech Republic, established in July 2010 and the PE Water business from KWH Sweden in 2010.

As a result of the collapse of the building activities in Portugal, Wavin closed down its trading depot near Porto end of 2010. During 2011, the sales activities of Wavin Bulgaria were terminated and in August 2011 the continental clay activities of Euroceramic in Belfeld (the Netherlands) were sold to Wienerberger. By the end of 2011 the sales activities of Aquatecnic in Spain were winded-down given the poor outlook of the construction activities in Spain. Furthermore, Wavin sold Kulker SAS, a local subsidiary of Wavin France SAS, and Geocomposites in 2011.

7.3 Wavin Group Structure

Wavin is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Zwolle, the Netherlands, and its registered address at Stationsplein 3, 8000 AD Zwolle, the Netherlands.

Wavin is present in most European countries and is organised in 4 geographic areas:

North West Europe	South West Europe	Central & Eastern Europe	South East Europe
Netherlands Germany Belgium Denmark Norway Sweden Finland	UK Ireland France	Poland Czechia Russia Slovakia Ukraine Lithuania Estonia Latvia Belarus	Italy Turkey Hungary Romania Croatia Serbia

Wavin Overseas is the central export organisation of the Wavin Group. It is responsible for all activities outside of Europe and focuses on three key activities: Product Sales, Technology Partnerships and International Projects. An extensive international network of around 120 agents, licensees and distributors enables Wavin Overseas to supply Wavin solutions wherever needed. The export organisation has its headquarters in Dedemsvaart, the Netherlands.

The principal subsidiaries of the Wavin Group are listed below.

Country	**Name subsidiary**
the Netherlands	Wavin N.V.

Country	Name subsidiary
	Wavin B.V.
	Wavin Nederland B.V.
	Wavin Diensten B.V.
	De Hoeve Kunstofrecycling (50%)
	Wavin Overseas B.V.
	Wavin Technology & Innovation B.V.
	Wavin Finance B.V.
	Wavin Outsourcing B.V.
	Wavin Staf B.V.
	Wavin Assurantie B.V.
Belgium	Wavin Belgium N.V.
China	Foshan Hepworth Pipe Company Ltd.
Croatia	Wavin d o.o.
Czech Republic	Wavin Ekoplastik s.r.o.
	Wavin Osma s.r.o. (65%)
Denmark	Nordisk Wavin A/S
Estonia	Wavin Estonia OU
Finland	Wavin-Labko Oy
France	Wavin France S.A.S.
Germany	Wavin GmbH
Hungary	Wavin Hungary Kft.
Ireland	Wavin Ireland Ltd.
Italy	Wavin Italia SpA
Latvia	Wavin Latvia SIA
Lithuania	UAB Wavin Baltic
Norway	Norsk Wavin A/S
Poland	Wavin Metalplast-BUK Sp.z.o.o.
	Arot Polska Sp.z.o.o.
	MPC Sp.z.o.o. (51%)
Romania	Wavin Romania s.r.l.
Russia	OOO Wavin Rus
Serbia	Wavin Balkan d o.o.
Slovak Republic	Wavin Slovakia spol s.r.o.
Sweden	AB Svenska Wavin
Switzerland	George Fischer Wavin AG (40%)
Turkey	Pilsa Plastik Sanayi A.S.
United Kingdom	Wavin Ltd.
	Warmafloor (GB) Ltd.
	Hepworth Building Products Ltd.
Ukraine	Wavin Ukrain O.O.O.T.O.V.

7.4 Strategy and Objectives

In October 2010, Wavin launched the 'Wavin 2015' strategy, the roadmap to sustainable growth and profitability with local market leadership as the key driver (the "**Wavin 2015 Strategy Plan**"). This strategy brings Wavin back on the path to sustainable and profitable growth and will enable Wavin to reap the full benefits once the markets return to more normal levels.

Wavin's priorities and targets for the period 2011- 2015 are:

- *Market Leadership* - Wavin will continuously build on its existing leading market positions in key European countries and invest (both organically and through acquisitions) in other European countries where leadership can be achieved. The ultimate goal is to achieve number one or two market positions in all markets in which we operate.

- *Portfolio and Segmentation* - Wavin intends to offer a complete product portfolio to its customers and increase its presence in non-residential building markets, with a strong focus on sustainable systems and solutions. Wavin also aims to increase revenue in key target segments. By 2015, 40% of Wavin's total revenue should originate from the Water Management and Hot & Cold (including Surface Heating & Cooling) segments.

- *Operational Excellence* - Wavin aims to drive service and cost leadership through complexity reduction and a lean and sustainable manufacturing and supply chain footprint. Wavin's benchmark is to have 95% of orders realised in time and in full. Between 2008 and 2015 the company's carbon footprint should be reduced by 20%.

- *Innovation* - Wavin will focus on and accelerate the implementation of European innovation projects. The innovation rate target – the percentage of revenue from products that have been on the market for less than five years – has been raised; it should be 20% in 2015.

- *People* - Wavin wants to stimulate continuous improvement and drive individual and team development.

7.5 Recent developments

After three years of decline it was disappointing that overall construction output in Europe showed a modest decline again in 2011. Following a good start to the year – supported by a mild winter – the European construction market was negatively affected by weakening consumer confidence which was fuelled by unrest in the financial markets, cuts in government spending and further mortgage restrictions. There were notable differences between countries and regions.

Scandinavia, Germany, Poland and Turkey enjoyed solid growth, while conditions in Ireland, the UK, Italy and the Netherlands remained challenging. New residential building activities developed favourably in most Western European countries but were weak in Eastern Europe. Residential repair, maintenance and improvement was stable, while the non-residential markets remained weak throughout the year. The civil engineering sector in various European countries was mainly positive, supported by infrastructure investments like construction for the Olympic Games in London and the European Championships in Poland and the Ukraine.

Increased focus on the energy efficiency of buildings, and the management of higher rain fall due to climate change, are creating additional demand throughout Europe.

7.6 Supervisory Board, Management Board and Employees

7.6.1 Supervisory Board

The Supervisory Board currently consists of the following members:

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

Nationality: Dutch

Mr. Kottman was appointed as a member of the Supervisory Board in 2006 and re-appointed in 2010. His term of office ends at the time of the general meeting of Shareholders in 2014. Mr. Kottman is the chairman of the Remuneration, Appointment & Corporate Governance Committee.

Former position:

- Chief Executive Officer, Ballast Nedam N.V.

Other positions held by Mr. Kottman:

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

- Other Board memberships: Advisory Board Noord/Zuidlijn Amsterdam (chairman).

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

Nationality: Irish

Mr. Hill was appointed as a member of the Supervisory Board in 2005 and re-appointed in 2009. His term of office ends at the time of the general meeting of Shareholders in 2013. Mr. Hill is a chairman of the Audit & Investment Committee.

Former position:

- Group Managing Director, Products & Distribution CRH plc.

Other positions held by Mr. Hill:

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

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

Nationality: Dutch

Mr. Ruijter was appointed as a member of the Supervisory Board in 2007. His term of office ends at the time of the general meeting of Shareholders in 2012. Mr. Ruijter is a member of the Audit & Investment Committee.

Former position:

- Interim CFO at ASM lnternational N.V.

Other positions held by Mr. Ruijter:

- Other Supervisory Board memberships: Unit 4 N.V.;
- Other Board memberships: Advisory Board Verdonck, Klooster & Associates, Stichting Continuïteit Delta Lloyd, advisor of the Supervisory Board of Ziggo.

Mrs. J.M.B. (Birgitta) Stymne Göransson (1957)

Nationality: Swedish

Mrs. Stymne Göransson was appointed as a member of the Supervisory Board in 2007. Her term of office ends at the time of the general meeting of Shareholders in 2012. Mrs. Stymne Göransson is a member of the Audit & Investment Committee.

Current position:

- CEO of Memira Group.

Other positions held by Mrs. Stymne Göransson:

- Other Board memberships: Arcus ASA, Elekta AB.

Mr. A. (Aad) Kuiper (1960)

Nationality: Dutch

Mr. Kuiper was appointed as a member of the Supervisory Board in 2011. His term of office ends at the time of the general meeting of Shareholders in 2015. Mr. Kuiper is a member of the Remuneration, Appointment & Corporate Governance Committee.

Current position:

- President & CEO, EMEA Operations at Hunter Douglas and Vice-President of Hunter Douglas N.V.

Other positions held by Mr. Kuiper:

- Other Supervisory Board memberships: Bonarius group of companies, Advisory Council Scheuten S.a.r.l.

Please see Section 6.8.7 under (a) for information on composition of the Supervisory Board after the Settlement Date.

7.6.2 Management Board

The Management Board currently consists of the following members:

Mr. H. (Henk) ten Hove (1952), President & CEO

Nationality: Dutch

Mr. Ten Hove was appointed as a member of the Management Board in 1999 and re-appointed in 2006 and 2010. His term of office ends at the time of the general meeting of Shareholders in 2014. Mr. Ten Hove has worked at Wavin since 1982. His primary responsibilities are Strategy, Human Resources and the Wavin Regions South East Europe and South West Europe.

Mr. W.H.J.C.M. (Pim) Oomens (1956), Executive Vice President & CFO

Nationality: Dutch

Mr. Oomens was appointed as a member of the Management Board in 2004 and re-appointed in 2006 and 2010. His term of office ends at the time of the general meeting of Shareholders in 2014. Mr. Oomens has worked at Wavin since 2004. His primary responsibilities are Finance, Treasury, Investor Relations, Mergers & Acquisitions, Corporate IT, Legal & Compliance, Joint Ventures and participations, Corporate Communication.

Mr. M.P.M. (Maarten) Roef (1964), Executive Vice President

Nationality: Dutch

Mr. Roef was appointed as a member of the Management Board in 2011. His term of office ends at the time of the general meeting of Shareholders in 2015. Mr. Roef has worked at Wavin since 1999. His primary responsibilities are Marketing & Technology, Operational Excellence, Supply Chain Optimisation and the Wavin Regions: North West Europe and Central & Eastern Europe.

Please see Section 6.8.7 under (b) for information on composition of the Management Board after the Settlement Date.

7.6.3 Employees

As at the date of this Offer Memorandum, approximately 6,000 people are employed by the Wavin Group world wide.

7.7 Major Shareholders

The following holdings were registered in the public register of the AFM:

	Percentage	**Date of notification**
Delta Lloyd Levensverzekeringen N.V.	7.88%	6 May 2011
Julius Baer Multipartner SICAV	5.83%	6 November 2007
ASR Nederland N.V.	5.43%	6 October 2008
Navitas B.V.	5.18%	10 January 2008
Kempen Oranje Participaties	5.01%	22 July 2009
Beheersmij Breesaap B.V.	5.00%	18 September 2008

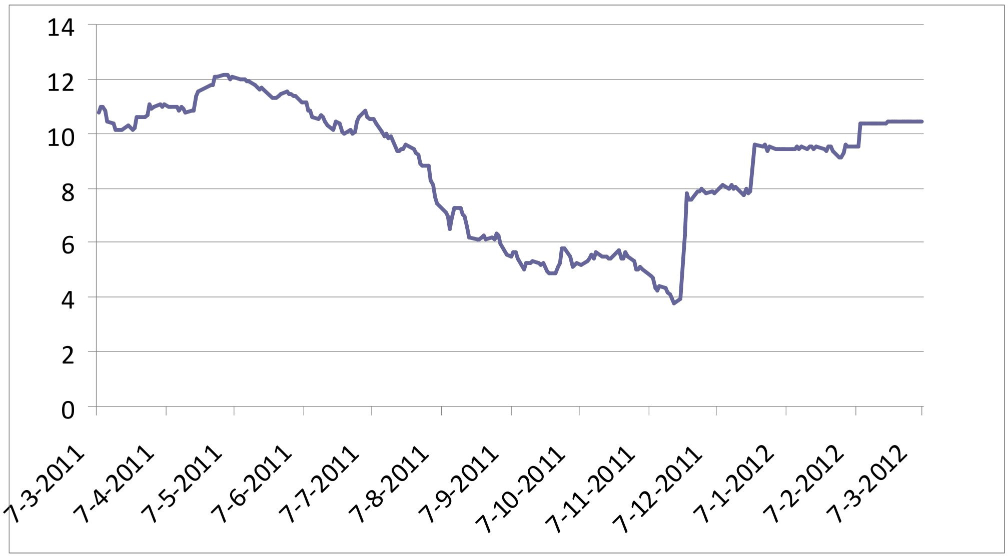
7.8 Capital and Shares

The authorised share capital of Wavin amounts to EUR 71,000,000 and is divided into 88,750,000 ordinary Shares and 88,750,000 preference Shares, all with a nominal value of EUR 0.40 each.

At the date of this Offer Memorandum, 50,782,132 ordinary Shares in the capital of Wavin have been issued, of which: 50,579,009 ordinary shares are issued and outstanding and 203,123 ordinary shares are held by Wavin. No preference Shares are issued at the date of this Offer Memorandum.

7.9 Share price development

This graph sets out the Share price development from 7 March 2011 to 7 March 2012.



8. INFORMATION ON THE OFFEROR

8.1 Overview

The Offeror is a private variable capital corporation, incorporated under the laws of Mexico, having its statutory seat in Mexico City, Mexico, and its registered office at Río San Javier No. 10, Fracc. Viveros del Río, Tlalnepantla, Estado de México, Mexico, C.P. 54060. The Offeror is registered in the Public Register of Commerce under number 359159.

The Offeror is a direct subsidiary of Mexichem S.A.B. de C.V., a public variable capital corporation incorporated under the laws of Mexico, having its statutory seat in Tlalnepantla, Estado de México, Mexico, and its registered office at Río San Javier No. 10, Fracc. Viveros del Río, Tlalnepantla, Estado de México, Mexico, C.P. 54060. Mexichem is registered in the Public Register of Commerce under number 4103*.

Mexichem is a direct subsidiary of Kaluz, S.A. de C.V., a private variable capital corporation, incorporated under the laws of Mexico, having its statutory seat in Mexico City, Federal District, and its registered office at Emilio Castelar No. 75, Floor 1, Col. Chapultepec Polanco, México, Distrito Federal, C.P. 11560 ("**Kaluz**"). Kaluz is registered in the Public Register of Commerce of the Federal District under number 142614.

8.2 Business description

The corporate purpose of the Offeror is to function as a holding company.

Mexichem is a leader in plastic pipe systems and in the chemical and petrochemical industry in Latin America. It has more than 50 years of experience in the region and its shares have been listed for 34 years on the Mexican stock exchange. Mexichem has a market capitalization of approximately EUR 4.9 billion,[1] an annual turnover of approximately EUR 2.8 billion and an EBITDA of approximately EUR 597 million.[2] Mexichem exports to more than 50 countries and has operations in 16 countries in Latin America, North America, Europe and Asia. With more than 11,000 employees throughout virtually the entire American continent, the company contributes actively to the development of the countries in which its products are produced and used. More details about Mexichem can be found at www.mexichem.com.

According to its corporate purpose, Kaluz is a holding company in charge of promoting, reorganizing, restructuring, transforming or modernizing industrial companies. Its corporate purpose also entitles Kaluz to acquire shares or memberships of any kind of Mexican or foreign companies.

The Offer will not result in an amendment of the activities conducted by the Offeror, Mexichem and Kaluz as described in this Section 8.2.

[1] Based on market data from FactSet as at 10 February 2012. MXN: EUR exchange rate of 16.89.
[2] Unaudited financials for the financial year ending 31 December 2011 as reported in USD by Mexichem, converted to EUR at the average 2011 USD / EUR exchange rate of 1.39 from FactSet.

8.3 Board of directors of the Offeror

The board of directors of the Offeror consists of :

Directors	Alternate Director
Juan Pablo del Valle Perochena (chairman)	Antonio del Valle Perochena
Antonio del Valle Ruiz	Francisco del Valle Perochena
Adolfo del Valle Ruiz	
Ignacio del Valle Ruiz	
Ricardo Gutiérrez Muñoz	
Jaime Ruiz Sacristán	

8.4 Board of directors of Mexichem

Honorary life president of Mexichem is Antonio del Valle Ruiz. The board of directors of Mexichem consists of the following directors:

Directors	Alternate directors	Independent directors	Alternate independent directors
Juan Pablo del Valle Perochena (chairman)	Antonio del Valle Perochena	Divo Milan Haddad	Francisco Moguel Gloria
Antonio del Valle Ruiz	Adolfo del Valle Toca	Fernando Ruíz Sahagún	José Luis Fernández Fernández
Adolfo del Valle Ruiz	José Ignacio del Valle Espinosa	Jorge Corvera Gibsone	René Rivial Leon
Ignacio del Valle Ruiz	Francisco Javier del Valle Perochena	Guillermo Ortiz Martinez	Dolores Palacios Norma
Alain Jean Marie de Metz Simart	María Blanca del Valle Perochena	Armando Santacruz Baca	Arturo Pérez Arredondo
Ricardo Gutiérrez Muñoz	Gerardo del Valle Toca	Eduardo Tricio Haro	Eugenio Clariond Rangel
Jaime Ruiz Sacristán	Guadalupe del Valle Perochena	Valentín Diez Morodo	
		Eugenio Santiago Clariond Reyes Retana	

8.5 Board of directors of Kaluz

Antonio del Valle Ruiz	President
Antonio del Valle Perochena	Director
Francisco Javier del Valle Perochena	Director
Juan Pablo del Valle Perochena	Director
Maria Blanca del Valle Perochena	Director
Maria Guadalupe del Valle Perochena	Director
Juan Pablo del Valle Benítez	Secretary
Almaquio Basurto Rosas	Pro-Secretary
Carlos Moya Valle	Statutory Examiner

8.6 Share capital of the Offeror and Mexichem

The Offeror's issued and outstanding share capital totals MX$ 44,989,431 divided into 44,989,431 shares of the same class with a nominal value or MX$ 1.00 per share. All the outstanding shares are fully paid up. The Offeror has two shareholders. Mexichem holds 44,989,430 shares representing 99.999% of the share capital and Mexichem Servicios Administrativos S.A. de C.V. holds one share, representing 0.001% of the share captial.

Mexichem's issued and outstanding share capital totals MX$ 2,574,660,744 divided into 1,800,000,000 shares of Class I and Class II with no nominal value per share. All the outstanding shares are fully paid up. All the Mexichem shares are listed on the Mexican stock exchange. 51.69% of the Mexichem shares are free float and 48.31% of the Mexichem shares are held by Kaluz.

8.7 Consequences of the Offer

The Offer will have no consequences for the continued employment or the employment conditions of the employees and the directors of the Offeror, Mexichem and Kaluz. As is stated in Section 6.8.7, Mr. A.E. Capdepón Acquaroni will be appointed to the Management Board and Mr. R. Gutiérrez Muñoz and Mr. J.P. del Valle Perochena will be appointed to the Supervisory Board.

The board of directors of Mexichem will receive no compensation as meant in Annex A, paragraph 2, subparagraph 9 of the Takeover Decree in connection with the Offer.

9. FURTHER DECLARATIONS PURSUANT TO THE TAKEOVER DECREE

In addition to the other statements set out elsewhere in this Offer Memorandum, the Offeror and Mexichem with regard to subjects (d) and (f) below, the board of directors of Mexichem and the Offeror and the Boards, with the exception of Mr. Kottman, each *per se*, with regard to subject (a) below, and the Offeror, Mexichem and the board of directors of Mexichem and the Offeror and the Boards each *per se* with regard to subject (e) below and the Supervisory Board, with the exception of Mr. Kottman, and the Management Board, each *per se*, with regard to subject (b) below, and the Supervisory Board and Management Board each *per se* with regard to subject (c) below, and the Company with regard to subject (g) below, hereby declare as follows:

(a) There have been consultations between Mexichem and Wavin regarding the Offer, which have resulted in (conditional) agreement regarding the Offer. Discussions regarding the Offer Price, financing of the Offer, the Offer Conditions and the future strategy of Wavin took place between Mexichem and Wavin and their respective advisers.

(b) The Management Board has regularly consulted with the Supervisory Board throughout this process and the Supervisory Board has been extensively involved in this process from beginning to end.

(c) In view of his position as chairman of the supervisory board of Delta Lloyd N.V., an indirect holder of a substantial interest in Wavin, Mr. Kottman, chairman of the Supervisory Board, has recused himself from the discussions and resolutions relating to the Offer in accordance with the Dutch Corporate Governance Code.

(d) With due observance of and without prejudice to the restrictions referred to in Section 1 (Restrictions) and Section 2 (Important Information), the Offer concerns all Shares not already held by the Offeror or its group companies and applies on an equal basis to all Shares not already held by the Offeror or its group companies and all Shareholders other than the Offeror and its group companies.

(e) No securities in Wavin are held, no transactions or concluded agreements in respect of securities in Wavin have been effected or have been concluded, and no similar transactions have been effected in respect of securities in Wavin, by the Offeror, Mexichem or any of either of their group companies, the members of the board of directors of the Offeror, the members of the board of directors of Mexichem, the Company or any of the members of the Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A paragraph 2 subparagraphs 5, 6, and 7 of the Takeover Decree, other than in respect of Mexichem as described in Section 6.3 (Respective cross shareholding Mexichem – Wavin) and in respect of the members of the Boards as described in Section 6.4 (Overview of Shares and options held by members of the Boards and related transaction and concluded agreements).

(f) The costs of Mexichem and the Offeror incurred and expected to be incurred in relation to the Offer amount to approximately EUR 4.5 million and relate to financial adviser fees, exchange agent fees, broker commissions, legal fees, financial, legal and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by Mexichem.

(g) The costs of Wavin's fees of legal advisers, financial advisers, tax advisers, accountants and public relations and communication advisers incurred and expected to be incurred in relation to the Offer amount to approximately EUR 4.8 million. These costs will be borne by Wavin and accounted for in 2011 and 2012.

10. NETHERLANDS TAX ASPECTS OF THE OFFER

10.1 General

The information set out below is a general summary of certain principal Netherlands tax consequences in connection with the disposal of the Shares under the Offer. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant for a particular holder of Shares, who may be subject to special tax treatment under any applicable law, nor does this summary intend to be applicable in respect of all categories of holders of Shares. The summary is based upon the tax laws of the Netherlands as in effect on the date of this Offer Memorandum, as well as regulations, rulings and decisions of the Netherlands and its taxing and other authorities available on or before such date and now in effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary.

As this is a general summary, we recommend that investors or shareholders consult their own tax advisers as to the Netherlands or other tax consequences of the disposal of the Shares under the Offer including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the Offer.

This summary does not address the Netherlands tax consequences for:

(a) Shareholders holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and Shareholders of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Company or of 5% or more of the issued capital of a certain class of shares of the Company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Company;

(b) investment institutions (*fiscale beleggingsinstellingen*);

(c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;

(d) persons to whom the Shares and the income from the Shares are attributed based on the separated private assets (afgezonderd particulier vermogen) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act (*Successiewet 1956*); and

(e) corporate Shareholders qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

10.2 Withholding tax

Gains realised upon the disposal of the Shares in connection with the Offer will not be subject to withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

10.3 Corporate and individual income tax

10.3.1 Residents of the Netherlands

(a) Entities

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Shares are attributable, gains realised upon the disposal of the Shares are generally taxable in the Netherlands (up to a maximum rate of 25%).

(b) Individuals

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), gains realised upon the disposal of the Shares are taxable at progressive rates (up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) if:

(i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Shares, taxable income with regard to the Shares must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the yield basis exceeds a certain threshold. The individual's yield basis is determined by the fair market value of certain qualifying assets held by such an individual less the fair market value of certain qualifying liabilities on 1 January. If the Shares are held by the holder at the beginning of the year of disposal of the Shares, the fair market value of the Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

10.3.2 Non-residents of the Netherlands

If a holder of Shares is not a resident and is deemed not to be a resident of the Netherlands for Netherlands tax purposes (or has opted not to be taxed as a resident of the Netherlands), such holder is generally not taxable in respect of gains realised upon the disposal of the Shares, unless:

(i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable, or (2) is entitled to a share in the profits of an enterprise, or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Shares are attributable.

This gain is subject to Netherlands corporate income tax up to a maximum rate of 25%.

(ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (2) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands with respect to the Shares which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is (other than by way of securities) entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands (other than by way of securities or an employment contract) and to which enterprise the Shares are attributable.

A gain realised upon the disposal of from the Shares as specified under (1) and (2) by an individual is subject to individual income tax at up to a maximum rate of 52%. Income derived from Shares as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (*sparen en beleggen*) which means that the gains actually realised upon the Shares will not be taxed as such (as described above under Section 10.3.1 (Residents of the Netherlands)), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of four (4) per cent of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as it exceeds a certain threshold. The individual's yield basis is defined as the fair market value of certain qualifying assets held by the holder of the Shares less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%. If the Shares are held by the holder at the beginning of the year of the disposal of the Shares, the fair market value of the pro-rata share in the profits of the enterprise to which the Shares are attributable will include the fair market value of the Shares and as such the pro-rata value of the Shares will be part of the individual's Netherlands yield basis at the beginning of that year.

10.4 Gift and inheritance tax

In general, no gift and inheritance taxes will arise as a result of the disposal of the Shares in connection with the Offer.

10.5 Value added tax

In general, no value added tax will arise in respect of payments in consideration for the disposal of the Shares in connection with the Offer.

10.6 Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder of Shares in respect of the disposal of the Shares in connection with the Offer.

11. PRESS RELEASES

11.1 Wavin's press release dated 22 November 2011

Zwolle, 22 November 2011 - The Management Board and the Supervisory Board of Wavin have taken notice of recent movements in its share price. In response, Wavin announces that it has received an unsolicited indicative non-binding proposal from Mexichem for the acquisition of all outstanding shares of Wavin. Mexichem is a manufacturer of raw materials and plastic pipe systems in Latin America based in Mexico.

The Management Board and the Supervisory Board will carefully consider the indicative non-binding proposal and explore the rationale, merits and risks for all Wavin's stakeholders, of a possible business combination of Wavin with Mexichem.

In accordance with the Dutch Corporate Governance Code and the Rules for the Supervisory Board, to avoid the appearance of any conflict of interest, the Supervisory Board has decided that its Chairman, Rene Kottman, who is also the chairman of the supervisory board of Delta Lloyd N.V., an indirect holder of a substantial interest in Wavin, will not take part in the discussion or decision-making on the abovementioned subject.

Wavin has engaged Bank of America Merrill Lynch as financial advisor and Stibbe as legal counsel.

Further announcements will be made if and when appropriate.

This is an announcement in accordance with Section 5:25i, paragraph 2 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

About Wavin

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company provides essentials: plastic pipe systems and solutions for tap water, surface heating and cooling, soil and waste, rain- and storm water, distribution of drinking water and gas and telecom applications. Wavin is headquartered in Zwolle (the Netherlands) and has a presence in 26 European countries, with manufacturing sites in 18 of those and one in China. The company employs approximately 6,400 people and reported revenue of more than EUR 1.2 billion for 2010. Outside Europe, it has a global network of agents, licensees and distributors. Wavin is listed on the NYSE Amsterdam stock exchange (WAVIN). More details about Wavin can be found at www.wavin.com

For further information:

Media Relations:	Investor Relations :
Herbert van Zijl	Ton Bruijne
Telephone: +31 38 429 4209	Telephone: +31 38 429 4357
Mobile: +31 6 51461442	Mobile : +31 6 51234949
E-mail: media@wavin.com	E-mail: InvestorRelations@wavin.com

11.2 Mexichem's press release dated 22 November 2011

Non-binding proposal Wavin
(2011-11-22)

Mexico City, November 22, 2011 – In light of Wavin´s press release issued today, Mexichem confirms that it has sent a non-binding proposal to the Management Board and the Supervisory Board of Wavin, inviting them to enter into discussions to evaluate a possible combination between the two companies.

Any such combination would be in the best interest of all the related parties, including the shareholders of both companies.

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company has presence in 26 European countries, with manufacturing sites in 18 of those and one in China. It has approximately 6,400 employees and reported revenues in 2010 of more than 1.2 billion Euros. It is a public company listed in Amsterdam.

Mexichem has the intention of making a cash offer for all issued and outstanding common shares in the capital of Wavin. This offer is subject to certain conditions, which include: (i) the recommendation and total support from Wavin´s Management Board and Supervisory Board and (ii) a satisfactory result of a due diligence investigation. Mexichem has proposed to start a due diligence investigation on Wavin as soon as possible.

The discussions are at a preliminary phase and there is no certainty, at this stage, that the transaction will be held. Mexichem has engaged Barclays Capital and Citigroup as its financial advisors and Allen & Overy as legal counsel.

With this transaction, Mexichem would form the largest pipe system and solutions producer in the world and the only fully integrated one.

11.3 Wavin's press release dated 23 November 2011

Zwolle, 23 November 2011 - Further to its press release of 22 November regarding the unsolicited indicative non-binding proposal received from Mexichem for the acquisition of all its outstanding shares, Wavin announces the following.

The offer price stated in Mexichem's non-binding proposal is EUR 8.50 per ordinary share, subject to a number of pre-offer and offer conditions. As indicated in the press release issued on 22 November, Wavin will carefully consider the indicative non-binding offer and explore the rationale, merits and risks for all Wavin's stakeholders of a possible business combination of Wavin with Mexichem.

Further announcements will be made if and when appropriate.

This is an announcement in accordance with Section 5:25i, paragraph 2 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

About Wavin

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company provides essentials: plastic pipe systems and solutions for tap water, surface heating and cooling, soil and waste, rain- and storm water, distribution of drinking water and gas and telecom applications. Wavin is headquartered in Zwolle (the Netherlands) and has a presence in 26 European countries, with manufacturing sites in 18 of those and one in China. The company employs approximately 6,400 people and reported revenue of more than EUR 1.2 billion for 2010. Outside Europe, it has a global network of agents, licensees and distributors. Wavin is listed on the NYSE Amsterdam stock exchange (WAVIN). More details about Wavin can be found at www.wavin.com

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Media Relations:	Investor Relations :
Herbert van Zijl	Ton Bruijne
Telephone: +31 38 429 4209	Telephone: +31 38 429 4357
Mobile: +31 6 51461442	Mobile : +31 6 51234949
E-mail: media@wavin.com	E-mail: InvestorRelations@wavin.com

11.4 Mexichem's press release dated 23 November 2011

Mexico City, November 22, 2011 – With the idea of clarifying the information given earlier today to the markets, Mexichem informs that the price for the non-binding offer made to Wavin, is €8.50 per share. This price already reflects the company's current conditions and fundamentals, and it is the price that Mexichem considers fair for this transaction. The offer is in cash and it is for the total issued and outstanding common shares in the capital of Wavin.

This offer is subject to certain conditions, which include: (i) the recommendation and total support from Wavin´s Management Board and Supervisory Board and (ii) a satisfactory result of a due diligence investigation.

With this transaction, Mexichem would form the largest pipe system and solutions producer in the world and the only fully integrated one.

11.5 Mexichem's press release dated 6 December 2011

Mexichem submits improved proposal to Wavin
(2011-12-06)

Increased non-binding offer to € 9.00 per share

Mexico-City, December 6, 2011 – Mexichem S.A.B. de C.V. announces that it has sent a letter to Wavin N.V. improving its proposed non-binding cash offer from € 8.50 to € 9.00 per ordinary share in the interest of moving matters forward in a friendly manner. Additionally, the letter indicated a number of significant commitments in respect of the corporate governance, operating structure and employee rights of Wavin.

The letter was sent to the Management and Supervisory Boards of Wavin on December 4, 2011 following a meeting with representatives of the Wavin Boards to explain certain details of Mexichem's non-binding proposal sent to Wavin on November 16, 2011.

The improved intended cash offer of € 9.00 per ordinary share represents a premium of 137% to the closing price of Wavin on November 18, 2011[1]. Mexichem considers this offer as highly attractive for Wavin shareholders due to the premium value and certainty of cash. This indicative non-binding price is subject to certain conditions including (i) the recommendation and full support of the Management Board and Supervisory Board of Wavin and (ii) a satisfactory outcome of a due diligence investigation.

Mexichem also made a number of significant commitments as part of its proposal including:

• Wavin will retain a separate operating structure with headquarters in the Netherlands

• A Wavin Supervisory Board will be maintained, with joint representation, including majority of members nominated by Mexichem

• Existing rights of the employees, including pension rights, will be respected and the current Wavin employee consultation structure will be left unchanged

• Wavin's brand to be retained and Wavin's R&D innovation centre to be kept in the Netherlands

The combination of Wavin and Mexichem leads to the creation of the global market leader in plastic pipe systems with total sales of around € 4.0 billion[2]. Mexichem and Wavin are highly complementary with very limited geographic overlap. Mexichem believes that the combination represents an exciting opportunity for Wavin's employees and management to become part of a diversified group with a strong capital structure that offers greater stability and is better equipped for future growth from consolidation and expansion into new markets.

Mexichem expects to receive a positive response from the Management and Supervisory Boards of Wavin shortly.

[1] Last day prior to the movements in the share price as reported in Wavin's press release of November 22

[2] Combined unaudited financials based on last twelve months ending 30 September 2011. MXN: EUR average exchange rate during last twelve months ending 30 September 2011 of 16.89 from FactSet.

11.6 Wavin's press release dated 6 December 2011

Zwolle, 6 December 2011 - The Management Board and Supervisory Board of Wavin today provide a status update on Mexichem's unsolicited non-binding offer for the acquisition of all outstanding shares of Wavin.

The Boards have carefully considered the terms and conditions of Mexichem's offer and requested further clarifications. A meeting has recently been held between representatives of both companies and their financial advisors. Mexichem has provided additional information on the terms and conditions of the offer, such as strategic rationale, and plans regarding employees, organisational structure, governance and proposed offer price. Following the meeting, Mexichem has sent a confirmation letter, increasing the offer price per share to EUR 9.00, subject to certain conditions.

Wavin has evaluated the outcome of the meeting with Mexichem and the revised offer price. The Boards are of the opinion that certain progress has been made on non-financial items, but have also concluded that the proposed offer price of EUR 9.00 per share is not acceptable as this price materially undervalues the company and its prospects.

Wavin has informed Mexichem that future discussions are conditional on, amongst others, an offer price acceptable to the Management Board and the Supervisory Board as well as sufficient comfort on a number of non-financial terms of the non-binding offer.

Further announcements will be made if and when appropriate.

This is an announcement in accordance with Section 5:25i, paragraph 2 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

About Wavin

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company provides essentials: plastic pipe systems and solutions for tap water, surface heating and cooling, soil and waste, rain- and storm water, distribution of drinking water and gas and telecom applications. Wavin is headquartered in Zwolle (The Netherlands) and has a presence in 26 European countries, with manufacturing sites in 18 of those and one in China. The company employs approximately 6,400 people and reported revenue of more than EUR 1.2 billion for 2010. Outside Europe, it has a global network of agents, licensees and distributors. Wavin is listed on the NYSE Amsterdam stock exchange (WAVIN). More details about Wavin can be found at www.wavin.com

For further information:

Media Relations:	Investor Relations :
Herbert van Zijl	Ton Bruijne
Telephone: +31 38 429 4209	Telephone: +31 38 429 4357
Mobile: +31 6 51461442	Mobile : +31 6 51234949
E-mail: media@wavin.com	E-mail: InvestorRelations@wavin.com

11.7 Mexichem's press release dated 23 December 2011

Mexichem raises its cash offer to €10.00 per Wavin share Wavin grants Mexichem access to due diligence
(2011-12-23)

Mexico-City, December 23, 2011 - Mexichem S.A.B. de C.V. announces that it has increased its intended cash offer for the acquisition of all outstanding shares of Wavin N.V. from € 9.00 to € 10.00 per ordinary share. Wavin in turn has agreed to provide Mexichem access to a confirmatory due diligence investigation. Parties will continue their friendly discussions.

Recently negotiations have taken place between Mexichem and the Management and Supervisory Boards of Wavin regarding the details of a revised proposal. This entails an increased non-binding cash offer of € 10.00 per ordinary share. This proposed offer price is subject to certain conditions, including the satisfactory outcome of the confirmatory due diligence investigation.

Both parties have agreed to continue discussions on the terms and conditions of an intended public offer by Mexichem for all outstanding Wavin ordinary shares.

Wavin will grant Mexichem access to a confirmatory due diligence investigation. Mexichem will commence its due diligence investigation in the second week of January 2012.

Further announcements will be made if and when appropriate.

This press release is issued pursuant to the provisions of article 5:25i paragraph 2 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and article 4 paragraph 3 of the Dutch Decree on Public Takeover Bids (*Besluit openbare biedingen Wft*). This document shall not constitute an offer to sell or buy or the solicitation of an offer to buy or sell any securities in Wavin N.V., nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This press release is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada, Japan and Australia.

About Mexichem

Mexichem is a leader in plastic pipe systems and in the chemical and petrochemical industry in Latin America, with more than 50 years of experience in the region and 33 years on the Mexican Stock Exchange with a market capitalisation of approximately € 4.4 billion.[1] Mexichem, which exports to more than 50 countries, and has presence in Latin America, North America, Europe and Asia, has an annual turnover of approximately €2.7 billion[2] and operating profit of approximately € 400 million.[2] With more than 10,000 employees throughout virtually the entire American continent, the company contributes actively to the development of the countries through products that have a wide market in the most dynamic growth sectors including construction, housing, drinking water, and urban sewage in Mexico, the United States and Latin America.

For further information:
Mexichem
Enrique Ortega Prieto
Director of Strategic Planning and Investor Relations
Tel: +(52 55) 5279 8304
eortega@kaluz.com

Hill & Knowlton Nederland
Frans van der Grint (+31629044053) or Ariën Stuijt (+31621531233)

[1] Based on market data from FactSet as at 21 November 2011. MXN: EUR exchange rate of 18.88.

[2] Unaudited financials based on last twelve months ending 30 September 2011. MXN: EUR average exchange rate during last twelve months ending 30 September 2011 of 16.89 from FactSet.

11.8 Wavin's press release dated 23 December 2011

Zwolle, 23 December 2011 - Wavin N.V. hereby announces that, while no agreement has been reached on the financial terms of a potential offer by Mexichem, good progress has been made on the non-financial terms and Wavin will grant Mexichem access to due diligence information.

Current status
Following recent discussions between Wavin and Mexichem, good progress has been made on the non-financial terms of a possible offer and Mexichem has increased its offer price to EUR 10.00 per share. The Management Board and the Supervisory Board of Wavin have, after careful consideration and taking into account the progress on key non-financial terms, concluded that the current offer price of EUR 10.00 is at a level to grant Mexichem access to due diligence information.

Wavin and Mexichem intend to continue discussions on the terms of a potential offer by Mexichem, however, at this stage no assurance can be given that these discussions will result in a transaction and whether or not the Wavin Boards will come to a recommendation of an offer by Mexichem.

Next steps
Wavin will grant Mexichem access to a confirmatory due diligence investigation. It is expected that Mexichem will commence its due diligence investigation in the second week of January 2012.

Further announcements will be made if and when appropriate.

This is an announcement in accordance with Section 5:25i paragraph 2 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

About Wavin
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network of agents, licensees and distributors. Wavin is listed on the NYSE Amsterdam stock exchange (WAVIN). More details about Wavin can be found at www.wavin.com

For further information:

Media Relations:	Investor Relations :
Herbert van Zijl	Ton Bruijne
Telephone: +31 38 429 4209	Telephone: +31 38 429 4357
Mobile: +31 6 51461442	Mobile : +31 6 51234949
E-mail: media@wavin.com	E-mail: InvestorRelations@wavin.com

11.9 Joint press release dated 8 February 2012

This is a joint press release by Mexichem S.A.B. de C.V. and Wavin N.V., pursuant to the provisions of section 6 paragraph 1 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) in connection with the intended public offer by Mexichem S.A.B. de C.V. for all the issued and outstanding ordinary shares in the capital of Wavin N.V. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Wavin N.V. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States of America, Australia, Canada and Japan.

MEXICHEM AND WAVIN CREATE GLOBAL LEADER IN THE PLASTIC PIPE SYSTEMS AND SOLUTIONS INDUSTRY

Mexichem intends to make a recommended all cash public offer of € 10.50 per ordinary Wavin share

Transaction Highlights

- Mexichem intends to make a cash offer of € 10.50 per Wavin ordinary share representing a premium of 177% over the closing price of 18 November 2011, for 100% of the outstanding shares of Wavin
- The Management and Supervisory Boards of Wavin support and recommend the intended Offer

Compelling Strategic Rationale

- The combination of Wavin and Mexichem creates the global market leader in plastic pipe systems with total annual sales of around € 4.0 billion[1]
- The combined group will be better equipped for future growth from consolidation and expansion into new markets
- Mexichem and Wavin are highly complementary with very limited geographic overlap
- The combined group will have stronger design, engineering and R&D capabilities whilst leveraging Mexichem's low cost manufacturing platform
- The combined group will have a more diversified end-market profile across the residential, non-residential and infrastructure segments exposing it to different economic and construction cycles

Identity of Wavin Maintained Within the Combination

- Wavin will retain a separate operating and legal structure with headquarters in Zwolle, the Netherlands
- Wavin's brand will be retained and R&D innovation centre will be kept in the Netherlands
- Existing rights of the employees, including pension rights, will be respected and the current Wavin employee consultation structure will be left unchanged. There will be no reduction of the number of employees as a consequence of the Transaction
- The combination represents an opportunity for Wavin and Mexichem employees and management to become part of a diversified group with a strong capital structure

Mexico-City/Zwolle, February 8, 2012 - Mexichem S.A.B. de C.V. ("Mexichem") and Wavin N.V. ("Wavin") jointly announce they have reached a conditional agreement in connection with a public cash offer by Mexichem for all issued and outstanding ordinary shares of Wavin at an offer price of € 10.50 for each Wavin ordinary share (the "Offer"). The offer price represents a 177% premium to Wavin's closing share price as at 18 November 2011, and a 97% premium to Wavin's average closing price for the three months up to and including 18 November 2011, respectively. The Offer values 100% of the issued and outstanding shares of Wavin at approximately € 531 million.

The combination of Mexichem and Wavin will create the global leader (€ 4.0 billion annual sales) in plastic pipe systems and solutions, building on a combined history of innovation and a commitment to client servicing. The companies will capitalise on a strong complementary fit in geography, product portfolio, R&D and business lines and together will be better equipped for future growth from consolidation and expansion into new markets.

Ricardo Gutiérez Muñoz, President of Executive Committee, Mexichem

"A combination between Mexichem and Wavin represents an important step for both of our companies in creating the leading global operator in the plastic pipe systems industry. The geographic footprint and product portfolio of Wavin and Mexichem are highly complementary and together we will be exceptionally positioned to capitalise on growth opportunities. We welcome Wavin to the Mexichem group and are excited about the opportunity of working with the Wavin management team."

Henk ten Hove, Wavin CEO

"We believe Mexichem's offer provides an opportunity for Wavin to join forces with a leading plastic pipe systems company whilst preserving our history, culture and assets such as our brand, our broad portfolio and our innovative power. We will be able to accelerate the Wavin 2015 strategy, to participate in the industry consolidation and to benefit from cross selling, sourcing power and best practice sharing. We look forward to a sustainable future together."

Support from the Management Board and Supervisory Board of Wavin

The Board of Management and the Supervisory Board of Wavin support and recommend the Offer to its shareholders, with the exception of Mr Kottman, chairman of the Supervisory Board of Wavin, who has not participated in the deliberations and decision-making of the Supervisory Board of Wavin in connection with the intended Offer given his relationship with one of the large Wavin shareholders. After careful consideration of all of Wavin's strategic alternatives, the Board of

Management and the Supervisory Board of Wavin believe this transaction provides a fair price and is in the best interests of the company and its stakeholders. ING Bank N.V. has issued a fairness opinion to the Supervisory Board of Wavin and has opined that the intended Offer is fair to the shareholders of Wavin from a financial point of view.

Unanimous Support from Mexichem

The Board of Directors of Mexichem unanimously support the Offer. A Mexichem EGM, resolving on the approval of the Offer, is expected to be convened by March 2012. The Board of Directors of Mexichem shall propose and recommend such resolution to its shareholders.

Corporate Governance and Integration

The Wavin employees will become part of a global leader in the plastic pipe systems and solutions industry which will capitalise on the strong brands of both companies. The Wavin employee consultation structure, the existing rights and benefits of Wavin employees and existing pension rights will remain unchanged. There will be no reduction of the number of employees as a consequence of the Transaction. Mexichem is focused on ensuring that Wavin's key management is retained and is committed to providing them with career opportunities within the combination.

Mexichem believes that the integration can be successfully executed with minimal disruptions, taking into account both companies' strengths and cultures.

Wavin will retain a separate operating and legal structure with headquarters in Zwolle, the Netherlands. Wavin's brand will be retained and Wavin's R&D innovation centre will be kept in Dedemsvaart, the Netherlands. The business of the Wavin Group will be kept intact and the corporate identity, culture and commitment to sustainable development will be maintained. Mexichem will support Wavin with the realisation of the Wavin 2015 Strategy Plan.

Wavin Nederland Beheer B.V. will maintain the mitigated structure regime.

After successful completion of the Offer, the current members of Wavin's Board of Management will continue to serve on Wavin's Board of Management. In addition, Mexichem will nominate a new member of the Management Board. The Supervisory Board will consist of six members, two of which will be independent from Mexichem and its related parties and who will have special rights to safeguard the non-financial commitments agreed upon with Mexichem.

Customers and Business Partners

The customers of both Mexichem and Wavin will benefit from an enlarged range of high quality products and services through an extended global sales and service network and through improved product innovation.

Financing of the Offer

The Offer values 100% of the issued and outstanding Wavin shares at approximately € 531 million. Approximately two per cent of the issued and outstanding Wavin shares are held by Mexichem. Mexichem will finance the Offer for the other approximately 98% of the issued and outstanding Wavin shares (approximately € 520 million) with cash on its balance sheet and existing committed credit facilities.

Pre-Offer and Offer conditions

The commencement of the Offer is subject to the satisfaction or waiver of certain pre-offer conditions customary for a transaction of this kind, such as (i) completion of the notification procedures pursuant to the Dutch Merger Code (*SER-besluit Fusiegedragsregels 2000*), (ii) completion of all actions necessary to consult Wavin's central works council and the European works council, (iii) no revocation of the recommendation by Wavin's Board of Management or Supervisory Board, (iv) Mexichem and Wavin having reached agreement on the contents of the offer memorandum and which is subsequently approved by the AFM, (v) no competing offer having been made, (vi) no order, stay judgment or decree restraining, prohibiting or delaying the transaction, (vii) no preference shares having been issued by Wavin, (viii) no material breach of the merger protocol and (ix) no material adverse effect having occurred. The material adverse effect clause may also be invoked in the event of a breach of the warranties given by Wavin if such breach results in a payment obligation in excess of € 25 million.

When made, the consummation of the Offer will be subject to the satisfaction or waiver of certain offer conditions customary for transactions of this kind, such as (i) relevant antitrust clearance for the Offer, (ii) a minimum acceptance of 80% of the Wavin shares on a fully diluted basis, (iii) no revocation of the recommendation by Wavin's Board of Management and Supervisory Board, (iv) no competing offer having been made, (v) no preference shares having been issued by Wavin (vi) no order, stay judgment or decree restraining, prohibiting or delaying the transaction, (vii) no material breach of the merger protocol, (viii) approval of Transaction at a Mexichem EGM and (ix) no material adverse effect having occurred.

Competing Offer

Wavin and Mexichem may terminate the conditional agreement in the event that a bona fide third-party offeror makes an offer which is, a more beneficial offer than the Offer, which is binding upon such party and (i) exceeds the Offer Price by 10% and (ii) includes non-financial commitments which are similar to those agreed upon in the merger protocol (a "Competing Offer"). In the event of a Competing Offer, Mexichem will be given the opportunity to revise its Offer. If this revised Offer by Mexichem is at least equally beneficial to the Competing Offer, Wavin may not terminate the conditional agreement with Mexichem. The same is true for any subsequent Competing Offer. If Wavin terminates the agreement in the event a third party offer has been declared unconditional with at least 50% of the Shares plus one Share having been tendered and provided that such third party has offered an offer price per Share that exceeds the Offer Price by at least 3%, Mexichem is entitled to a break fee amounting to € 8 million. The same break fee applies if the Management and Supervisory Boards revoke their recommendation. The Company is entitled to a break fee of € 8 million if the Merger Protocol is terminated due to Mexichem's EGM not approving the Transaction.

Indicative Timetable

Mexichem and Wavin will seek to obtain all the necessary approvals and competition clearances as soon as practicable and will complete the required recommendation and consultation procedures with Wavin's central works council, European works council and unions before launch of the Offer. The offer memorandum is expected to be published and the Offer is expected to commence during Q1 2012 in accordance with the applicable timetable. In March 2012, Mexichem will hold an EGM in order to obtain shareholder approval for the Offer. Wavin will hold an informative EGM before closing of the offer period.

Advisors

Barclays Capital is acting as lead financial advisor and Citigroup Global Markets as joint financial advisor to Mexichem; Bank of America Merrill Lynch is acting as financial advisor to Wavin.

Allen & Overy is acting as legal counsel to Mexichem; Stibbe is acting as legal counsel to Wavin.

Hill+Knowlton Strategies is acting as communications advisor to Mexichem.

Conference call

Today at 9.15 a.m. CET a joint media call of Mexichem and Wavin will take place. The call can be joined by dialling +31 (0) 20 717 68 68.

A replay of the conference call will be available after the call on the companies' websites.

Further information

The information in this press release is not intended to be complete and for further information explicit reference is made to the offer memorandum, which is expected to be published during Q1 2012. The offer memorandum will contain details of the Offer. The Wavin shareholders are advised to review the offer memorandum in detail and to seek independent advice where appropriate in order to reach a reasoned judgment in respect of the content of the offer memorandum and the Offer itself.

For more information

Mexichem

Enrique Ortega Prieto
Director of Strategic Planning and Investor Relations
Telephone: +(52 55) 5279 8304
E-mail: eortega@kaluz.com

Hill+Knowlton Strategies the Netherlands

Frans van der Grint: + 31 (0) 6 290 44 053
Arien Stuijt: + 31 (0) 6 215 31 233
Office: + 31 (0) 20 404 47 07

Wavin

Herbert van Zijl
Media Relations
Telephone: +31 38 429 4209
Mobile: +31 6 51461442
E-mail: media@wavin.com

Ton Bruijne
Investor Relations
Telephone: +31 38 429 4357
Mobile : +31 6 51234949
E-mail: InvestorRelations@wavin.com

About Mexichem

Mexichem is a leader in plastic pipe systems and in the chemical and petrochemical industry in Latin America, with more than 50 years of experience in the region and 33 years on the Mexican Stock Exchange with a market capitalisation of approximately € 5.0 billion.[2] *Mexichem, which exports to more than 50 countries, and has presence in Latin America, North America, Europe and Asia, has an annual turnover of approximately € 2.7 billion and operating profit of approximately € 400 million.*[3] *With more than 10,000 employees throughout virtually the entire American continent, the company contributes actively to the development of the countries through products that have a wide market in the most dynamic growth sectors including construction, housing, drinking water, and urban sewage in Mexico, the United States and Latin America. More details about Mexichem can be found at www.mexichem.com*

About Wavin

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company provides essentials: plastic pipe systems and solutions for tap water, surface heating and cooling, soil and waste, rain- and storm water, distribution of drinking water and gas and telecom applications. Wavin is headquartered in Zwolle (The Netherlands) and has a presence in 25 European countries. The company employs approximately 6,000 people and reported revenue of approximately € 1.2 billion for 2010. Outside Europe, it has a global network of agents, licensees and distributors. Wavin *is listed on the NYSE Amsterdam stock exchange (WAVIN). More details about Wavin can be found at www.wavin.com*

Restrictions

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of Mexichem or Wavin in any jurisdiction.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, Mexichem and Wavin disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither Mexichem, nor Wavin, nor any of their advisors assumes any responsibility for any violation by any person of any of these restrictions. Any Wavin shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States of America, Australia, Canada or Japan.

This press release may include "forward-looking statements" and language indicating trends, such as "anticipated" and "expected." Although Mexichem and Wavin believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither Mexichem nor Wavin, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

[1] Combined unaudited financials based on last twelve months ending 30 September 2011. MXN: EUR average exchange rate during last twelve months ending 30 September 2011 of 16.89 from FactSet.

[2] Based on market data from FactSet as at 3 February 2012. MXN: EUR exchange rate of 16.64.

[3] Unaudited financials based on last twelve months ending 30 September 2011. MXN: EUR average exchange rate during last twelve months ending 30 September 2011 of 16.89 from FactSet.

11.10 Mexichem's press release dated 14 February 2011

Mexichem: Financing for Wavin in place
(2012-02-14)

Draft offer memorandum to AFM for approval

Mexico-City, 14 February 2012 – Mexichem S.A.B. de C.V. ("Mexichem") announces that it has the necessary financing in place for its intended recommended public offer for Wavin N.V. ("Wavin"). Also, Mexichem will submit its draft offer memorandum for approval with the Dutch regulator AFM today.

In a joint press release dated 8 February 2012 Mexichem and Wavin announced that they reached a condi-tional agreement in connection with an intended public offer. The proposed offer consists of € 10.50 cum dividend in cash in respect of each ordinary Wavin share (the "Offer").

The Offer values 100% of the issued and outstanding Wavin shares at approximately € 531 million. About two per cent of the issued and outstanding Wavin shares are held by Mexichem and its affiliates. Mexichem will finance the Offer for the other approximately 98% of the issued and outstanding Wavin shares (around € 520 million) with cash on its balance sheet and on the basis of existing committed credit facilities. Mexi-chem has taken all necessary measures to secure the funding of the Offer.

In line with the regulatory requirements Mexichem is today submitting the draft offer memorandum to the Dutch regulator AFM, to seek its approval. The offer memorandum is expected to be published and the Offer is expected to commence during Q1 2012 in accordance with the applicable timetable.

In making the intended Offer Mexichem will use its direct subsidiary Mexichem Soluciones Integrales Hold-ing, S.A. de C.V.

About Mexichem

Mexichem is a leader in plastic pipe systems and in the chemical and petrochemical industry in Latin America, with more than 50 years of experience in the region and 34 years on the Mexican Stock Exchange with a market capitalisa-tion of approximately € 4.9 billion. Mexichem, which exports to more than 50 countries, and has presence in Latin America, North America, Europe and Asia, has an annual turnover of approximately € 2.8 billion and operating EBITDA of approximately € 597 million.2 With more than 11,000 employees throughout virtually the entire American continent, the company contributes actively to the development of the countries through products that have a wide mar-ket in the most dynamic growth sectors including construction, housing, drinking water, and urban sewage in Mexico, the United States and Latin America.

For further information:
Mexichem
Enrique Ortega Prieto
Director of Strategic Planning and Investor Relations
Tel: +(52 55) 5279 8304
eortega@kaluz.com

Hill+Knowlton Strategies Nederland
Frans van der Grint Ariën Stuijt
Tel: +31629044053 Tel: +31621531233

12. NEDERLANDSE SAMENVATTING VAN HET BOD

In dit Hoofdstuk 12 wordt een samenvatting gegeven van een aantal elementen uit het Biedingsbericht. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt deze niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om een afgewogen oordeel te kunnen vormen over het Bod. Het bestuderen van deze Nederlandse samenvatting mag derhalve niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. De Aandeelhouders worden geadviseerd het volledige Biedingsbericht (Deel I tezamen met Deel II), inclusief alle documenten die daarin door middel van verwijzing (*incorporation by reference*) zijn opgenomen, zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen over het Bod en de beschrijving daarvan in het Biedingsbericht. In geval van verschillen, al daar niet in interpretatie, tussen de Engelse tekst van het Biedingsbericht en deze samenvatting in de Nederlandse taal zal de de Engelse tekst van het Biedingsbericht prevaleren.

Het Bericht van de Vennootschap inclusief alle daarbij behorende bijlagen opgenomen in Deel III maakt geen deel uit van het Biedingsbericht en is niet onderhevig aan beoordeling door en goedkeuring van de AFM. Daarentegen, het Bericht van de Vennootschap is onderworpen aan beoordeling van de AFM na publicatie daarvan.

12.1 Het Bod

Motivering van het Bod

De Bieder brengt hierbij een aanbevolen bod in contanten uit op alle Aandelen die niet reeds worden gehouden door de Bieder of enige andere persoon of entiteit, direct of indirect, alleen of gezamenlijk, controlerend of gecontroleerd door de Bieder, met inbegrip van Kaluz.

Onder verwijzing naar alle verklaringen, bepalingen, condities en beperkingen opgenomen in dit Biedingsbericht, zijn de Aandeelhouders hierbij uitgenodigd om hun Aandelen aan te bieden onder het Bod op de manier en onder de voorwaarden, condities en beperkingen zoals opgenomen in dit Biedingsbericht.

De Biedprijs geeft de Aandeelhouders de mogelijkheid om de waarde van hun beleggingen direct en met zekerheid te verzilveren. De Bieder is er van overtuigd dat dit de Aandeelhouders een substantieel hogere waarde per Aandeel biedt vergeleken met de waarde van Wavin in een '*stand alone*' scenario:

- 177% ten opzichte van de slotkoers per Aandeel van EUR 3,79 op 18 november 2011.
- 97% ten opzichte van de gemiddelde slotkoers per Aandeel van EUR 5,34 gedurende de drie maanden voorafgaand en met inbegrip van 18 november 2011.
- 14% ten opzichte van de gemiddelde slotkoers per Aandeel van EUR 9,23 gedurende de twaalf maanden voorafgaand en met inbegrip van 18 november 2011.
- De Biedprijs per Aandeel vertegenwoordigt een premie van 75% over de mediaan van 11 publiekelijk toegankelijke analisten koersdoelstellingen, te weten EUR 6,00, van het Aandeel opgesteld tussen 20 oktober 2011 (de dag na de

bekendmaking van Wavin's resultaten voor het derde kwartaal van het financiële jaar 2011) en 18 november 2011. De mediaan-richtprijs is gebaseerd op effecten-onderzoeksrapporten van ABN Amro, BNP Paribas, Deutsche Bank, Goldman Sachs, ING, KBC, Kempen & Co, Kepler, Petercam, Rabobank en RBS.

- Deze premie overstijgt substantieel de gemiddelde 39% eendaagspremie voor de 26 Nederlandse openbare biedingen met een *equity value* groter dan EUR 100 miljoen die bekend werden gemaakt en afgerond zijn in de periode tussen 1 januari 2007 en 22 november 2011. De transacties die zijn opgenomen in deze analyse zijn: Gilde / Nedschroef, Mecom / Wegener, Cyrte-Mediaset-Goldman Sachs / Endemol, RBS-Fortis-Santander / ABN AMRO, Unibail / Rodamco, Candover-Landsbanki-Eyrir / Stork, CVC / Univar, Danone / Numico, TomTom / TeleAtlas, KPN / Getronics, Rexel / Hagemeyer, SABMiller / Grolsch, Randstad / Vedior, ERIKS / Econosto, Staples / Corporate Express, CVC / Schuitema, Disney / Jetix Europe, SHV / ERIKS, Jumbo / Super de Boer (asset sale), Boskalis / Smit Internationale, Canon / Océ, Johnson & Johnson / Crucell, Prysmian / Draka, Gilde-Parcom / Gamma Holding , Nieuwe Steen Investments / Vastned O/I, ProLogis / ProLogis European Properties.

- Gebaseerd op de jaareinde *net financial debt* per 31 December 2011 vertegenwoordigt de Biedprijs per Aandeel een *enterprise value* van Wavin van 7,6x de gerapporteerde EBITDA voor 2011 van EUR 98 miljoen, en 7,4x de gemiddelde verwachte EBITDA voor 2012 van EUR 101 miljoen voor Wavin gebaseerd op IBES consensus schattingen per 7 februari 2012 (de laatste handelsdag voorafgaand aan de handelsdag waarop bekend werd dat Mexichem voornemens was een bod te doen).

De *enterprise value* is gebaseerd op 50.579.009 geplaatste en uitstaande Aandelen per 7 februari 2012 (met uitzondering van Ingekochte Aandelen), de laatste Werkdag voorafgaand aan de gezamenlijke openbare mededeling waarin is aangekondigd dat Mexichem voornemens is om een aanbevolen openbaar bod te doen volledig in contanten en een jaareinde *net finanical debt* van EUR 228 miljoen, *non-controlling interests* van EUR 8 miljoen en investeringen in verbonden ondernemingen van EUR 22 miljoen per 31 december 2011.

Biedprijs

Aandeelhouders die hun Aandelen aanmelden onder het Bod zal een bedrag van EUR 10,50 cum dividend in contanten (de "**Biedprijs**") worden aangeboden, onder de voorwaarden en condities zoals uiteengezet in dit Biedingsbericht, zonder rente en onder voorwaarde van belastinginhouding. De Biedprijs wordt aangeboden voor ieder Aandeel dat rechtsgeldig is aangemeld onder het Bod (of op ongeldige wijze, indien de Bieder de aanmelding daarvan toch aanvaardt) en geleverd, onder de voorwaarde dat het Bod gestand wordt gedaan.

De Biedprijs is inclusief enig (ander) dividend in contanten of aandelen dat is of zal worden vastgesteld door de Vennootschap voor of op de Dag van Overdracht. Dientengevolge zal, wanneer enig dividend of andere uitkering is vastgesteld (waarbij de *record date* die bepalend is voor gerechtigheid tot een dergelijke uitkering plaatsvindt voor betaling en overdracht voor of op de Dag van Overdracht), de Biedprijs worden verminderd met het volledige bedrag van een dergelijke uitkering op elk Aandeel.

Financiering van het Bod (*certainty of funds*)	Onder verwijzing naar Artikel 7 lid 4 Bob, de Bieder is in staat om aan zijn verplichtingen onder het Bod te voldoen met contanten beschikbaar op haar balans en op basis van bestaande gecommitteerde kredietfaciliteiten. Mexichem heeft alle maatregelen genomen die noodzakelijk zijn voor het veilig stellen van de financiering van het bod. Zie tevens Hoofdstuk 11 (*Press releases*).
Voorwaarden van het Bod	Onverminderd enig andere bepaling van het Bod, de verplichting van de Bieder om het Bod gestand te doen geldt slechts indien aan elk van de volgende Voorwaarden wordt voldaan, tenzij op of voorafgaand aan de Uiterste Dag van Aanmelding afstand wordt gedaan van bepaalde Voorwaarden:

(a) alle meldingen aan van toepassing zijnde mededingingsautoriteiten zullen gedaan zijn en alle wachtperiodes in relatie tot dergelijke meldingen zullen verlopen zijn en elke relevante autoriteit zal:

  (i) hebben besloten dat het Bod doorgang kan vinden zonder daar enige condities of voorwaarden daar aan te verbinden;

  (ii) hebben besloten dat het Bod doorgang kan vinden zonder dat daarvoor goedkeuring van die autoriteit benodigd is;

  (iii) niet hebben besloten, daarmee implicerende dat binnen de van toepassing zijnde periodes en onder de van toepassing zijnde regelgeving, onvoorwaardelijke goedkeuring is verleend; of

  (iv) de zaak hebben overgedragen aan een bevoegde autoriteit in overeenstemming met de van toepassing zijnde regelgeving, waarna goedkeuring verleend zal zijn.

(b) het aantal totaal van (i) Aandelen (a) aangeboden onder het Bod, (b) gehouden door de Bieder of enig andere persoon of entiteit, direct of indirect, alleen of gezamenlijk, controlerend of gecontroleerd door de Bieder, met inbegrip van Kaluz en (c) schriftelijk onvoorwaardelijk en onherroepelijk gecommitteerd aan de Bieder of een Verboden Partij plus (ii) de Aandelen die door de Vennootschap voor eigen rekening worden gehouden, zal ten minste 80% van het geplaatste aandelenkapitaal vertegenwoordigen op de Uiterste Dag van Aanmelding op volledig verwaterde basis.

Afstand van deze Voorwaarde door de Bieder zal de voorafgaande schriftelijke goedkeuring van de Raden nodig hebben als het totaal aantal van (i) Aandelen (a) aangeboden onder het Bod, (b) gehouden door de Bieder of enig ander persoon of entiteit, direct of indirect, alleen of gezamenlijk, controlerend of gecontroleerd door de Bieder, met inbegrip van Kaluz en (c) schriftelijk onvoorwaardelijk en onherroepelijk gecommitteerd aan de Bieder of een Verboden Partij plus (ii) de Aandelen die door de Vennootschap voor eigen rekening worden gehouden, minder dan 66.67% van het geplaatste aandelenkapitaal vertegenwoordigen op de Uiterste Dag van Aanmelding op volledig verwaterde basis;

(c) er een schriftelijke bevestiging van het bestuur van de Stichting Preferente Aandelen Wavin is waarin zij bevestigt (i) dat het koopoptierecht om preferente aandelen aan haar te laten uitgeven door Wavin, niet is uitgeoefend en (ii) de onvoorwaardelijke beëindiging van de overeenkomst waaronder de Stichting Preferente Aandelen Wavin gerechtigd is tot het koopoptierecht om preferente aandelen aan haar te laten uitgeven door Wavin ingaande per Dag van Overdracht;

(d) er geen "**Materieel Negatief Effect**" heeft plaatsgevonden na de dag van ondertekening van het Fusieprotocol. Een Materieel Negatief Effect heeft de betekenis van:

(i) een schending van Wavin's garanties zoals opgenomen in het Fusieprotocol, die met betrekking tot die garantie resulteert in een betalingsverplichting voor enig lid van de Wavin Group die op een *net present value* basis groter is dan EUR 25 miljoen (of het gelijkwaardige bedrag in een buitenlandse munteenheid. Daaronder valt niet enige betalingsverplichting voor zover deze expliciet bekendgemaakt is aan de Bieder voorafgaand aan 8 februari 2012; en

(ii) elke aangelegenheid of omstandigheid die, individueel of in samenhang met andere aangelegenheden of omstandigheden, een materieel negatief effect heeft of redelijkerwijs kan hebben op de winstgevendheid, reputatie, financiële of handelspositie van de Wavin Groep, die als geheel van zodanige aard is dat van de Bieder redelijkerwijs niet verwacht kan worden dat zij het Bod gestand zal doen, anderszins dan een aangelegenheid of omstandigheid die direct resulteert uit:

(A) een algemene economische teruggang in de bedrijfssector van de Vennootschap welke in het algemeen bedrijven in deze sector, zoals de Vennootschap, aantast;

(B) enig geval dat bekend is, of redelijkerwijs bekend zou moeten zijn, bij de Bieder of haar adviseurs voorafgaand aan de datum van het Fusieprotocol, of wat redelijkerwijs te verklaren is uit het due diligence onderzoek van de Bieder met betrekking tot de Wavin Groep, of informatie gedeponeerd door een lid van de Wavin Groep die is aangemerkt als publieke informatie of wat door de Vennootschap openbaar is gemaakt op grond van toepasselijk recht en regelgeving;

(C) de bekendmaking, het doen en de tenuitvoerlegging van het Bod;

(D) iedere wijziging in wetten, regelgeving. Verslaggevingsregels of interpretatie daarvan, na de datum van het Fusieprotocol;

(E) een schending van het Fusieprotocol of toepasselijk recht door de Bieder; of

(F) juridische procedures aangaande aandeelhouders of Andere bij de Vennootschap betrokken partijen welke voortkomen uit een vermeende inbreuk op de fiduciare verplichtingen met betrekking tot het Bod.

(e) Mexichem BAVA heeft het Bod, de maatregelen die nodig zijn om het Bod te implementeren en de transacties die voortkomen uit het Bod goedgekeurd, onverminderd de verplichting van de Bieders om zich in alle redelijkheid in te spannen voor de voldoening van deze Voorwaarde zo snel als redelijkerwijs mogelijk is.

(f) geen van de Raden heeft de Aanbeveling ingetrokken of gewijzigd;

(g) geen openbare mededeling is gedaan van een Concurrerend Bod, of van een verplicht bod op de Aandelen als bedoeld in artikel 5:70 Wft;

(h) geen mededeling van de AFM is ontvangen waarin wordt gesteld dat het Bod is gedaan in strijd met één of meer bepalingen van hoofdstuk 5.5 Wft (Openbaar bod op Effecten) of het Bob en dat op grond van deze regels de beleggingsondernemingen in de zin van Artikel 5:80 Wft niet zouden mogen meewerken aan de executie en de voltooiing van het Bod;

(i) geen opdracht, onderzoek, vonnis of beschikking is uitgesproken door enige rechtbank, arbitragecommissie, regering, overheidsinstantie of een andere toezichthoudende of administratieve instantie en is van kracht, of enig statuut, regel, wetgeving, overheidsopdracht of maatregel van toepassing is verklaard op het Bod welke het afronden van het Bod zal beperken;

(j) de Vennootschap heeft het Fusieprotocol niet zodanig geschonden dat deze schending in alle redelijkheid een Materieel Negatief Effect zou kunnen opleveren voor de Vennootschap of het Bod en welke dermate materieel is dat niet van de Bieder verwacht kan worden dat zij het Bod doet (met inbegrip van, zonder beperking, een schending van de Raden's verplichting met betrekking tot de Aanbeveling zoals neergelegd in het Fusieprotocol).

De Voorwaarden, met uitzondering van Voorwaarde (h), zijn ten behoeve van de Bieder. Van deze Voorwarden mag, voor zover toegestaan op grond van de wet, alleen afstand worden gedaan door de Bieder, zowel geheel als gedeeltelijk, te allen tijde door middel van een schriftelijke verklaring aan de Vennootschap. Van de Voorwaarde opgenomen in (h) kan geen afstand worden gedaan.

De Bieder en de Vennootschap zullen hun uiterste best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen. De Bieder mag een Voorwaarde niet inroepen als de Bieder niet voldaan heeft aan de '*best efforts*' verplichting.

Wanneer op enig moment de Bieder of de Vennootschap zich bewust wordt van (i) het feit dat een Voorwaarde vervuld is of (ii) een feit of een omstandigheid die ertoe zou kunnen leiden dat een Voorwaarde niet wordt vervuld, zal de Bieder respectievelijk de Vennootschap daarvan onmiddellijk schriftelijk de andere partij daarvan op de hoogte stellen.

Aanvaarding door Aandeelhouders d.m.v. een Toegelaten Instelling

Aandeelhouders die hun Aandelen houden via een Toegelaten Instelling worden verzocht hun aanmelding kenbaar te maken via hun bank of commissionair niet later dan op de Uiterste Dag van Aanmelding om 17:30 uur MET, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van de Bob (zie Hoofdstuk 5.8 (Extension of the Acceptance Period) en/of Hoofdstuk 5.9 (Post Acceptance Period)). Conform de regels van het Bob is eenmaal een verlenging van de Aanmeldingstermijn toegestaan. Een tweede verlenging van de Aanmeldingstermijn is onderworpen aan voorafgaande goedkeuring van de AFM, die alleen in uitzonderlijke omstandigheden zal worden gegeven.

De relevante bank of commissionair kan een eerdere uiterste datum stellen voor de Aandeelhouders om de bank of commissionair in de gelegenheid te stellen de aanmelding van die Aandeelhouders op tijd aan het Afwikkelingskantoor door te geven. De Toegelaten Instellingen mogen de Aandelen uitsluitend schriftelijk voor aanvaarding aanmelden bij het Afwikkelingskantoor.

Aanvaarding door Aandeelhouders die individueel zijn opgenomen in aandeelhoudersregister van Wavin

Aandeelhouders die individueel zijn geregistreerd in het aandeelhoudersregister van Wavin en die het Bod willen aanvaarden ten aanzien van hun Aandelen, dienen een complete en getekende aanmeldingsbrief te overhandigen aan het Afwikkelingskantoor.

Overeenkomstig de voorwaarden van het Bod, dient de aanmeldingsbrief te zijn ontvangen door het Afwikkelingskantoor niet later dan om 17:30 uur MET, op de Uiterste Dag van Aanmelding, tenzij de Aanmeldingstermijn door de Bieder is verlengd in overeenstemming met artikel 15 van het Bob (zie Hoofdstuk 5.8 (Extension of the Acceptance Period) en/of Hoofdstuk 5.9 (Post Acceptance Period)). Conform de regels van het Bob is eenmaal een verlenging van de Aanmeldingstermijn toegestaan. Een tweede verlenging van de Aanmeldingstermijn is onderworpen aan voorafgaande goedkeuring van de AFM, die alleen in uitzonderlijke omstandigheden wordt gegeven.

Het Afwikkelingskantoor zal de Aandeelhouders per brief berichten over de details van de aanmeldingsbrief. De aanmeldingsbrief zal dienen als akte van levering met betrekking tot de daarin genoemde Aandelen.

Afwikkeling van het Bod

Aandeelhouders die hun Aandeel voor aanvaarding van het Bod hebben aangemeld voor of op de Dag van Overdracht, zullen de Biedprijs op de Dag van Overdracht ontvangen voor ieder Aandeel dat op rechtsgeldige wijze is aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) en geleverd onder de voorwaarden en condities van het Bod. Op de Dag van Overdracht is ontbinding of nietigverklaring van een aanbieding of levering van een Aandeelhouder niet meer toegestaan. Overdracht zal alleen plaatsvinden als het Bod gestand wordt gedaan.

Besluitvorming en aanbeveling Raad van Commissarissen en de Raad van Bestuur van Wavin

De Raden hebben, na uitgebreid juridisch en financieel advies te hebben ingewonnen en na een zorgvuldige afweging van de strategische, financiële en sociale aspecten en de gevolgen van de voorgenomen transactie, alsmede andere alternatieven voor Wavin (waaronder een stand alone scenario en eventuele transacties met derde partijen), geconcludeerd dat, gezien de huidige omstandigheden, het Bod een redelijke vergoeding biedt en in het belang is van Wavin en alle andere betrokkenen van de Vennootschap.

Gedurende het gehele proces hebben de Raad van Commissarissen en de Raad van Bestuur regelmatig overleg gevoerd over de voortgang van het proces en de Raad van Commissarissen is intensief betrokken bij het proces van het begin tot het eind. De voorwaarden en condities van het Bod, zoals neergelegd in het Fusieprotocol, zijn tussen Wavin en Mexichem tot stand gekomen alleen met de voorafgaande goedkeuring van de Raad van Commissarissen.

De Raad van Commissarissen en de Raad van Bestuur zijn van mening dat de Biedprijs en de andere voorwaarden van het Bod redelijk en fair zijn jegens de Aandeelhouders met in acht neming van alle omstandigeheden. In dat kader wordt verwezen naar de Fairness Opinies, zoals opgenomen in het Bericht van de Vennootschap in Hoofdstuk 8 (Fairness Opinion Merrill Lynch International) and Hoofdstuk 9 (Fairness Opinion ING Bank N.V.) in Deel III. Onder verwijzing naar het bovenstaande, ondersteunen de Raden het Bod volledig en bevelen zij hun Aandeelhouders aan om het Bod te aanvaarden. Gelet op zijn functie als voorzitter van de raad van commissarissen van Delta Lloyd N.V., een indirecte houder van een aanmerkelijk belang in Wavin, heeft de heer Kottman, voorzitter van de Raad van Commissarissen, zich onthouden van deelneming aan de discussies en besluitvorming met betrekking tot

	het Bod in overeenstemming met de Nederlandse Corporate Governance Code.
Raad van Bestuur	Het aantal leden van de Raad van Bestuur zal worden verhoogd van drie naar vier, vanaf de Dag van Overdracht. Met Mexichem is overeengekomen dat de huidige leden van de Raad van bestuur, de heer H. ten Hove, de heer W.H.J.C.M. Oomens and de heer M.P.M. Roef, zullen aanblijven als leden van de Raad van Bestuur. Vanaf de Dag van Overdracht zal de heer A. E. Capdepón Acquaroni toetreden tot de Raad van Bestuur als *Executive Vice President responsible for integration and acquisitions*. Deze afspraak zal van kracht zijn voor een periode van drie jaar na de Dag van Overdracht.
Raad van bestuur van de Bieder	De raad van bestuur van de Bieder is als volgt samengesteld:

Directors	**Alternate Director**
Juan Pablo del Valle Perochena	Antonio del Valle Perochena
(voorzitter)	Francisco del Valle Perochena
Antonio del Valle Ruiz	
Adolfo del Valle Ruiz	
Ignacio del Valle Ruiz	
Ricardo Gutiérrez Muñoz	
Jaime Ruiz Sacristán	

12.2 Beoogd tijdschema van het Bod

Verwachte datum en tijd (Alle tijden zijn in MET)	**Gebeurtenis**
9 maart 2012	Publicatie van het persbericht waarin de verkrijgbaarstelling van dit Biedingsbericht en aanvang van het Bod worden aangekondigd.
9:00 uur MET, 12 maart 2012	Aanvang van de Aanmeldingstermijn onder het Bod, in overeenstemming met artikel 14 van het Bob.
22 maart 2012	Mexichem AVA, waarin onder meer het Bod ter goedkeuring wordt voorgelegd.
14:00 uur, 25 april 2012	Wavin AVA waarin onder meer het Bod zal worden besproken in overeenstemming met artikel 18 lid 1 en 2 van het Bob en een stemming zal worden gevraagd met betrekking tot de besluiten waarnaar wordt verwezen in Hoofdstuk 10 (Agenda Wavin AVA) van het Bericht van de Vennootschap.

17:30 uur MET, 7 mei 2012, behoudens verlenging	Uiterste Dag van Aanmelding, laatste dag van de Aanmeldingstermijn van het Bod, tenzij het Bod verlengd wordt in overeenstemming met artikel 15 van het Bob.
Uiterlijk drie (3) Werkdagen na de Uiterste Dag van Aanmelding	Op deze dag zal de Bieder in overeenstemming met artikel 15 en 16 van het Bob aankondigen dat: • het Bod gestand wordt gedaan, Dag van Gestanddoening; • het Bod niet gestand wordt gedaan en is komen te vervallen; of • het Bod zal worden verlengd voor een periode van tussen de twee (2) en tien (10) weken.
Uiterlijk drie Werkdagen na de Dag van Gestanddoening	Dag van Overdracht: de dag waarop de Bieder de Biedprijs betaalt aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) en geleverd, overeenkomstig de voorwaarden van het Bod.
Uiterlijk twee (2) Werkdagen na de Dag van Gestanddoening	Aanvang van de Na-aanmeldingstermijn: de Bieder kan een Na-aanmeldingstermijn voor het Bod openstellen voor een periode van maximaal twee (2) weken. Tijdens de Na-aanmeldingstermijn hebben Aandeelhouders die hun Aandelen niet hebben aangemeld onder het Bod, de mogelijkheid dit alsnog te doen onder de voorwaarden van het Bod en conform de bepalingen en beperkingen zoals die zijn uiteengezet in het Biedingsbericht en in overeenstemming met artikel 17 van het Bob.

12.3 Restricties

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, op de voorwaarden en binnen de restricties die zijn beschreven in dit Biedingsbericht. De Bieder behoudt zich het recht voor om iedere aanmelding van of namens een Aandeelhouder onder het Bod te aanvaarden, ook indien de aanmelding niet is geschied op de wijze die is beschreven in dit Biedingsbericht.

De verspreiding van dit Biedingsbericht en/of het doen van het Bod in andere jurisdicties dan Nederland kan wettelijk beperkt of uitgesloten zijn. Het Bod wordt niet gedaan in, en mag niet worden aanvaard door, of namens Aandeelhouders vanuit een jurisdictie waarin het doen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende effecten regelgeving of andere wet- en regelgeving, of waarvoor enige registratie bij, goedkeuring van of kennisgeving aan een toezichthoudende instantie door de Bieder is vereist en waarin niet expliciet door dit Biedingsbericht is voorzien. Echter, aanmeldingen onder het Bod door Aandeelhouders buiten Nederland zullen worden aanvaard door de Bieder, indien de aanmelding is geschied (i) op de wijze die is beschreven in dit Biedingsbericht, en (ii) in overeenstemming met de wet- en regelgeving in de jurisdictie waaruit de aanmelding wordt gedaan. Personen die het Biedingsbericht verkrijgen, dienen alle restricties te respecteren en iedere vereiste autorisatie, goedkeuring of instemming te verkrijgen. Behalve in Nederland hebben er geen handelingen plaatsgevonden (noch zullen deze plaatsvinden) om het Bod mogelijk te maken in enig andere jurisdictie waar dergelijke handelingen vereist zouden zijn. In aanvulling daarop, dit Biedingsbericht is niet toegestuurd nog erkend door de autoriteiten van enig andere jurisdictie dan de Nederlandse.

Noch de Bieder, noch Mexichem, noch Wavin, noch ieder van hun respectievelijke gelieerde entiteiten, bestuurders en commissarissen, werknemers en adviseurs aanvaarden enige aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Elke persoon (waaronder begrepen, zonder beperkingen, bewaarders, gevolmachtigden en beheerders) die dit Biedingsbericht of enig hieraan gerelateerd document naar een jurisdictie buiten Nederland wenst te zenden, of van plan zou zijn dit te doen, dient zorgvuldig Hoofdstuk 1 (Restrictions) en Hoofdstuk 2 (Important information) van het Biedingsbericht te lezen voordat hij hiertoe overgaat. De uitgifte, publicatie of distributie van dit Biedingsbericht in of naar een jurisdictie buiten Nederland kan wettelijk zijn beperkt en daarom dienen personen buiten Nederland die dit Biedingsbericht ontvangen kennis te nemen van deze restricties en deze na te leven. Indien deze restricties niet worden nageleefd, kan dit een strafbaar feit opleveren naar het recht van de desbetreffende jurisdictie.

12.4 Verantwoordelijkheidsverdeling

De informatie in de Hoofdstukken 1 tot en met 5, 6 (met uitzondering van de Hoofdstukken 6.3.2, 6.4, 6.7.1), 8, 10, 12 en 13 in Deel I is uitsluitend verschaft door de Bieder. De informatie in de Hoofdstukken 6.3.2, 6.4, 6.7.1 en 7 in Deel I en de informatie in Deel II (met uitzondering van de accountantsverklaringen in Hoofdstuk 2 van Deel II) en de informatie verschaft in Deel III is uitsluitend verschaft door de Vennootschap. De informatie op het voorblad, in de inleiding en in de Hoofdstukken 9 en 11 in Deel I is door de Bieder en de Vennootschap gezamenlijk verschaft.

De verklaring in Hoofdstuk 2 (Independent Auditor's report from PWC relating to the comparative overview of summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2011 and the Financial Year 2010) van Deel II is door PWC aan de Vennootschap verstrekt. De verklaring in Hoofdstuk 2 Independent Auditor's report from KPMG relating to the summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2009) Deel II is door KPMG aan de Vennootschap verstrekt

De Bieder en de Vennootschap zijn ieder met uitsluiting van de ander verantwoordelijk voor de juistheid en volledigheid van de informatie die in dit Biedingsbericht is opgenomen, ieder afzonderlijk voor de informatie die door henzelf is verstrekt en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en de Vennootschap verklaren beide, ieder voor de informatie die door henzelf in dit Biedingsbericht is verstrekt en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt, dat de informatie in dit Biedingsbericht op de publicatiedatum van dit Biedingsbericht voor zover hen bekend, na het treffen van alle redelijke maatregelen om zulks te garanderen, in overeenstemming is met de werkelijkheid, en dat er geen gegevens zijn weggelaten waarvan de vermelding de strekking van dit Biedingsbericht zou wijzigen.

Bepaalde statistische gegevens in dit Biedingsbericht, inclusief de financiële gegevens gepresenteerd in miljoenen of duizendtallen, kunnen naar boven of beneden afgerond zijn en derhalve kan de optelsom van dergelijke gegevens zoals opgenomen in dit Biedingsbericht licht afwijken van de werkelijke rekenkundige optelsom van dergelijke gegevens.

12.5 Nederlandse Definities

Gedefinieerde termen in deze Nederlandse samenvatting zullen de volgende betekenis hebben:

Aandelen	alle geplaatste en uitstaande Aandelen in het aandelenkapitaal van Wavin, elk met een nominale waarde van EUR 0,40, inclusief aandelen die wellicht uitgegeven en geleverd worden door de Vennootschap voor de Dag van Overdracht als gevolg van de uitvoering van het LTIP

Aandeelhouder(s)	de houder(s) van één of meer Aandelen
Aanmeldingstermijn	de periode, gedurende welke de Aandeelhouders hun Aandelen bij de Bieder kunnen aanmelden, beginnend op 12 maart 2012 en eindigend op de Uiterste Dag van Aanmelding
AFM	de Stichting Autoriteit Financiële Markten
Afwikkelingskantoor	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., een coöperatie met beperkte aansprakelijkheid opgericht naar Nederlands recht, met statutaire zetel te Amsterdam en gevestigd te Croeselaan 18, 3521 CB Utrecht, Nederland, handelend onder de naam Rabobank International.
Barclays Capital	de *investment banking* afdeling van Barclays Bank Plc
Bericht van de Vennootschap	het standpunt van de Vennootschap inclusief alle bijlagen daarbij opgenomen in Deel III (Position Statement), maar dat geen deel uitmaakt van dit Biedingsbericht
Bieder	Mexichem Soluciones Integrales Holding S.A. de C.V., een besloten vennootschap, opgericht naar Mexicaans recht, met statutaire zetel te Mexico Stad, Mexico en gevestigd te Rio San Javier 10, Fracc. Viveros del Rio, Tlalnepantia, Estado de Mexico, 54060 Mexico
Biedingsbericht	dit biedingsbericht (zijnde de Engelse tekst en de Nederlandse samenvatting) met betrekking tot het Bod (Deel I tezamen met Deel II)
Biedprijs	een vergoeding in contanten van EUR 10,50 cum dividend per Aandeel
Bob	Besluit openbare biedingen Wft
Bod	het bod zoals in dit Biedingsbericht beschreven
Boekjaar 2009	boekjaar van Wavin dat eindigde op 31 december 2009
Boekjaar 2010	boekjaar van Wavin dat eindigde op 31 december 2010
Boekjaar 2011	boekjaar van Wavin dat eindigde op 31 december 2011
BofA Merrill Lynch	Merrill Lynch International gezamenlijk handelend met haar Amsterdamse vestiging
Citigroup Global Markets	Citibank International Plc., de Nederlandse vestiging
Compensatie Aandelen (*Matching Shares*)	heeft de betekenis zoals opgenomen in het LTIP in Hoofdstuk 6.4.3 (Information on LTIP)
Concurrerend Bod	heeft de betekenis zoals opgenomen in Hoofdstuk 6.12 (Certain arrangements between the Offeror and the Company)
Dag van Gestanddoening	de datum waarop de Bieder aankondigt dat het Bod gestand wordt gedaan in overeenstemming met artikel 16 lid 1 van het Bob.

	Gestanddoening vindt niet later dan de derde Werkdag na de Uiterste Dag van Aanmelding plaats
Dag van Overdracht	de datum waarop de Bieder, in overeenstemming met de voorschriften, de voorwaarden en beperkingen van het Bod, de Biedprijs zal betalen aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) en hebben geleverd onder het Bod; de Dag van Overdracht vindt niet later dan op de derde Werkdag na de Dag van Gestanddoening plaats
EUR	euro, het wettig betaalmiddel in de lidstaten van de Europese Economische en Monetaire Unie
Euronext Amsterdam	de beurs van Euronext Amsterdam door NYSE Euronext, de gereglementeerde markt van Euronext N.V.
Fairness Opinies	de fairness opinie verstrekt aan de Raad van Bestuur door BofA Merrill Lynch gedateerd op 9 februari 2012 en de fairness opinie verstrekt aan de Raad van Commissarissen door ING gedateerd op 7 februari 2012
Fusiegedragsregels 2000	SER besluit Fusiegedragsregels 2000 ter bescherming van de belangen van de werknemers
Fusieregels	alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke artikelen van en alle nadere regelgeving en beleidsregels afgekondigd onder de Wft, het Bob, de Fusiegedragsregels 2000, de Wet op de ondernemingsraden, de regelgeving en beleidsregels van Euronext Amsterdam en het Burgerlijk Wetboek en elke andere effecten- en mededingingswetgeving die van toepassing is op het Bod
Fusieprotocol	het fusieprotocol met betrekking tot het Bod tussen Wavin en Mexichem gedateerd 7 februari 2012
Herzien Bod	een herzien bod, dat als geheel, naar de geobjectiveerde mening van de Raden, over het geheel genomen gelijkwaardig is aan het Concurrerend Bod
Hoofdstuk(ken)	de hoofdstukken van dit Biedingsbericht, en elk een Hoofdstuk
IFRS	*International Financing Reporting Standards* zoals goedgekeurd door de Europeese Unie
ING	de *corporate finance* afdeling van ING Bank N.V.
Ingekochte Aandelen	de 203.123 gewone aandelen met een nominale waarde van EUR 0,40 elk in het kapitaal van Wavin welke gehouden worden door de Vennootschap
Juridische Fusie	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post Offer restructuring of Wavin)
Kaluz	Kaluz, S.A. de C.V., een besloten vennootschap met variabel

	kapitaal, opgericht naar Mexicaans recht, met statutaire zetel te Mexico Stad, Federal District, en gevestigd te Emilio Castelar No. 75, Floor 1, Col. Chapultepec Polanco, México, Distrito Federal, C.P. 11560.
KPMG	KPMG Accountants N.V.
LTIP	het bestaande bonus *incentive share matching* plan waaraan de leden van de Raad van Bestuur en bepaalde belangrijke personeelsleden van Wavin deelnemen
Materieel Negatief Effect	heeft de betekenis zoals opgenomen in het LTIP in Hoofdstuk 6.2.1 (d)
Materiële tekortkoming	een tekortkoming in de nakoming van een of meerdere verplichtingen uit het Fusieprotocol die een materieel negatief effect op het Bod heeft of zou kunnen hebben
MET	Midden-Europese tijd
Mexichem	Mexichem S.A.B. de C.V., een publiek verhandelde vennootschap, opgericht naar Mexicaans recht, met statutaire zetel te Tlalnepantia, Mexico Stad en gevestigd te Rio San Javier 10, Fracc. Viveros □□l Rio, Tlalnepantia, Estado de Mexico, 54060 Mexico
Mexichem BAVA	de buitengewone vergadering van aandeelhouders van Mexichem te houden op 22 maart 2012, waar aan de algemene vergadering gevraagd zal worden of te besluiten over het Bod.
Na-aanmeldingstermijn	de Bieder kan, indien de Bieder dit wenst, een Na-aanmeldingstermijn voor het Bod openstellen voor een periode van maximaal twee (2) weken. Tijdens de Na-aanmeldingstermijn hebben Aandeelhouders die hun Aandelen niet hebben aangemeld onder het Bod, de mogelijkheid dit als nog te doen onder de voorwaarden van het Bod en conform de bepalingen en beperkingen zoals die uiteen zijn gezet in het Biedingsbericht
Nederlandse Corporate Governance Code	de Nederlandse Corporate Governance Code van 10 december 2008
Onafhankelijke Leden van de Raad van Commissarissen	de twee leden van de Raad van Commissarissen die onafhankelijk zijn van Bieder of enig andere persoon of entiteit, direct of indirect, alleen of gezamenlijk, controlerend of gecontroleerd door de Bieder, met inbegrip van Kaluz.
Overdracht	de betaling van de Biedprijs per Aandeel door de Bieder aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) en hebben geleverd onder het Bod
Overname Uitkoop Procedure	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post Offer restructuring of Wavin)
Prestatie Opties	heeft de betekenis zoals opgenomen in het LTIP in Hoofdstuk 6.4.3 (Information on LTIP)

PWC	PricewaterhouseCoopers Accountants N.V.
Raad van Bestuur	de raad van bestuur van Wavin
Raad van Commissarissen	de raad van commissarissen van Wavin
Raden	de Raad van Bestuur en Raad van Commissarissen gezamenlijk
RvB individuen	de huidige leden van de Raad van Bestuur
RvC individuen	de huidige leden van de Raad van Commissarissen
SEC	*United States Securities and Exchange Commission*
Toegelaten Instelling(en)	een tot Euronext Amsterdam toegelaten instelling
Uiterste Dag van Aanmelding	het tijdstip en datum waarop de Aanmeldingstermijn eindigt, te weten op 7 mei 2012 om 17:30 uur MET, behoudens verlenging in overeenstemming met artikel 15 van het Bob
Uitkoopprocedure	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post Offer restructuring of Wavin)
Voorwaarden	de opschortende voorwaarden met betrekking tot het Bod zoals uiteengezet in Hoofdstuk 6.2 (Offer Conditions)
Wanpreserende Partij	de Partij die tekortschiet in een of meerdere verplichtingen van het Fusieprotocol
Wavin AVA	de algemene vergadering van Aandeelhouders van de Vennootschap die wordt gehouden op 25 april 2012, tijdens welke vergadering, in overeenstemming met de bepalingen van artikel 18, lid 1 en lid 2 van het Bob, onder andere het Bod zal worden besproken, en een stemming zal worden gevraagd met betrekking tot de besluiten waarnaar wordt verwezen in Hoofdstuk 10 (Agenda Wavin AVA) van het Position Statement
Wavin of **de Vennootschap**	Wavin N.V., een naamloze vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht met statutaire zetel in Zwolle, Nederland, gevestigd aan de Stationsplein 3, 8011 CW Zwolle, Nederland
Wavin 2015 Strategisch Plan	de 'Wavin 2015' strategie, gelanceerd in oktober 210, een plan voor duurzame groei, winstgevendheid en leiderschap in lokale markten als belangrijkste doelstellingen
Wavin Groep	Wavin en haar directe en indirecte dochtermaatschappijen en verbonden ondernemingen
Wavin Statuten	de statuten van Wavin
Verdwijnende Entiteit	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post Offer restructuring of Wavin)
Verkrijgende Entiteit	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post

	Offer restructuring of Wavin)
Werkdag(en)	een dag anders dan een zaterdag of zondag waarop de banken in Nederland, ingevolge de Algemene Bank-CAO, en Euronext Amsterdam open zijn
Wettelijke Uitkoop Procedure	heeft de betekenis zoals opgenomen in Hoofdstuk 6.8.2 (Post Offer restructuring of Wavin)
Voorzitter	de voorzitter van de Raad van Commissarissen
Voorziene herstructurerings-maatregelen	de maatregelen opgenomen in (i) tot en met (vi) van Hoofdstuk 6.8.2
Wft	Wet op het financieel toezicht
WMO	Waterschap Overijssel

13. ADVISERS AND SETTLEMENT AGENT

Advisers to:

MEXICHEM AND THE OFFEROR

Lead Financial Adviser	Financial Adviser	Legal Adviser
Barclays Capital 5 North Colonnade Canary Wharf London E14 4BB United Kingdom	**Citigroup Global Markets** 388 Greenwich Street New York, NY 10012 United States	**Allen & Overy LLP** Apollolaan 15 1077 AB Amsterdam the Netherlands

THE COMPANY

Financial Adviser	Legal Adviser	Accountant
Merrill Lynch International (Amsterdam branch) Rembrant Tower, 27th Floor Amstelplein 1 1096 HA Amsterdam the Netherlands	**Stibbe** Stibbetoren Strawinskylaan 2001 1077 ZZ Amsterdam the Netherlands P.O. Box 75640 1070 AP Amsterdam the Netherlands	**PricewaterhouseCoopers Accountants N.V.** Thomas R. Malthusstraat 5 1066 JR Amsterdam the Netherlands

Settlement Agent

Rabobank International
Global Financial Markets –
Equity Syndicate
Croeselaan 18
P.O. Box 17100
3500 HG Utrecht
the Nederlands

PART II - FINANCIAL STATEMENTS

The following financial information is made available:

1. Comparative overview of summaries of the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2011, the Financial Year 2010 and the Financial Year 2009

Basis for preparation

In accordance with the Takeover Decree a comparative overview of summaries of the consolidated balance sheet, consolidated income statement, and consolidated statement of cash flows for the Financial Year 2011, the Financial Year 2010, and the Financial Year 2009 has been prepared. This has been derived from:

- the financial statements for the Financial Year 2011 as audited by PWC, which issued an audit report thereon, without qualification, on 28 February 2012;
- the financial statements for the Financial Year 2010 as audited by PWC, which issued an audit report thereon, without qualification, on 1 March 2011; and
- the financial statements for the Financial Year 2009 as audited by KPMG, which issued an audit report thereon, without qualification, on 25 February 2010.

Please note that Wavin's Annual Report for the Financial Year 2011, from which the consolidated financial statements for the year ending 31 December 2011 are derived, remain subject to adoption by the general meeting of shareholders of Wavin, which is expected to vote on the adoption of those financial statements during the Wavin AGM. Pursuant to article 2:362 sub 6 of the Dutch Civil Code, the financial statements for the financial year 2011 shall be adopted with due observance of any material matters relating to the financial situation on the balance sheet date that have become apparent in the period between the preparation of the financial statements and the Wavin AGM to the extent required by law.

The comparative overview set out below contains abbreviated overviews of the consolidated balance sheets, the consolidated income statements, and the consolidated cash flows only. For a better understanding of Wavin's financial position and results, the abbreviated overviews should be read in conjunction with the unabbreviated audited financial statements for the Financial Year 2011, the Financial Year 2010, and the Financial Year 2009. A summary of the main accounting policies of the Wavin consolidated financial statements for the Financial Year 2011 is outlined in Section 3 of this Part II.

1.1 Summary Consolidated Income Statement

	year ended		
	2011	2010	2009
(amounts in EUR x millions)	(audited)	(audited)	(audited)
Revenue	1,327.1	1,231.3	1,159.6
Cost of sales	1,039.3-	940.1-	870.1-
Gross profit	**287.8**	**291.2**	**289.5**
Other operating income	8.5	4.6	5.9
Selling and distribution expenses	147.4-	145.1-	148.8-
Administrative expenses	93.9-	92.6-	95.6-
Research and development expenses	8.0-	8.0-	6.1-
Other operating expenses	11.5-	12.2-	12.0-
Result from operating activities	**35.5**	**37.9**	**32.9**
Finance income	3.3	1.7	2.3
Finance expenses	31.5-	35.8-	37.7-
Net finance costs	-28.2	34.1-	35.4-
Share in profit of associates	2.4	2.2	3.1
Profit on sale of subsidiaries	2.1	-	-
Profit (loss) before income tax	**11.8**	**6.0**	**0.6**
Income tax benefit (expense)	6.2	1.1	1.2
Profit (loss) for the period	**18.0**	**7.1**	**1.8**
Attributable to:			
Equity holders of the Company	17.1	5.8	0.2
Non-controlling interest	0.9	1.3	1.6
Profit (loss) for the period	**18.0**	**7.1**	**1.8**

1.2 Summary Consolidated Balance Sheet Data

	year ended		
	2011	2010	2009
(amounts in EUR x millions)	(audited)	(audited)	(audited)
Property, plant & equipment	326.5	344.2	349.8
Intangible assets	484.2	488.1	485.1
Investments in associates	21.6	21.1	19.1
Other financial non-current assets	1.8	0.9	0.8
Deferred tax asset	8.9	9.6	10.4
Total non-current assets	**843.0**	**863.9**	**865.2**
Inventories	153.2	171.9	146.0
Trade and other receivables	269.5	266.5	237.7
Income tax receivable	2.0	2.5	3.6
Cash and cash equivalents	76.6	55.8	58.6
Assets classified as held-for-sale	2.9	0.3	3.8
Total current assets	**504.2**	**497.0**	**449.7**
Total assets	**1,347.2**	**1,360.9**	**1,314.9**
Interest-bearing loans and borrowings	287.5	295.4	285.9
Employee benefits	12.9	13.6	12.1
Provisions	11.4	17.5	14.7
Deferred tax liabilities	87.1	101.1	104.2
Other non-current liabilities	12.0	7.2	17.9
Total non-current liabilities	**410.9**	**434.8**	**434.8**
Bank overdrafts	17.0	16.5	9.5
Employee benefits	0.6	0.5	2.6
Provisions	8.5	8.8	9.1
Income tax payable	4.9	4.7	5.9
Trade and other payables	324.1	316.7	294.3
Liabilities classified as held-for-sale	0.3	-	0.1
Total current liabilities	**355.4**	**347.2**	**321.5**
Total liabilities	**766.3**	**782.0**	**756.3**
Total equity	**580.9**	**578.9**	**558.6**
Total equity and liabilities	**1,347.2**	**1,360.9**	**1,314.9**

1.3 Summary Consolidated statement of Cash Flows

	year ended		
	2011	2010	2009
(amounts in EUR x millions)	(audited)	(audited)	(audited)
Profit for the period	**18.0**	**7.1**	**1.8**
Adjustments to reconcile to cash flow from operating activities			
Depreciation, amortization and impairment	59.0	60.0	62.9
Long Term Incentive Plan	0.3	0.2	0.2
Capitalised withholding tax	4.1-	-	-
Net finance costs	28.2	34.1	35.4
Result on sale of property, plant, equipment and intangible fixed assets	1.9-	0.6-	2.2-
share in profit of associates	2.4-	2.2-	3.1-
Result on sale of subsidiaries	2.1-	-	-
Income tax expense (benefit)	6.2-	1.1-	1.2-
Operating profit before changes in working capital and provisions	**88.8**	**97.5**	**93.8**
Changes in other receivables and other payables	2.5	6.2-	9.6-
Changes in working capital	11.0	33.9-	4.8
Changes in provisions and employee benefits	1.2-	1.9	2.2-
Cash generated from operating activities	**101.1**	**59.3**	**86.8**
Interest paid	27.9-	29.8-	24.5-
Income taxes paid	5.4-	3.1-	7.2-
Net cash from / (used in) operating activities	**67.8**	**26.4**	**55.1**
Investments in property, plant and equipment paid	40.2-	36.0-	35.3-
Investments in intangible assets paid	11.2-	7.2-	5.3-
Proceeds from sold property, plant and equipment and intangible assets	1.3	5.6	2.9
Dividends received from associates	2.3	3.1	5.0
Proceeds from sale of subsidiaries	16.9	-	-
Acquisition of consolidated companies, net of cash acquired	5.3-	0.1	0.2-
Net cash (used in) / from investing activities	**36.2-**	**34.4-**	**32.9-**
Treasury shares purchased	1.5-	0.8-	-
Treasury shares re-issued (Long Term Incentive Plan)	0.3	0.4	0.2
New / (repayment of) interest-bearing loans and borrowings	10.6-	4.1	219.5-
Repayment credit facility	3.4	-	4.5-
Shares issued	-	-	227.5

Cost of shares issued	-	-	15.2-
Dividends paid to shareholders	-	-	2.1-
Dividends paid to shareholders of non-controlling interest	0.5-	0.5-	0.1-
Net cash (used in) / from financing activities	**8.9-**	**3.2**	**13.7-**
Net increase / (decrease) of cash and cash equivalents	**22.7**	**4.8-**	**8.5**
Cash and cash equivalents at 1 January	55.7	58.6	48.9
Effect of exchange rate fluctuations on cash held	1.8-	1.9	1.2
Cash and cash equivalents at 31 December	**76.6**	**55.7**	**58.6**

2. Independent Auditor's report from PWC relating to summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2011, and the Financial Year 2010

INDEPENDENT AUDITOR'S REPORT

To: the Management Board of Wavin N.V.

We refer to the comparative overview of Wavin N.V., Zwolle, as included in Part II on pages 86 up to and including 90 of this Offer Memorandum dated 9 March 2012. The financial figures for the years 2010 and 2011 of this comparative overview, comprising summaries of the consolidated balance sheet as at 31 December 2010 and 2011, the consolidated income statement and the consolidated statement of cash flows for the years then ended, are derived from the audited financial statements of the years 2010 and 2011 of Wavin N.V. We expressed an unqualified audit opinion on the financial statements 2010 and 2011 in our independent auditor's reports dated 1 March 2011 and 28 February 2012 respectively. Those financial statements, and the comparative overview, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. The comparative overview for the year ended 31 December 2009 of Wavin N.V. has not been audited by us. The comparative overview as included in Part II of this Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Dutch Civil Code. Reading the comparative overview, therefore, is not a substitute for reading the audited financial statements of Wavin N.V.

Management Board's responsibility

The Management Board of Wavin N.V. is responsible for the preparation of the comparative overview of summaries of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for the financial year 2010 and the financial year 2011, in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

Auditor's responsibility

Our responsibility is to express an opinion on the 2010 and 2011 comparative overview of summaries of the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows of Wavin N.V. based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 "Engagements to report on summary financial statements".

Opinion

In our opinion, the 2010 and 2011 comparative overview as included in Part II of the Offer Memorandum dated 9 March 2012 derived from the audited financial statements of Wavin N.V. for the years 2010 and 2011, are consistent, in all material aspects, with those financial statements in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

Restriction on use

The comparative overview and our auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of Mexichem Soluciones Integrales Holding, S.A. de C.V., a direct subsidiary of Mexichem, S.A.B. de C.V., and cannot be used for other purposes.

Amsterdam, 9 March 2012
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. P.C. Dams RA

Independent Auditor's report from KPMG relating to summaries of the Wavin consolidated balance sheet, consolidated income statement, consolidated statement of cash flows for the Financial Year 2009

INDEPENDENT AUDITOR'S REPORT

To: the Management Board of Wavin N.V.

We refer to the comparative overview of Wavin N.V., Zwolle, as included in Part II on pages 86 up to and including 90 of this Offer Memorandum dated 9 March 2012. The financial figures for the year 2009 of this comparative overview, comprising summaries of the consolidated balance sheet as at 31 December 2009, the consolidated income statement and consolidated statement of cash flows for the year then ended, are derived from the audited financial statements of the year 2009 of Wavin N.V. We expressed an unqualified audit opinion on the financial statements 2009 in our independent auditor's report dated 25 February 2010. Those financial statements, and the comparative overview, do not reflect the effects of events that occurred subsequent to the date of our report on these financial statements. The comparative overview for the years ended 31 December 2010 and 31 December 2011 of Wavin N.V. have not been audited by us. The comparative overview as included in Part II of this Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Dutch Civil Code. Reading the comparative overview, therefore, is not a substitute for reading the audited financial statements of Wavin N.V.

Management's responsibility
The Management Board of Wavin N.V. is responsible for the preparation of the comparative overview of summaries of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for the financial year 2009 in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

Auditor's responsibility
Our responsibility is to express an opinion on the 2009 comparative overview of summaries of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows of Wavin N.V. based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 "Engagements to report on summary financial statements".

Opinion
In our opinion, the 2009 comparative overview as included in Part II of the Offer Memorandum dated 9 March 2012 derived from the audited financial statements of Wavin N.V. for the year 2009, is consistent, in all material aspects, with those financial statements in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

Restriction on Use
The comparative overview and our auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of Mexichem

Soluciones Integrales Holding, S.A. de C.V., a direct subsidiary of Mexichem, S.A.B. de C.V., and cannot be used for other purposes.

Amstelveen, 9 March 2012
KPMG Accountants N.V.

Original has been signed by M.J.P. Thunnissen RA

3. Financial statements of Wavin for the Financial Year 2011, including i.e. the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, notes to the Wavin Group financial statements, Company balance sheet, Company income statement and notes to the Company financial statements, and the auditor's report relating to the financial statements of Wavin for the Financial Year 2011.

The following information is included in this Section 3 of Part II:

3.1 Consolidated balance sheet;

3.2 Consolidated income statement;

3.3 Consolidated statement of comprehensive income;

3.4 Consolidated statement of changes in equity;

3.5 Consolidated statement of cash flows;

3.6 Notes to the Wavin Group financial statements;

3.7 Company balance sheet;

3.8 Company income statement;

3.9 Notes to the Company financial statements; and

3.10 Independent Auditor's Report.

Please note that Wavin's Annual Report for the Financial Year 2011, from which the consolidated financial statements for the year ending 31 December 2011 are derived, remains subject to adoption by the general meeting of shareholders of Wavin, which is expected to vote on the adoption of those financial statements during the Wavin AGM. Pursuant to article 2:362 sub 6 of the Dutch Civil Code, the financial statements for the financial year 2011 shall be adopted with due observance of any material matters relating to the financial situation on the balance sheet date that have become apparent in the period between the preparation of the financial statements and the Wavin AGM to the extent required by law.

3.1 Consolidated balance sheet

As at 31 December

(€ x 1,000)	Note	2011	2010
Assets			
Property, plant & equipment	17	326,545	344,267
Intangible assets	18	484,234	488,129
Investments in associates	19	21,583	21,072
Other financial non-current assets	20	1,751	884
Deferred tax assets	21	8,910	9,586
Total non-current assets		**843,023**	**863,938**
Inventories	22	153,242	171,938
Trade and other receivables	23	269,424	266,494
Income tax receivable		1,997	2,462
Cash and cash equivalents	24	76,633	55,748
Assets classified as held-for-sale	6	2,888	314
Total current assets		**504,184**	**496,956**
Total assets		**1,347,207**	**1,360,894**
Equity			
Issued capital		20,313	20,313
Share premium		422,847	422,847
Reserves		(26,012)	(13,786)
Retained earnings		156,032	141,384
Total equity attributable to equity holders of the Company	25	**573,180**	**570,758**
Non-controlling interest		**7,735**	**8,188**
Total equity		**580,915**	**578,946**
Liabilities			
Interest-bearing loans and borrowings	26	287,532	295,357
Employee benefits	27	12,919	13,647
Provisions	29	11,390	17,470
Deferred tax liabilities	21	87,082	101,161
Other non-current liabilities	30	11,942	7,161
Total non-current liabilities		**410,865**	**434,796**
Bank overdrafts	26	16,952	16,498
Employee benefits	27	580	519
Provisions	29	8,525	8,832
Income tax payable		4,974	4,721
Trade and other payables	31	324,094	316,582
Liabilities classified as held-for-sale	6	302	-
Total current liabilities		**355,427**	**347,152**
Total liabilities		**766,292**	**781,948**
Total equity and liabilities		**1,347,207**	**1,360,894**

The notes are an integral part of these consolidated financial statements.

3.2 Consolidated income statement

For the year ended 31 December

(€ x 1,000)	Note	2011			2010		
		Recurring	Non-recurring*	Total	Recurring	Non-recurring*	Total
Total revenue	8	1,327,060	-	1,327,060	1,231,252	-	1,231,252
Cost of Sales		(1,038,442)	(781)	(1,039,223)	(938,959)	(1,117)	(940,076)
Gross profit (loss)		**288,618**	**(781)**	**287,837**	**292,293**	**(1,117)**	**291,176**
Other operating income	9	6,442	2,106	8,548	3,296	1,261	4,557
Selling and distribution expenses		(146,228)	(1,197)	(147,425)	(142,050)	(3,016)	(145,066)
Administrative expenses		(90,337)	(3,554)	(93,891)	(90,075)	(2,457)	(92,532)
Research and development expenses		(7,985)	(3)	(7,988)	(7,961)	(28)	(7,989)
Other operating expenses	10	(9,209)	(2,338)	(11,547)	(11,180)	(1,023)	(12,203)
Result from operating activities		**41,301**	**(5,767)**	**35,534**	**44,323**	**(6,380)**	**37,943**
Finance income		3,328	-	3,328	1,725	-	1,725
Finance expense		(31,561)	-	(31,561)	(35,864)	-	(35,864)
Net finance costs	13	**(28,233)**	**-**	**(28,233)**	**(34,139)**	**-**	**(34,139)**
Share in profit of associates	19	2,439	-	2,439	2,196	-	2,196
Result on sale of subsidiaries	7	-	2,046	2,046	-	-	-
Profit (loss) before income tax		**15,507**	**(3,721)**	**11,786**	**12,380**	**(6,380)**	**6,000**
Income tax benefit (expense)	15	(4,773)	11,014	6,241	(3,516)	4,616	1,100
Profit (loss) for the period		**10,734**	**7,293**	**18,027**	**8,864**	**(1,764)**	**7,100**
Attributable to:							
Equity holders of the Company		9,596	7,537	17,133	7,564	(1,739)	5,825
Non-controlling interest		1,138	(244)	894	1,300	(25)	1,275
Profit (loss) for the period		**10,734**	**7,293**	**18,027**	**8,864**	**(1,764)**	**7,100**

* 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.

Basic earnings per share *(€ x 1)*		2011	2010
Basic earnings per share (weighted average)	16	0.34	0.11
Diluted earnings per share (weighted average)	16	0.34	0.11

The notes are an integral part of these consolidated financial statements.

3.3 Consolidated statement of comprehensive income

For the year ended 31 December

(€ x 1,000)	Note	2011	2010
Profit for the period		**18,027**	**7,100**
Other comprehensive income			
Exchange rate differences on translating foreign operations		(15,192)	12,231
Fair value changes cash flow hedges	**13**	584	2,014
Income tax relating to components of other comprehensive income	**15**	(111)	(485)
Other comprehensive income (expense) for the period, net of income tax		**(14,719)**	**13,760**
Total comprehensive income (expense) for the period		**3,308**	**20,860**
Attributable to:			
Equity holders of the Company		3,387	19,349
Non-controlling interest		(79)	1,511
Total comprehensive income (expense) for the period		**3,308**	**20,860**

The notes are an integral part of these consolidated financial statements.

3.4 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 earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010		**20,313**	**422,847**	**9,454**	**(24,720)**	**(10,705)**	**134,464**	**551,653**	**6,964**	**558,617**
Profit (loss) for the period		-	-	2,196	-	-	3,629	5,825	1,275	7,100
Other comprehensive income										
Exchange rate differences on translating foreign operations		-	-	-	12,041	(46)	-	11,995	236	12,231
Fair value changes cash flow hedges, net of tax	30,31	-	-	-	-	1,529	-	1,529	-	1,529
Reclassification		-	-	(460)	-	-	460	-	-	-
Total comprehensive income (expense) for the period		**-**	**-**	**1,736**	**12,041**	**1,483**	**4,089**	**19,349**	**1,511**	**20,860**
Contributions by and distributions to owner										
Treasury shares purchased		-	-	-	-	-	(777)	(777)	-	(777)
Treasury shares issued		-	-	-	-	-	351	351	-	351
Long term incentive plan	28	-	-	-	-	-	182	182	-	182
Dividends declared to non-controlling interest		-	-	-	-	-	-	-	(489)	(489)
Dividends received from associates		-	-	(3,075)	-	-	3,075	-	-	-
Non-controlling interest on acquisitions	7	-	-	-	-	-	-	-	202	202
Transactions with owners, recorded directly in equity		**-**	**-**	**(3,075)**	**-**	**-**	**2,831**	**(244)**	**(287)**	**(531)**
Balance at 31 December 2010		**20,313**	**422,847**	**8,115**	**(12,679)**	**(9,222)**	**141,384**	**570,758**	**8,188**	**578,946**
Balance at 1 January 2011		**20,313**	**422,847**	**8,115**	**(12,679)**	**(9,222)**	**141,384**	**570,758**	**8,188**	**578,946**
Profit (loss) for the period		-	-	2,439	-	-	14,694	17,133	894	18,027
Other comprehensive income										
Exchange rate differences on translating foreign operations		-	-	-	(14,210)	(9)	-	(14,219)	(973)	(15,192)
Fair value changes cash flow hedges, net of tax	30,31	-	-	-	-	473	-	473	-	473
Reclassification		-	-	1,388	-	-	(1,388)	-	-	-
Total comprehensive income (expense) for the period		**-**	**-**	**3,827**	**(14,210)**	**464**	**13,306**	**3,387**	**(79)**	**3,308**
Contributions by and distributions to owners										
Treasury shares purchased		-	-	-	-	-	(1,549)	(1,549)	-	(1,549)
Treasury shares issued		-	-	-	-	-	332	332	-	332
Long term incentive plan	28	-	-	-	-	-	252	252	-	252
Dividends declared to non-controlling interest		-	-	-	-	-	-	-	(478)	(478)
Dividends received from associates		-	-	(2,307)	-	-	2,307	-	-	-
Non-controlling interest on acquisitions	7	-	-	-	-	-	-	-	104	104
Transactions with owners, recorded directly in equity		**-**	**-**	**(2,307)**	**-**	**-**	**1,342**	**(965)**	**(374)**	**(1,339)**
Balance at 31 December 2011		**20,313**	**422,847**	**9,635**	**(26,889)**	**(8,758)**	**156,032**	**573,180**	**7,735**	**580,915**

The notes are an integral part of these consolidated financial statements.

3.5 Consolidated statement of cash flows

For the year ended 31 December

(€ x 1,000)	Note	2011	2010
Profit for the period		**18,027**	**7,100**
Adjustments to reconcile to cash flow from operating activities			
Depreciation, amortisation and impairment	17,18	58,994	60,026
Long Term Incentive Plan	28	252	182
Capitalised withholding tax		(4,126)	-
Net finance costs	13	28,233	34,139
Result on sale of property, plant and equipment and intangible fixed assets	9,10	(1,886)	(655)
Share in profit of associates	19	(2,439)	(2,196)
Result on sale of subsidiaries	7	(2,046)	-
Income tax expense (benefit)	15	(6,241)	(1,100)
Operating profit before changes in working capital and provisions		**88,768**	**97,496**
Changes in other receivables and other payables		2,525	(6,191)
Changes in working capital		10,954	(33,962)
Changes in provisions and employee benefits		(1,159)	1,934
Cash generated from operations		**101,088**	**59,277**
Interest paid		(27,896)	(29,802)
Income taxes paid		(5,348)	(3,057)
Net cash from operating activities		**67,844**	**26,418**
Investments in property, plant & equipment paid		(40,220)	(36,022)
Investments in intangible assets paid		(11,268)	(7,168)
Proceeds from sold property, plant and equipment and intangible assets		1,322	5,622
Dividends received from associates		2,307	3,075
Proceeds from sale of subsidiaries		16,889	-
Acquisitions of consolidated companies, net of cash acquired		(5,254)	142
Net cash used in investing activities		**(36,224)**	**(34,351)**
Treasury shares purchased		(1,549)	(777)
Treasury shares issued		332	351
New / (repayment of) interest-bearing loans and borrowings		(10,597)	4,094
Use of credit facility		3,377	-
Dividends paid to shareholders of non-controlling interest		(478)	(489)
Net cash from (used in) financing activities		**(8,915)**	**3,179**
Net increase (decrease) of cash and cash equivalents		**22,705**	**(4,754)**
Cash and cash equivalents at 1 January	24	55,748	58,626
Effect of exchange rate fluctuations on cash held		(1,820)	1,876
Cash and cash equivalents at 31 December	24	**76,633**	**55,748**

The notes are an integral part of these consolidated financial statements.

3.6 Notes to the Wavin 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 2011 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates covering the period 1 January 2011 up to and including 31 December 2011. There have been some changes to the Group structure in 2011 compared to 2010. In 2011 the company acquired the PE Water business for below ground applications from KWH Pipe Sverige AG in Sweden and divested Kulker SAS in France and Euroceramic in the Netherlands and Germany. In addition the Group decided to cease its activities in Spain. For details of the Group we refer to the list of participations. 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 and Supervisory Board on 28 February 2012 and are subject to approval by the General Meeting of Shareholders on 25 April 2012.

(b) Basis of measurement

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

- Derivative financial instruments;
- Investments held for trading;

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 and applicable accounting policies:

Note 7	Business combinations / acquisition of subsidiaries
Note 15	Utilisation of tax losses
Note 18	Key assumptions used in discounted cash flow projections
Note 18	Recoverability of capitalised development costs
Note 27	Measurement of defined benefit obligations
Note 29 and 34	Provisions and contingencies

3. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. 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 a de facto control model in which the ability in practice to control another entity exists and no other party has the power to govern.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

Acquisitions between 1 January 2004 and 1 January 2010
For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of cost of the acquisition over the Group's interest in the recognised amount (generally at fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When excess fair value was negative, a bargain purchase gain was recognised immediately in the income statement. Transaction costs that the group incurred in connection with the business combinations were capitalised as part of the cost of acquisition.

Acquisitions prior to 1 January 2004
As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework.

Accounting for acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net asset of the subsidiary.

***(ii)* Subsidiaries**
Subsidiaries are entities 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.

***(iii)* Loss of control**
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for in accordance with the equity method or as an available for sale financial asset depending on the level of influence retained.

***(iv) Investments in* associates**
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20-50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, 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 the 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.

***(v)* Transactions eliminated on consolidation**

Intragroup balances and transactions, and any unrealised gains arising from intra-group 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

The accounting policies, presentation and estimations 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 2010.

The amendments to standards and interpretations which are effective for the year 2011, have no impact on the financial statements of Wavin.

(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 the currency of the primary economic environment in which the entity operates, which 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.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

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

	2011	2010	2011	2010
	31 December	31 December	Average	Average
Pound Sterling	0.8353	0.8608	0.8666	0.8577
Polish Zloty	4.4580	3.9750	4.1154	3.9921
Danish Krone	7.4342	7.4535	7.4500	7.4463
Norwegian Krone	7.7540	7.8000	7.7903	7.9997
Czech Koruna	25.7870	25.0610	24.5637	25.2133
Turkish Lira	2.4432	2.0694	2.3335	1.9949
Hungarian Forint	314.5800	277.9500	278.9087	274.9866
US Dollar	1.2939	1.3362	1.3908	1.3262

***(iii)* Hedge of a net investment in foreign operation**

In case the Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Groups functional currency, foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operation are recognised in other comprehensive income to the extent that the hedge is effective and are presented in the translation reserve within equity. To the extent that the hedge is ineffective, such differences are recognised in the income statement. Upon disposal, the relevant exchange differences in the translation reserve are released to the income statement as part of the gain or loss on disposal.

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 fair value. Attributable transaction costs are recognised in the income statement when incurred. 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 operating a notional cash pool system for cash management of group companies. 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 ability and 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 losses.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial 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.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of 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.

Other

Other non-derivative financial instruments are measured at amortised cost 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 enters into hedge contracts in order to minimise the effects of foreign currency and interest rate fluctuations in the income statement (for further details we refer to note 4).

Derivatives that can be used are interest rate swaps, fx-forward contracts, fx-swaps and fx-options. Transactions are entered with a limited number of counterparties with sound credit ratings. Foreign currency and interest rate hedging operations are governed according to the treasury policy which is 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 are, if available, their quoted market price at the balance sheet date. For the fair value calculation of interest rate swaps we refer to note 3 (ah)(ii).

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 a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to 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 when net investment hedge accounting is applied. 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. Transactions related to treasury shares are included in 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.

Assets that are being constructed or developed for future use are classified under property, plant & equipment in progress and stated at cost until construction or development is completed. 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. The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. Where possible the carrying amount of the replaced component is derecognised. Day to day maintenance costs 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 and impairment losses. Other leases are operating leases which are not recognised in the balance sheet and are recognised in the income statement on a straight-line basis over the term of the lease.

***(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. For the measurement of goodwill at initial recognition we refer to note 3 (a).

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.

(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. The fair value of an acquired brand name is estimated using generally accepted valuation methods such as the relief from royalty method. 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 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. Acquired customer relations and distribution networks are stated at fair value at acquisition date less accumulated amortisation (see below) and impairment losses (see note 3 (I)).

(iv) Other assets from business combinations

The previously unrecognised assets in an acquired company such as order portfolios are recognised at the fair value on acquisition date. These other intangible assets acquired through business combinations are amortised over their individual useful life of which the range is one to five years.

(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.

(vii) **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%
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.

(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 in acquiring the inventories, production or conversion costs and other costs incurred in bringing it to their existing location. 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 recognised initially at fair value. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less impairment losses (see note 3 (l)). 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. The CGU's do not exceed the level of the operating segments as used for the segment reporting. 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 fair value less cost to sell 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 are allocated to the CGUs. 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 re-measured 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 re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant & equipment once classified as held-for-sale are not amortised or depreciated. In addition, equity accounting of associates ceases once classified as held-for-sale.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash in bank accounts and call deposits with original maturities of three months or less. 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 Forward Start Facility to distribute cash dividends.

(p) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred, with any difference between initial carrying amount and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Subsequent to initial recognition the interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are amortised using the effective interest method during the period of the borrowings.

(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 high quality corporate 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.

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. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

***(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, long term incentives, allowances for non-current service, medical, sickness and disability, 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 equity-settled 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 non-market performance and service 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.

(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**
A tax provision is recognised when tax exposures are identified within 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 statements 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 recognised initially at fair value. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

(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 transfer 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 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 expense
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, costs related to acquisitions which cannot be capitalised, liquidation losses and the effects of the adjustment of income tax rates. 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, amortisation of fees relating to the arrangement of 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 except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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 used 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.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The accruals for tax liabilities are adequate for all open tax years based on the Groups assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

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, which comprise matching shares and performance options granted to eligible employees.

(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. Drawings and repayments under the revolving credit facility in which the turnover is quick and the maturities are short, are included on a netted basis.

(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 risks 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 format for segment reporting is based on geographic segments. In addition the Company assesses the revenue of business segments.

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

The fair value of brand names, distribution networks 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.

The fair values of these assets are provisional estimates based on best information available at the time of determining those values. 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 estimates are adjusted.

(ii) Financial instruments

The fair value of forward exchange contracts 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 2011, and have not been applied in preparing these consolidated financial statements.

None of these is expected to have a material effect on the consolidated financial statements of the Group, except for:

- Amendment IAS 19 Employee Benefits, which is expected to become mandatory for the Group's 2013 consolidated financial statements could change the recognition in the income statement and measurement of result of operating activities. In addition actuarial gains and losses have to be recognised in Other Comprehensive Income. A first high level assessment shows that this amendment will have a material impact on the reported result of operating activities, EBITDA, reported comprehensive income and the valuation of the employee benefit obligation. A detailed investigation is currently performed. The Group will decide in 2012 whether it will early adopt this standard or not.

- IFRS 9 Financial Instruments, which is expected to become mandatory for the Group's 2015 consolidated financial statements and could change the classification and measurement of financial assets and liabilities. The Group does not plan to adopt this standard early and the extent of the impact has not been determined yet.
- Amendment IAS 1 presentation, which is expected to become mandatory for the Groups 2013 consolidated financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not been determined yet.
- IFRS 13 Fair value measurement, which is expected to become mandatory for the Groups 2014 consolidated financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not been determined yet.

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 note 4 of the annual report for a description of major risk factors such as strategic, operational and financial risks.

This note covers the Group's policies and procedures for controlling credit risk, liquidity risk and currency risk.
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.

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.
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). Tight control of working capital management resulted in a decrease of working capital mainly as a result of lower inventory levels despite increased raw material prices. Spending on investments increased by € 8.3 million to € 51.5 million in 2011. This increase was balanced by the proceeds from divestment of two subsidiaries amounting to € 16.9 million. In addition the Group acquired assets through a business combination for an amount of € 5.3 million. As a result of decreasing working capital needs net debt decreased by € 28.2 million compared to last year, ending on € 227.9 million (31 December 2010 € 256.1 million).

The Company is largely financed through a € 475 million forward start facility which started in October 2011 with a maturity date of April 2013. The facility consists of a term loan and revolving facilities. This facility has been extended and amended in January 2012. The amended forward start facility amounts to € 440 million and will mature in April 2015. The amended and extended facility provides Wavin with sufficient headroom and flexibility to respond to uncertain market conditions and offers a solid base to execute the Wavin 2015 strategic program (for further details we refer to note 38).

The Company operated well within the bank covenants. Per 31 December 2011 our leverage ratio was 2.4, well below the allowed ratio of 3.0. Over the year our interest coverage ratio was 4.2 compared to a minimum agreed ratio of 2.8. Both ratios were measured on a quarterly basis in 2011. For quantitative details regarding debt covenants we refer to note 26. Wavin expects even in continuing challenging trading conditions to be compliant with the covenants.

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 33% (2010: 28%) 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 28% (2010: 27%) 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 condition. 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 € 327.1 million (2010: € 322.4 million).

The Group has strict policies regarding credit and payment terms which are closely monitored at local and corporate level. Credit 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. In the Netherlands, Belgium, Ireland, Poland and France our credit risks are partly insured. In France and Belgium we have a non-recourse factoring facility of € 25.0 million in total of which € 21.2 million was used as per 31 December 2011.

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. Trade receivables amounted to € 252.5 million in 2011 which is in line with last year despite higher sales to emerging markets where payment terms are longer than in mature markets.

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. The aging of the trade receivables and (the allocation of the) allowance for impairment at the reporting date were as follows:

(€ x 1,000)	2011		2010	
	Gross	Impairment	Gross	Impairment
Not past due	195,790	1,822	190,524	833
Past due 0-30 days	25,686	577	27,572	831
Past due 31-90 days	11,610	1,056	12,249	987
Past due 91-180 days	4,313	260	6,471	641
Past due 180-360 days	4,576	1,233	5,537	1,774
More than 1 year	10,564	7,417	9,959	7,562
Total trade receivables	**252,539**	**12,365**	**252,312**	**12,628**

The share of overdue trade receivables decreased compared to last year. At balance sheet date 22% of trade receivables was overdue against 24% last year. Impairment charges for doubtful debts amounted to € 3.0 million, € 0.3 million below last year.

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

(€ x 1,000)	2011	2010
Balance at 1 January	12,628	11,234
Acquisitions/divestments	(254)	-
Charged to income statement	4,806	4,333
Released to income statement	(1,840)	(1,020)
Utilisation	(2,467)	(2,095)
Effect of movements in exchange rates	(508)	176
Book value at 31 December	**12,365**	**12,628**

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 (minimum at investment grade) 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 secured to finance long term growth, capital expenditures, seasonal working capital requirements, expected operational expenses and to service financial obligations. The Company is largely financed through a € 475 million forward start facility which started in October 2011 with a maturity date of April 2013. The facilities consist of a term loan and revolving facilities. This facility has been extended and amended in January 2012. The amended syndicated facility amounts to € 440 million and will mature in April 2015. The amended and extended facility provides Wavin with sufficient headroom and flexibility to respond to uncertain market conditions and offers a solid base to execute the Wavin 2015 strategic program (for further details we refer to note 38). Wavin expects even in continuing challenging trading conditions to be compliant with the covenants. 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. The covenant calculations per year end and per half year are assessed by our external auditor. Per year end the external auditor used the audited figures as basis for their assessment.

In addition to the Forward Start 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 € 76.6 million (2010: € 55.7 million) in cash and cash equivalents.

Currency risks
Wavin operates in different countries and uses the Euro as its reporting currency. Revenues 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 2011, approximately 60% (2010: 59%) 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 Pound Sterling, the Polish Zloty, the Hungarian Forint, the Turkish Lira, the Norwegian and Swedish Krone, the Czech Koruna and the US Dollar 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 forecasted cash flow transactions. In 2011 forward exchange contracts and currency swaps were used to hedge a.o. cash flows in Euro in countries which have Pound Sterling, Polish Zloty, Danish Krone, Norwegian Krone, Swedish Krone, Czech Koruna and Turkish Lira as functional currency and cash flows in US Dollar in countries which use the Turkish Lira as functional currency. Over the longer term permanent changes in foreign exchange rates might have an impact on profit. The appreciation of most currencies against the Euro resulted in a transactional foreign exchange profit of € 0.4 million (2010: € 1.0 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)	2011							
	EUR	GBP	PLN	DKK	NOK	CZK	TRY	USD
Other non-current investments	232	-	-	-	-	-	-	-
Trade and other receivables	23,682	1,601	26	522	54	203	-	6,504
Cash and cash equivalents	16,126	355	23	-	1	-	-	3,286
Bank loans	(2,289)	-	-	-	-	-	-	-
Trade and other payables	(58,616)	(1,127)	(123)	(633)	(20)	(194)	(38)	(11,557)
Bank overdrafts	(1,797)	(279)	(537)	(462)	(364)	(453)	(147)	-
Total	**(22,662)**	**550**	**(611)**	**(573)**	**(329)**	**(444)**	**(185)**	**(1,767)**

(€ x 1,000)	2010							
	EUR	GBP	PLN	DKK	NOK	CZK	TRY	USD
Other non-current investments	432	-	-	-	-	-	-	-
Trade and other receivables	23,377	1,414	123	(133)	25	(278)	2,034	8,643
Cash and cash equivalents	9,156	376	(4)	482	275	117	-	2,898
Bank loans	(2,800)	-	-	-	-	-	-	-
Trade and other payables	(53,705)	915	37	808	(38)	(32)	-	(9,196)
Bank overdrafts	5,863	(577)	-	-	-	-	-	(3,742)
Total	**(17,677)**	**2,128**	**156**	**1,157**	**262**	**(193)**	**2,034**	**(1,397)**

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 amongst others, partly hedges the Euro exposure of non-Euro countries. Ultimo 2011 the Euro exposure hedged amounted to € 36.4 million (2010: € 37.5 million). This hedge is not included in the schedule above.

Sensitivity analysis

A strengthening or weakening of the Euro against the principal currencies at 31 December 2011 would have had an impact on equity and the income statement. Based on the foreign currency exposure ultimo year the impact of 5% strengthening of the local functional currencies against Euro and the other principle currencies would result in the amounts shown below, independently defined for each currency. This analysis assumes that all other variables, in particular interest rates, remain unchanged. The analysis is performed on the same basis for 2010.

(€ x 1,000)	2011	2010
	Profit or loss/Equity	Profit or loss/Equity
Euro	1,133	884
Pound Sterling	(28)	(106)
Polish Zloty	31	(8)
Danish Krone	29	(58)
Norwegian Krone	16	(13)
Czech Koruna	22	10
Turkish Lira	9	(102)
US Dollar	88	70

A 5% weakening of the local functional currencies against Euro and the other principle currencies at 31 December would have had the equal but opposite effect on the 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 analyses 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 ratios 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.

The Group's credit facility has an interest rate based on variable inter-bank offered rates. To limit the exposure to a rise in interest rates, the Group has entered into interest rate swaps, which converts the variable rates into fixed rates. At 31 December 2011, the Group had effective interest rate swaps outstanding with a total notional amount of € 160 million (2010: € 259.8 million). Until April 2013 the variable interest exposure on € 160 million is hedged at an average interest rate of 3.8% (2010: 3.9%). Furthermore, the Group has entered into forward starting interest rate swaps for the period April 2013 – October 2015 with a total notional amount of € 98.9 million (of which € 23.9 million is denominated in Pound Sterling) at an average interest rate of 3.6% (2010: 3.7%). The Group also had interest rate swaps with a fair value of € 1.4 million outstanding per 31 December 2010 for which no hedge relation existed anymore. In 2011 these swaps were settled.

Therefore the Group's sensitivity to interest rate movements is limited. The fair value of the financial instruments per 31 December 2011 amounts to a € 11.7 million liability (2010: € 13.9 million liability), which fully relates to effective hedges.

The average payable fixed interest rate under the interest rate swaps of 3.8% excludes the margin payable under the facility agreement. The applicable margin is based on the leverage ratio. The margin is restated on a quarterly basis, following the covenant reporting to the banking syndicate. The average margin for 2011 was 2.5% (2010: 3.3%).

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

(€ x 1,000)	Face value	
	2011	**2010**
Fixed rate instruments		
Financial liabilities	(160,000)	(259,780)
Total	**(160,000)**	**(259,780)**
Variable rate instruments		
Financial assets	76,633	55,748
Financial liabilities	(151,611)	(63,836)
Total	**(74,978)**	**(8,088)**

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. The instruments that had become ineffective due to the refinancing in 2009 have been settled in 2011.

It is estimated that a change of 100 basis points in interest rates would have increased or decreased equity by € 3.5 million (2010: € 7.2 million) due to changes in the fair value of interest rate swaps and net profit by nil (2010: € 0.5 million) as in 2011 all interest rate swaps qualify as effective hedges.

Sensitivity analysis for variable rate instruments
As 54.3% of the Group's debt has been hedged (2010: 85.4%) it is estimated that a general increase in interest rates of 1.0% would have an impact of € 1.0 million on the Group's profit before tax (2010: limited).

This analysis assumes that all other variables, in particular foreign currency rates, remain unchanged. The analysis for 2011 is performed on the same basis as for 2010.

Fair values
The fair value of assets and liabilities 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 2011. 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 valued at amortised cost.

The fair value of financial assets and liabilities per 31 December 2011 is equal to the carrying amounts shown in the balance sheet except for the Forward Start Facility of which the fair value is € 7.1 million above the carrying amount, representing the capitalised fee costs.

5. Segment reporting

Based on the Group's management and internal reporting structure the Group defined five 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, Denmark, Norway, Sweden, Finland);
- South West Europe (UK, Ireland, France);
- Central & Eastern Europe (Poland, Czechia, Russia, Slovakia, Ukraine, Lithuania, Estonia, Latvia, Belarus);
- South East Europe (Italy, Turkey, Hungary, Romania, Serbia, Croatia);
- Overseas and Other (Wavin Overseas, Wavin T&I, Wavin Head Office and several small holding companies).

Performance is measured mainly on segment 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 results, assets and liabilities include items directly attributable to the region as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant & equipment, and intangible assets other than assets acquired through business combinations, like goodwill and brand names.

The income statement and balance sheet segmentation of the regional segmentation is as follows:

(€ x 1,000)	Note	North West Europe	South West Europe	Central & Eastern Europe	South East Europe	Overseas and Other	Consolidated
2011							
Total external revenue	8	**489,010**	**355,978**	**226,854**	**196,810**	**58,408**	**1,327,060**
Result from operating activities		**19,498**	**(11,248)**	**18,797**	**3,416**	**5,071**	**35,534**
Non-recurring operational results	14	26	(63)	(580)	(1,223)	(3,927)	(5,767)
Recurring result from operating activities		**19,472**	**(11,185)**	**19,377**	**4,639**	**8,998**	**41,301**
Depreciation and amortisation (recurring)	17,18	17,373	16,883	9,719	5,475	7,274	56,724
Ebitda		**36,845**	**5,698**	**29,096**	**10,114**	**16,272**	**98,025**
2010							
Total external revenue	8	**405,820**	**370,130**	**198,985**	**197,806**	**58,511**	**1,231,252**
Result from operating activities		**11,654**	**5,471**	**17,217**	**2,464**	**1,137**	**37,943**
Non-recurring operational results	14	(1,468)	(2,411)	(213)	(708)	(1,580)	(6,380)
Recurring result from operating activities		**13,122**	**7,882**	**17,430**	**3,172**	**2,717**	**44,323**
Depreciation and amortisation (recurring)	17,18	17,563	17,847	11,339	5,807	7,209	59,765
Ebitda		**30,685**	**25,729**	**28,769**	**8,979**	**9,926**	**104,088**

Geographic segmentation balance sheet and other key figures

(€ x 1,000)	Note	North West Europe	South West Europe	Central & Eastern Europe	South East Europe	Overseas and Other*	Elimination**	Consolidated
2011								
Segment assets		301,865	407,315	187,555	154,305	841,227	(566,643)	1,325,624
Investment in associates	19	25	1	-	-	21,557	-	21,583
Total assets		**301,890**	**407,316**	**187,555**	**154,305**	**862,784**	**(566,643)**	**1,347,207**
Total liabilities		**194,977**	**320,654**	**132,685**	**82,470**	**282,988**	**(247,482)**	**766,292**
Acquired through business combinations		5,254	-	-	-	-	-	5,254
Capital expenditure	17,18	14,707	17,300	8,715	5,372	6,309	-	52,403
Number of employees per year end (x1)	12	1,770	1,795	1,343	774	259	-	5,941
2010								
Segment assets		292,352	408,981	193,498	166,773	765,118	(486,900)	1,339,822
Investment in associates	19	56	-	-	-	21,016	-	21,072
Total assets		**292,408**	**408,981**	**193,498**	**166,773**	**786,134**	**(486,900)**	**1,360,894**
Total liabilities		**210,644**	**301,172**	**153,120**	**83,534**	**207,056**	**(173,578)**	**781,948**
Acquired through business combinations		-	-	60	-	-	-	60
Capital expenditure	17,18	13,868	15,975	5,663	3,498	4,676	-	43,680
Number of employees per year end (x1)	12	1,772	1,941	1,328	768	280	-	6,089

* The goodwill related to the acquisition of the shares of 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.

Business segmentation
The Management Board also monitors the sales performance of the identified business segments. The Group comprises seven segments, which are divided in two specific sectors.

Above Ground; This sector 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.

Below Ground; This sector 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	
	2011	2010
Hot & Cold	275,826	272,049
Soil & Waste	170,081	159,820
Other Building Systems	45,186	49,380
Above Ground	**491,093**	**481,249**
Foul Water Systems	420,021	372,804
Water Management	147,168	142,115
Cable Ducting	60,407	53,263
Water & Gas	180,838	156,223
Below Ground	**808,434**	**724,405**
Unallocated	27,533	25,598
Total revenue	**1,327,060**	**1,231,252**

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)	2011	2010
Property, plant & equipment	2,178	314
Intangible assets	163	-
Inventories	547	-
Total assets	**2,888**	**314**
Deferred tax liabilities	234	-
Trade and other payables	68	-
Total liabilities	**302**	**-**

The assets classified as held-for-sale per 31 December 2010 have not been sold. Based on current views following the economic situation these assets have been impaired to scrap value.

The assets classified as held-for-sale per 31 December 2011 include our remaining activities in Sully sur Loire in France which have been sold to RYB S.A. early 2012. In addition a former production facility of Euroceramic in the Netherlands which was not included in the sale of our clay activities on the European continent (see note 7) has been classified as held for sale in 2011. A portion of this land has been sold early 2012 at a price above the book value. The sale of the remaining plot of land is in process. However due to the current economic situation it might take more than a year to sell this asset. It is expected that all assets held for sale will be sold at a selling price above the current book value.

7. Acquisitions and divestments of subsidiaries

Acquisitions
On the 1st of January 2011 the acquired assets from KWH Pipe Sverige AG (KWH), relating to the PE Water business for below ground applications, were transferred. The purchase price of these assets was satisfied in cash. This acquisition was deemed immaterial in respect of IFRS 3 disclosure requirements. This acquisition contributed € 14.2 million to revenue. The purchase price allocation resulted in a negative goodwill of € 1.0 million which has been included in the income statement as non-recurring income (see note 14).

Fair value adjustments according to IFRS 3

In 2011 no adjustments to the provisional accounting in 2010 were made.

Divestments
In 2011 two subsidiaries were divested in line with the 'Wavin 2015 strategy' to reduce complexity and to focus on leading local positions in plastic pipe systems and solutions. The assets of these subsidiaries were not classified as held for sale at 31 December 2010.

In July 2011 the Group sold its clay activities on the European Continent (Euroceramic) to Steinzeug GmbH. This divestment resulted in a profit before tax of € 2.2 million. The contribution of these activities in 2011 and 2010 can be specified as follows:

(€ x 1,000)	2011	2010
Revenue	11,926	10,870
Expenses	(13,015)	(10,915)
Result from operating activities	**(1,089)**	**(45)**
Net finance income	(77)	46
Income tax expense	23	(173)
Net profit from operating activities	**(1,143)**	**(172)**
Result on divestment	2,239	-
Profit for the period	**1,096**	**(172)**

As per 30 June Wavin sold Kulker SAS, a local subsidiary of Wavin France, to RYB S.A. This divestment resulted in a loss before tax of € 0.2 million. The contribution of these activities in 2011 and 2010 can be specified as follows:

(€ x 1,000)	2011	2010
Revenue	8,715	7,064
Expenses	(8,037)	(6,667)
Result from operating activities	**678**	**397**
Net finance income	11	6
Income tax expense	(229)	(134)
Net profit from operating activities	**460**	**269**
Result on divestment	(193)	-
Profit for the period	**267**	**269**

In 2011 these activities generated a cash flow from operating activities of € (0.7) million compared to a cash flow in 2010 of € 1.3 million.

As none of the divested activities represents a major line of business within the Group we have not classified the divestments as discontinued operations and have therefore not adjusted the comparative figures.

Effect of divestment on the financial position of the Group
The effect of the divestment of clay activities on the European Continent and Kulker SAS on the financial position of the Group can be specified as follows:

(€ x 1,000)	2011
Property, plant and equipment	8,019
Intangible assets	104
Other non-current assets	24
Inventories	6,646
Trade and other receivables	8,171
Cash and cash equivalents	499
Total assets	**23,463**
Employee benefits	1,038
Provisions	27
Deferred tax liabilities	1,342
Trade and other payables	6,622
Total liabilities	**9,029**
Net Assets	**14,434**

8. Revenue

(€ x 1,000)	2011	2010
Sale of goods	1,318,111	1,219,987
Other revenues	8,949	11,265
Total revenue	**1,327,060**	**1,231,252**

Other revenues are mainly related to services rendered, the rental of properties and royalty income for our products and technologies. Of the total revenue € 122.1 million was realised in the Netherlands and € 1.2 billion was realised outside the Netherlands (2010: € 116.1 million respectively
€ 1.1 billion).

9. Other operating income

(€ x 1,000)	2011	2010
Gain on sale of land and buildings	1,030	1,194
Gain on disposal of other tangible fixed assets	143	276
Capitalised withholding tax	2,206	-
Negative goodwill on acquisitions	986	-
Other rental and service income	430	492
Other income	3,753	2,595
Total	**8,548**	**4,557**

Gain on sale of land and buildings of € 1.0 million relates to the profit realised with the sale of property in the UK and France. The negative goodwill relates to the acquisition of the KWH activities and is the result of the purchase price allocation (see note 7).
As in the foreseeable future the Dutch companies are expected to come into an income tax paying position, an amount of € 2.2 million of foreign withholding taxes which was withheld in previous years has been capitalised. In addition the Dutch companies received a social security premium refund related to previous years, which is included in other income.

10. Other operating expenses

(€ x 1,000)	2011	2010
Loss on disposal of other tangible fixed assets	(273)	(815)
Amortisation of assets acquired through business combinations	(4,637)	(6,250)
Taxes, other than income tax	(3,254)	(2,702)
Impairment goodwill	(731)	(46)
Other expenses	(2,652)	(2,390)
Total	**(11,547)**	**(12,203)**

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. These expenses decreased compared to last year as some identified intangible assets related to a.o. the acquisition of Hepworth in 2005 were fully written off in the course of 2010 and 2011.

Taxes, other than income tax, amongst others relate to real estate tax. The impairment of goodwill relates to a foreseen capital increase in our subsidiary in Spain following our obligation to acquire the third party share in order to finalize the liquidation process.

11. Personnel expenses

(€ x 1,000)	Note	2011	2010
Salaries and wages		(204,609)	(210,128)
Social security contributions		(34,074)	(34,478)
Contributions to defined contribution plans		(1,864)	(2,992)
Expenses related to defined benefit plans	27	(11,480)	(12,631)
Other personnel expenses		(12,358)	(9,861)
Total recurring personnel expenses		**(264,385)**	**(270,090)**
Expenses share appreciation rights / LTIP	28	(252)	(182)
Total		**(264,637)**	**(270,272)**

Following restructuring measures taken in recent years salary costs decreased. Other personnel expenses increased due to the increased number of agencies throughout the year.

Total average full time equivalents increased in 2011 by 21 to 6,623 (see note 12).

12. Personnel employed

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

	2011	2010
Average full time equivalents	**6,623**	**6,602**
Number of employees at 31 December	**5,941**	**6,089**

Of the average number of FTEs, 766 are based in the Netherlands and 5,857 FTEs are based outside the Netherlands (2010: 816 FTEs and 5,786 FTEs respectively).

The divestment of subsidiaries and restructuring measures resulted in a decrease of staff which was offset by a higher number of agencies in some other countries due to increasing sales and production activities. On a like for like basis average full time equivalents amounted to 6,593, a decrease of 9 FTEs.

13. Finance income and expense

Recognised in the income statement

(€ x 1,000)	2011	2010
Interest income on bank deposits	1,908	395
Fair value revaluation gains	1,420	1,330
Total finance income	**3,328**	**1,725**
Interest expense	(31,142)	(34,843)
Exchange rate differences	(419)	(1,021)
Total finance expense	**(31,561)**	**(35,864)**
Total net finance costs recognised in the income statement	**(28,233)**	**(34,139)**

Net financing costs were € 28.2 million compared to € 34.1 million last year following the reduced margins under the syndicated finance facility and a lower average net debt position during the year.

As a result of the recapitalisation in 2009 the level of outstanding interest instruments exceeded the drawings under the Amended Credit Facility and became ineffective. As a consequence the change in fair value of these instruments is recorded through the income statement instead of equity. In 2011 these swaps have been settled.

Recognised in other comprehensive income

(€ x 1,000)	2011	2010
Fair value changes cash flow hedges	584	2,014
Income tax on finance income (expense) recognised in other comprehensive income	(111)	(485)
Total net finance costs recognised in comprehensive income	**473**	**1,529**

The decrease of fair value changes of financial instruments is due to the expiration of interest instruments with a notional amount of € 99.8 million. This effect is largely off-set by an increase in the fair value of the present interest instrument portfolio as a result of decreasing interest rates per 31 December 2011.

14. Non-recurring income and expense

Non-recurring income and non-recurring expenses in 2011 can be specified as follows:

(€ x 1,000)	Note	2011	2010
Restructuring costs	**29**	(4,725)	(6,814)
Profit on sale of property, plant & equipment	**9**	1,030	860
Negative goodwill on acquisitions	**7**	986	-
Acquisition costs		-	(221)
Other		(3,058)	(205)
Total non-recurring results from operating activities		**(5,767)**	**(6,380)**
Profit on sale of subsidiaries		**2,046**	**-**
Tax rate adjustments	**15**	2,699	1,244
Non-recurring tax benefits		8,315	3,372
Total non-recurring income tax		**11,014**	**4,616**
Total		**7,293**	**(1,764)**

Restructuring costs in 2011 relate to announced restructurings mainly in the North West Europe and South East Europe regions and the closure of our activities in Spain. The profit on sale of land and buildings relates to the profit realised with the sale of property in the UK and France. The negative goodwill relates to the acquisition of the KWH activities and is the result of the purchase price allocation (for further details we refer to note 7). Other non-recurring expenses include impairment charges on land which is partly classified as held for sale and expenses for external support related to the unsolicited conditional offer received from Mexichem S.A.B. de C.V.

Non-recurring tax benefits include the release of a tax provision for capital gain tax of € 6.8 million related to the sale of associates in 2006. The income included on the line tax rate adjustments reflects mainly the effect on the deferred tax liabilities following the reduction of the corporate income tax rate in the UK from 28% to 25%.

15. Income tax expense

Recognised in the income statement

(€ x 1,000)	2011	2010
Current year	(5,203)	(5,451)
Utilisation of / (addition to) not capitalised compensable losses	(334)	(794)
Adjustments for prior years	(696)	1,756
Current tax income (expense)	**(6,233)**	**(4,489)**
Release capital gain tax	6,812	-
Identified tax exposures	(2,346)	-
Tax provision	**4,466**	**-**
Origination and reversal of temporary differences	2,657	853
Changes in tax rate	2,699	1,244
Benefit from tax losses recognised	2,652	3,492
Deferred tax income (expense)	**8,008**	**5,589**
Total income tax recognised in the income statement	**6,241**	**1,100**

Total income tax recognised in the income statement was positively affected by significant one-off tax benefits for a total amount of € 7.2 million, including the release of a provision for capital gain taxes for an amount of € 6.8 million related to the profit realised on the sale of associates in 2006. The change of the corporate income tax rate, a.o. in the UK from 28% to 25%, resulted in a release of the deferred tax liabilities with € 2.7 million. These benefits offset an addition to the tax provision for identified tax exposures in the Group for an amount of € 2.3 million.

In addition losses incurred in some emerging markets for which no tax recovery was taken into account were partly compensated by the utilisation of some non-capitalised tax losses carried forward.

Recognised in other comprehensive income

(€ x 1,000)	2011			2010		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Exchange differences on translating foreign operations	(15,192)	-	(15,192)	12,231	-	12,231
Fair value changes financial instruments	584	(111)	473	2,014	(485)	1,529
Total	**(14,608)**	**(111)**	**(14,719)**	**14,245**	**(485)**	**13,760**

Reconciliation of effective tax rate

	2011		2010	
	%	**€ × 1,000**	**%**	**€ × 1,000**
Profit before tax		11,786		6,000
Profit on sale of subsidiaries		(2,046)		-
Share of profit of associates		(2,439)		(2,196)
Adjusted profit before tax		**7,301**		**3,804**
Income tax using the Dutch tax rate	25.0%	(1,825)	25.5%	(970)
Effect of taxes in foreign jurisdictions	(12.4%)	907	(8.6%)	326
Non-taxable income / (non-deductible expenses)	2.2%	(163)	(16.2%)	617
Movements in tax provisions through the income statement	(61.2%)	4,466	0.0%	-
Tax rate adjustments	(37.0%)	2,699	(32.7%)	1,244
Utilisation of / (addition to) not capitalised compensable losses	4.6%	(334)	20.9%	(794)
Recognition of previously not recognised tax losses	0.0%	-	(2.9%)	112
Other effects	(6.7%)	491	(14.9%)	565
Total	**(85.5%)**	**6,241**	**(28.9%)**	**1,100**

Non-taxable income includes liquidation losses related to the closure of foreign operations.

16. Earnings per share

Basic earnings per share

The basic earnings per share and diluted earnings per share are based on the profit attributable to ordinary shareholders of € 17.1 million (2010: € 5.8 million) and the average number of outstanding shares in 2011 of 50,628,686 (2010: 50,690,035) respectively the diluted average number of outstanding shares in 2011 of 50,841,924 (2010: 50,815,227). The number of ordinary shares outstanding per 31 December 2011 is 50,579,009 (2010: 50,668,360).

The earnings per share are as follows:

(€ x 1 unless otherwise stated)	2011	2010
Net profit attributable to ordinary shareholders *(€ x 1,000)*	17,133	5,825
Recurring net profit attributable to ordinary shareholders *(€ x 1,000)*	9,596	7,654
Basic earnings per share (weighted average)	0.34	0.11
Diluted earnings per share (weighted average)	0.34	0.11
Basic recurring earnings per share (weighted average)	0.19	0.15
Diluted recurring earnings per share (weighted average)	0.19	0.15
Basic earnings per share (year end)	0.34	0.11
Diluted earnings per share (year end)	0.34	0.11
Basic recurring earnings per share (year end)	0.19	0.15
Diluted recurring earnings per share (year end)	0.19	0.15

Outstanding number of shares

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

(shares × 1)	2011	2010
Issued ordinary shares at 1 January	50,782,132	50,782,132
Treasury shares at 1 January	(113,772)	(70,744)
Outstanding ordinary shares at 1 January	**50,668,360**	**50,711,388**
Effect of shares issued	46,649	31,972
Effect of shares purchased	(136,000)	(75,000)
Outstanding ordinary shares at period end	**50,579,009**	**50,668,360**
Treasury shares at 31 December	203,123	113,772
Issued shares at 31 December	**50,782,132**	**50,782,132**
Outstanding ordinary shares at reporting date (diluted)	**50,812,605**	**50,813,405**
Issued ordinary shares at reporting date (diluted)	**51,015,728**	**50,927,177**

Weighted average number of shares

(shares × 1)	2011	2010
Weighted average number of outstanding ordinary shares at period end	**50,628,686**	**50,690,035**
Weighted average number of outstanding ordinary shares at period end (diluted)	**50,841,924**	**50,815,227**

The dilution of ordinary shares of 213,238 shares (2010: 125,192 shares) relates to the granted matching shares and performance options as part of the Long Term Incentive Plan (see note 28). As the granted options for 2008 and 2009 are not expected to meet the vesting conditions no dilution is taken into account with respect to these options.

17. Property, plant & equipment

(€ x 1,000)	Note	Land and buildings	Machinery and equipment	Other assets	Under construction	Total
Cost						
Balance at 1 January 2010		**279,898**	**717,995**	**74,198**	**10,839**	**1,082,930**
Investments		3,714	22,021	1,870	8,964	36,569
Transfer to assets classified as held-for-sale	**6**	509	18	205	-	732
Disposals and divestments		(1,785)	(11,185)	(2,545)	-	(15,515)
Effect of movements in exchange rates		4,136	11,812	752	210	16,910
Balance at 31 December 2010		**286,472**	**740,661**	**74,480**	**20,013**	**1,121,626**
Balance at 1 January 2011		**286,472**	**740,661**	**74,480**	**20,013**	**1,121,626**
Acquisitions through business combinations	**7**	3,256	1,643	152	-	5,051
Investments		6,057	33,149	2,731	(750)	41,187
Transfer to assets classified as held-for-sale	**6**	(2,239)	(7,926)	(137)	-	(10,302)
Divestments		(7,248)	(8,968)	(391)	(685)	(17,292)
Disposals		(3,191)	(7,741)	(1,995)	-	(12,927)
Effect of movements in exchange rates		(3,532)	(7,762)	(695)	(311)	(12,300)
Balance at 31 December 2011		**279,575**	**743,056**	**74,145**	**18,267**	**1,115,043**
Depreciation						
Balance at 1 January 2010		**(125,164)**	**(543,588)**	**(64,395)**	**-**	**(733,147)**
Depreciation charge for the year		(8,868)	(34,447)	(3,825)	-	(47,140)
Transfer to assets classified as held-for-sale	**6**	(458)	(48)	(196)	-	(702)
Disposals and divestments		1,145	10,326	2,511	-	13,982
Effect of movements in exchange rates		(1,340)	(8,369)	(643)	-	(10,352)
Balance at 31 December 2010		**(134,685)**	**(576,126)**	**(66,548)**	**-**	**(777,359)**
Balance at 1 January 2011		**(134,685)**	**(576,126)**	**(66,548)**	**-**	**(777,359)**
Depreciation charge for the year		(8,109)	(33,929)	(3,010)	-	(45,048)
Transfer to assets classified as held-for-sale	**6**	982	7,285	122	-	8,389
Impairment losses	**14**	(1,400)	-	-	-	(1,400)
Divestments		1,098	7,925	358		9,381
Disposals		2,891	7,604	1,983		12,478
Effect of movements in exchange rates		774	3,815	472	-	5,061
Balance at 31 December 2011		**(138,449)**	**(583,426)**	**(66,623)**	**-**	**(788,498)**
Carrying amounts						
At 1 January 2010		**154,734**	**174,407**	**9,803**	**10,839**	**349,783**
At 31 December 2010		**151,787**	**164,535**	**7,932**	**20,013**	**344,267**
At 1 January 2011		**151,787**	**164,535**	**7,932**	**20,013**	**344,267**
At 31 December 2011		**141,126**	**159,630**	**7,522**	**18,267**	**326,545**

Depreciation charge

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

(€ x 1,000)	2011	2010
Cost of sales	(36,273)	(37,476)
Research & development expenses	(240)	(211)
Administrative expenses	(7,506)	(9,379)
Other operating expenses	(1,029)	(74)
Total depreciation	**(45,048)**	**(47,140)**
Recurring	(44,909)	(47,034)
Non-recurring	(139)	(106)

Impairment losses

The impairment losses of € 1.4 million relate to land which is partly classified as held for sale.

Acquisitions through business combinations

Acquisitions through business combinations in 2011 reflect the acquisition of the assets from KWH Pipe Sverige AG relating to the PE Water business for below ground applications (see note 7).

Divestments

Disposals and divestments include the sale of clay activities on the European Continent (Euroceramic) and Kulker SAS, a local subsidiary of Wavin France (see note 7).

Leased plant and machinery

The Group has no material financial lease agreements.

Security

At 31 December 2011 properties with a carrying amount of € 22.9 million (2010: € 30.9 million) were subject to a registered debenture to secure bank loans (see note 26).

Assets under construction

Assets under construction of € 18.3 million (2010: € 20.0 million) are mainly related to investments in production equipment and installations.

Capitalised borrowing costs

Like in 2010 no borrowing costs were capitalised as the assets under construction per 31 December 2011 and investments in 2011 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 2010		**156,117**	**220,636**	**121,293**	**72,470**	**570,516**
Acquisitions through business combinations	7	-	-	60	-	60
Additions		-	-	-	3,173	3,173
Internally developed assets		-	-	-	3,938	3,938
Disposals and divestments		-	-	(696)	(323)	(1,019)
Effect of movements in exchange rates		3,677	3,446	1,718	399	9,240
Balance at 31 December 2010		**159,794**	**224,082**	**122,375**	**79,657**	**585,908**
Balance at 1 January 2011		**159,794**	**224,082**	**122,375**	**79,657**	**585,908**
Acquisitions through business combinations	7	-	-	226	-	226
Additions		731	-	-	7,314	8,045
Internally developed assets		-	-	-	3,171	3,171
Transfer to assets classified as held-for-sale	6	(163)	-	-	-	(163)
Divestments		(104)	-	-	(85)	(189)
Disposals		-	-	-	(668)	(668)
Effect of movements in exchange rates		(2,098)	(377)	116	(358)	(2,717)
Balance at 31 December 2011		**158,160**	**223,705**	**122,717**	**89,031**	**593,613**
Amortisation						
Balance at 1 January 2010		**(4,414)**	**-**	**(35,936)**	**(45,005)**	**(85,355)**
Amortisation charge for the year		-	-	(6,298)	(6,542)	(12,840)
Impairment goodwill		(46)	-	-	-	(46)
Disposals and divestments		-	-	696	323	1,019
Effect of movements in exchange rates		(76)	-	(196)	(285)	(557)
Balance at 31 December 2010		**(4,536)**	**-**	**(41,734)**	**(51,509)**	**(97,779)**
Balance at 1 January 2011		**(4,536)**	**-**	**(41,734)**	**(51,509)**	**(97,779)**
Amortisation charge for the year		-	-	(4,637)	(7,178)	(11,815)
Impairment goodwill	7	(731)	-	-	-	(731)
Divestments		-	-	-	85	85
Disposals		-	-	-	668	668
Effect of movements in exchange rates		(79)	-	(207)	479	193
Balance at 31 December 2011		**(5,346)**	**-**	**(46,578)**	**(57,455)**	**(109,379)**
Carrying amounts						
At 1 January 2010		**151,703**	**220,636**	**85,357**	**27,465**	**485,161**
At 31 December 2010		**155,258**	**224,082**	**80,641**	**28,148**	**488,129**
At 1 January 2011		**155,258**	**224,082**	**80,641**	**28,148**	**488,129**
At 31 December 2011		**152,814**	**223,705**	**76,139**	**31,576**	**484,234**

Acquisitions through business combinations
Acquisitions through business combinations in 2011 reflect the acquisition of the assets from KWH Pipe Sverige AG relating to the PE Water business for below ground applications (see note 7). The 2010 figure reflects the establishment of a sales organisation in the Czech Republic with Gebr. Ostendorf – OSMA zpracování plastu.

Disposals and divestments
Disposals and divestments include the sale of clay activities on the European Continent (Euroceramic) and Kulker SAS, a local subsidiary of Wavin France (see note 7).

Impairment testing

Determination of value in use

Goodwill and other intangible assets with indefinite useful lives are tested for impairment per cash generating unit in the fourth quarter or whenever an impairment trigger exists.

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 this cash generating unit. The five geographic segments are the main cash generating units and the recoverable amount of these cash generating units is based on value-in-use calculations. The operating plan for the coming year is the starting point for the projections for the determination of the value in use. These projections include forecasts for the growth of revenue, added value and direct and indirect costs and assumptions regarding developments in capital expenditure and investments in working capital. In our projections we assume that after the crisis the growth of our business will pick up again as the fundamentals for growth have not changed (more single unit housing, substitution of traditional materials, energy efficiency of buildings, more comfort, changed climate / rainfall, infiltration and attenuation needs, etc.). Yearly Wavin invests considerably in product and process development which should drive sales growth (ambition is +2% on top of market growth), especially of the higher margin sub-segments water management (infiltration) and hot & cold (surface heating and cooling). In our forecasts, we assume sales will recover to pre-recession levels in a period of seven years and results in a period of ten years. The increase is supported by expected market recovery and the impact of efficiency improvement projects and certain cost reduction programmes that have been implemented in recent years.

We have extended our projections beyond five years as we expect further growth in the next five years to come to a steady state. Beyond the projection period of ten years, results are extrapolated using an assumed growth rate that does not exceed 2% in mature markets and 2.5% in the emerging markets.

In the projection period we have forecasted an annual revenue growth of the Group of 3 - 4% per year with different growth assumptions per cash generating unit. This growth in combination with a better use of the direct and indirect workforce and asset base results in improved EBITDA margins.

Projected cash flows are discounted using a specific discount rate per cash generating unit, taking country risk premiums into account. The pre-tax discount rates used range from 9.6% to 12.6% (2010: 8.8% to 11.9%). The average pre-tax discount rate for the Group was 10.7% (2010: 9.5%). The discount rate increased compared to last year despite a decrease of the risk-free interest rate. The current historical low risk free interest rate does not reflect a long term required return on investments. As a consequence we have decided to use a normalised risk free interest rate for cost of equity, which is above the current level.

Impairments

For 2011 the calculation of the value in use of the various cash generating units in comparison to the carrying amount resulted in no impairments.

Sensitivities

The determined values in use are sensitive to variations in estimates and assumptions. Therefore we have performed sensitivity analysis on the base case assumptions. We have concluded that a reduction of the base case added value margin with 200 basis points results in negative excess values for the South West Europe region of € 13.4 million and for the South East Europe region of € 3.0 million.

A 200 basis points higher pre-tax discount rate compared to the discount rate used in the base case will not lead to a materially different outcome of the impairment test although the headroom for some regions is limited.

As our model assumes a recovery of revenue to pre-crisis levels also sensitivity analysis have been executed on the revenue growth rates of the cash generating units.

The first sensitivity which includes a 25% lower growth rate of revenue in combination with a lower increase of direct as well as indirect costs for the projection period and a lower level of investments on net turnover (NTO) for the years 2017 and further, still results in positive excess values for the South West Europe region and the South East Europe region, being the regions with the least headroom, even if the residual cash flow growth would be reduced by 0.5% (sensitivity 2).

A 50% lower growth rate of revenue (sensitivity 3) in combination with a reduction of the residual growth rate (sensitivity 4) would result in the impairment charges as included in the tables underneath.

(€ × million, unless otherwise stated)	South West Europe		
	2011-2021 NTO growth*	Residual cash flow growth	Excess fair value
Sensitivity 1: 25% lower growth rates of NTO in combination with lower growth of costs and investments compared to base case	3.2%	2.0%	57
Sensitivity 2: Sensitivity 1 with a reduction in the residual cash flow growth	3.2%	1.5%	35
Sensitivity 3: 50% lower growth rates of NTO in combination with lower growth of costs and investments compared to base case	2.2%	2.0%	(32)
Sensitivity 4: Sensitivity 3 with a reduction in the residual cash flow growth	2.2%	1.5%	(48)

* Compounded average growth rate

(€ × million, unless otherwise stated)	South East Europe		
	2011-2021 NTO growth*	Residual cash flow growth	Excess fair value
Sensitivity 1: 25% lower growth rates of NTO in combination with lower growth of costs and investments compared to base case	4.5%	2.5%	16
Sensitivity 2: Sensitivity 1 with a reduction in the residual cash flow growth	4.5%	2.0%	12
Sensitivity 3: 50% lower growth rates of NTO in combination with lower growth of costs and investments compared to base case	3.3%	2.5%	(13)
Sensitivity 4: Sensitivity 3 with a reduction in the residual cash flow growth	3.3%	2.0%	(16)

* Compounded average growth rate

The North West Europe region as well as the Central Eastern Europe region has sufficient headroom available to cover revenue growth reduction of more than 50% in combination with a reduction of the residual growth rate with 0.5%.

Closure Spain
In 2011 the Group announced the closure of Spain and as a consequence has to acquire the third party share. The related goodwill of € 0.7 million has been impaired.

Amortisation charge
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 where 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)	2011	2010
Cost of sales	(180)	(175)
Research & development expenses	(1,853)	(1,524)
Administrative expenses	(5,145)	(4,891)
Other operating expenses	(4,637)	(6,250)
Total	**(11,815)**	**(12,840)**
Recurring	(11,815)	(12,731)
Non-recurring	-	(109)

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

(€ x 1,000)	2011	2010
North West Europe	43,318	43,705
South West Europe	42,900	42,122
Central & Eastern Europe	51,046	53,819
South East Europe	12,412	12,668
Overseas and Other	3,138	2,944
Total	**152,814**	**155,258**

As a result of exchange rate devaluations especially of the Polish Zloty and Czech Koruna the carrying amount of goodwill decreased by € 2.2 million.

Brand names

The carrying amount of brand names can be specified as follows:

(€ x 1,000)	2011	2010
North West Europe	60,987	60,911
South West Europe	113,640	111,574
South East Europe	20,738	21,528
Central & Eastern Europe	24,631	26,360
Overseas and Other	3,709	3,709
Total	**223,705**	**224,082**

As a result of exchange rate appreciation of the Pound Sterling the carrying amount of the brand names for the South West Europe Region increased. This was more than off-set by the devaluation of the Polish Zloty and Turkish Lira, resulting in a decrease in the carrying amount of brand names by € 0.4 million.

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

(€ x 1,000)	Brand name	2011	2010
South West Europe	Hep$_2$O	61,977	60,146
South West Europe	Warmafloor	617	598
South East Europe	Chemidro	3,000	3,000
South East Europe	Pilsa	2,251	2,658
Wavin Group	Wavin	155,860	157,680
Total		**223,705**	**224,082**

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

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.

The additions in development costs amount to € 3.1 million including an amount of € 0.3 million (2010: € 0.4 million) of capitalised borrowing costs during the period ended 31 December 2011 using an average interest rate of 6.5% (2010: 7.1%).

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 € 7.3 million (2010: € 4.2 million) are mainly related to the further roll-out of the Group-wide IT platform.

Other

In addition to development costs and software the carrying amount of other intangible assets includes capitalised expenses related to licenses, trademarks, patents etc.

19. Investments in associates

The investments in associates for the year 2011 amounts to € 21.6 million. In 2011 the Group received dividends of € 2.3 million from its investments in associates. None of the Groups associates are publicly listed entities and consequently do not have published price quotations.

The Groups investment in associates relates mainly to our 40% (2010: 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
2011					
GF Wavin AG	75,932	25,466	50,466	83,864	5,915
2010					
GF Wavin AG	84,836	35,612	49,224	74,730	5,523

The decrease in assets and liabilities is for a significant part the result of working capital reduction.

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

(€ x 1,000)	2011	2010
Non-current investments		
Guaranteed deposit	232	262
Financial instruments	433	177
Other non-current investments	1,086	445
Total non-current investments	**1,751**	**884**
Total current investments	**-**	**-**

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 4.
The increase of other non-current investments mainly relate to the reclassification of a specific trade receivable for which mortgages have been granted to Wavin.

21. Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are attributable to:

(€ x 1,000)	2011		2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Intangible assets	88	78,041	86	81,232
Property, plant & equipment	714	26,680	523	31,392
Financial assets	1	1,131	1	1,240
Inventories	1,096	741	1,032	1,079
Other current assets	622	474	1,610	351
Tax losses carried forward	19,063	-	11,873	-
Provision for employee benefits	1,998	40	2,131	16
Other provisions	1,119	340	1,269	-
Interest-bearing loans and borrowings	29	-	209	202
Other liabilities	5,194	649	5,884	681
Tax assets / liabilities	**29,924**	**108,096**	**24,618**	**116,193**
Set off tax assets and liabilities	(21,014)	(21,014)	(15,032)	(15,032)
Net tax assets / liabilities	**8,910**	**87,082**	**9,586**	**101,161**

Unrecognised deferred tax assets

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

(€ x 1,000)	2011	2010
Deductible temporary differences not capitalised	169	119
Tax losses carried forward not capitalised	8,985	9,361
Withholding taxes not capitalised	-	4,052
Total unrecognised deferred tax assets	**9,154**	**13,532**

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 not capitalised losses carried forward in some Eastern European Countries.

There are no time restrictions on the utilisation of not capitalised tax losses carried forward for an amount of € 9.0 million. As the Dutch companies are expected to come into an income tax paying position, foreign withholding taxes which were withheld in previous years have been capitalised in 2011.

Movement in temporary differences during the year

(€ x 1,000)	Balance at 1 January	Acquisitions / Divestments	Recognised in the income statement	Recognised directly in equity	Used for purpose	Effect of movements in foreign exchange	Balance at 31 December
2011							
Intangible assets	81,146	59	(3,144)	(613)	-	505	77,953
Property, plant & equipment	30,869	(1,133)	(3,266)	(23)	-	(481)	25,966
Financial assets	1,239	-	(63)	(35)	-	(11)	1,130
Inventories	47	(5)	(405)	-	-	8	(355)
Other current assets	(1,259)	-	1,014	-	-	97	(148)
Tax losses carried forward	(11,873)	-	(7,857)	-	662	5	(19,063)
Provision for employee benefits	(2,115)	112	-	-	-	45	(1,958)
Other provisions	(1,269)	-	473	-	-	17	(779)
Interest-bearing loans and borrowings	(7)	-	(24)	-	-	2	(29)
Other liabilities	(5,203)	-	460	175	-	23	(4,545)
Tax (assets) liabilities	**91,575**	**(967)**	**(12,812)**	**(496)**	**662**	**210**	**78,172**
2010							
Intangible assets	81,957	-	(2,150)	498	-	841	81,146
Property, plant & equipment	29,770	-	683	106	-	310	30,869
Financial assets	1,448	-	(267)	36	-	22	1,239
Inventories	314	-	(240)	-	-	(27)	47
Other current assets	(943)	-	(321)	-	-	5	(1,259)
Tax losses carried forward	(9,688)	-	(3,403)	-	1,456	(238)	(11,873)
Provision for employee benefits	(2,167)	-	100	-	-	(48)	(2,115)
Other provisions	(1,181)	-	(62)	-	-	(26)	(1,269)
Interest-bearing loans and borrowings	133	-	(136)	-	-	(4)	(7)
Other liabilities	(5,852)	-	207	492	-	(50)	(5,203)
Tax (assets) liabilities	**93,791**	**-**	**(5,589)**	**1,132**	**1,456**	**785**	**91,575**

22. Inventories

(€ x 1,000)	2011	2010
Raw materials and consumables	27,202	31,803
Finished products and merchandise	115,693	130,625
Other inventories	10,347	9,510
Total	**153,242**	**171,938**
Inventories stated at net realisable value	**1,850**	**4,271**

Despite increasing raw material prices, stock reduction measures resulted in a decrease of stock value compared to last year. At 31 December 2011 the provision for obsolete stocks amounted to € 14.4 million (2010: € 16.0 million). The addition to the provision for obsolete stocks amounted to € 1.2 million (2010: € 0.3 million), which was included in cost of sales. In the current year the provision for obsolete stocks was used for an amount of € 2.8 million (2010: € 2.7 million).

In 2011 raw materials, consumables and changes in finished goods recognised as cost of sales amounted to € 707.4 million (2010: € 622.8 million). This increased charge reflects the higher activity level and higher raw material prices compared to last year.

23. Trade and other receivables

(€ x 1,000)	Note	2011	2010
Trade receivables	4	240,174	239,684
Amounts receivable from associates		24	51
Other receivables and prepayments		29,226	26,759
Total		**269,424**	**266,494**

Trade receivables are shown net of an allowance for doubtful debts of € 12.4 million (2010: € 12.6 million) arising from the possible non-payment by customers.
The impairment loss recognised in the current year was € 3.0 million (2010: € 3.3 million) and for an amount of € 2.5 million (2010: € 2.1 million) trade receivables were actually written off. The Group's exposure to credit and currency risks and the allocation of the allowance for doubtful debts at the reporting date is disclosed in note 4.

24. Cash and cash equivalents

(€ x 1,000)	2011	2010
Bank balances	76,530	55,638
Cash	103	110
Total	**76,633**	**55,748**

Due to the seasonality of the business most cash is generated towards the end of the year. This cash flow cannot completely be used for the repayment of debt given the maturity of the drawings under the Forward Start 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

In the year under review 30,773 shares were sold to the Management Board and senior management as part of the Long Term Incentive Plan (see note 28). In addition 15,876 matching shares related to the LTIP 2008 vested in the first six months of 2011. All these shares were deducted from the treasury shares.

In 2011 the Company purchased 136,000 company shares with a nominal value of € 0.40 per share. Per 31 December 2011 the Company holds 203,123 shares (31 December 2010: 113,772 shares) as treasury shares to cover current and future obligations under the Long Term Incentive Plan of the Company.

Changes in equity classified as other comprehensive income include the changes in the hedging reserve which consists 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.

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

Of the shareholders' equity of € 573.2 million, an amount of € 9.6 million (2010: € 8.1 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)	2011	2010
Non-current liabilities		
Interest-bearing loans and borrowings	287,532	295,357
Total non-current liabilities	**287,532**	**295,357**
Current liabilities		
Discounted drafts	1,350	945
Unsecured bank overdrafts	15,602	15,553
Total current liabilities	**16,952**	**16,498**

Wavin's main source of financing was a syndicated loan facility of € 500 million that expired in October 2011 and was rolled over to the Forward Start Facility of € 475 million. The Forward Start Facility will expire in April 2013. The Forward Start Facility has been extended and amended in January 2012.

Non-current bank loans per 31 December 2011 relate to the Forward Start Facility. The total facility is a bullet facility repayable in full in April 2013. Under the revolving facility funds are drawn and repaid in line with the short term financing needs. Per 31 December 2011 the drawings under the Forward Start Facility amounted to a face value of € 294.7 million (31 December 2010: € 304.0 million) and are secured.

The current portion of interest-bearing loans and borrowings consists of money market loans that the Group holds per 31 December 2011.

Terms and debt repayment schedule*

	Note	2011				2010			
		Effective interest rate	Year of maturity	Face value (€ x 1,000)	Carrying amount (€ x 1,000)	Effective interest rate	Year of maturity	Face value (€ x 1,000)	Carrying amount (€ x 1,000)
Secured bank loans									
Syndicated Loan Facility**				-	-	5.91%	2013	304,041	292,280
Forward Start Facility**		5.52%	2013	294,659	287,532			-	-
Unsecured bank loans									
Other unsecured loans				-	-	2.56%	2012	3,077	3,077
Unsecured bank overdrafts		8.36%	2012	15,602	15,602	5.43%	2011	15,553	15,553
Discounted drafts		1.63%	2012	1,350	1,350	1.33%	2011	945	945
Secured bank overdrafts				-	-			-	-
Cash and cash equivalents	24	misc.	2012	(76,633)	(76,633)	misc.	2011	(55,748)	(55,748)
Total				**234,978**	**227,851**			**267,868**	**256,107**

* For details on financial instruments we refer to note 4.

** The effective interest rate of the Syndicated Loan Facility and Forward Start Facility is excluding the effect of the ineffective interest rate swaps and commitment fee.

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

- Facility start date was 16 October 2011;
- Facility consisted 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 1.3 years);
- The interest rate was based on interbank offered rates like Euribor/Libor/Wibor/Pribor increased with a margin. This margin was based on a margin grid depending on the leverage ratio. The margin amounts to a maximum of 400 basis points and a minimum of 175 basis points. The margin was recalculated on a quarterly basis;
- The commitment fee amounted to 35% of the applicable margin;
- Comprehensive security package was in place (see note 34);
- The financial covenants were tested on a quarterly basis.

The aggregate tangible assets and the aggregate Ebitda of the 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 Forward Start Facility is defined as: Total net debt divided by result from operating activities before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates and excluding profit attributable to non-controlling interest. The interest coverage ratio is defined as: result from operating activities before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates and excluding profit attributable to non-controlling interest, divided by the net interest expenses, including all interest and other financing charges in the nature of interest.

The term loans are fully drawn and from the revolving facility € 57.6 million (2010: € 53.0 million) is drawn.

Covenant ratios per 31 December can be specified as follows:

	2011		2010	
	Actual	Required	Actual	Required
Leverage ratio	2.4	< 3.0	2.3	< 3.7
Interest coverage ratio	4.2	> 2.8	3.7	> 2.3

Wavin was in compliance with the agreed ratios as defined in the Forward Start Facility.

In January 2012 we agreed with the lending banks to extend and amend our existing financing facility. The amended syndicated arrangement amounts to € 440 million and will mature in April 2015. The € 440 million facility consists of a € 220 million Bullet Term Facility and a € 220 million Revolving Credit Facility. The conditions and margins remain unchanged to the existing facility. Maturity has been extended with two years to April 2015.

For the amended syndicated facility the covenant levels have been relaxed. The maximum leverage ratio and minimum interest coverage ratio under the amended facilities vary in line with the seasonality of the business for the different time periods and can be specified as follows:

Testing date	Leverage ratio	Interest coverage ratio	*Testing date*	Leverage ratio	Interest coverage ratio
2012 Q1	< 3.95	> 2.80	2014 Q1	< 3.30	> 4.00
2012 Q2	< 3.95	> 2.80	2014 Q2	< 3.30	> 4.00
2012 Q3	< 3.75	> 3.25	2014 Q3	< 3.10	> 4.00
2012 Q4	< 2.90	> 3.50	2014 Q4	< 2.50	> 4.00
2013 Q1	< 3.75	> 3.50	2015 Q1	< 2.75	> 4.00
2013 Q2	< 3.75	> 3.50			
2013 Q3	< 3.50	> 3.75			
2013 Q4	< 2.60	> 4.00			

The key terms of the € 440 million Syndicated Loan Facility are:

- Facility consisting of a € 220 million committed term loan facility and a € 220 million committed multi-currency revolving credit facility;
- For the term loan and revolving facility: repayment in one amount at maturity date of 16 April 2015 (remaining duration of 3.3 years);
- The interest rate is based on interbank offered rates like Euribor/Libor/Wibor/Pribor increased with a margin. This margin is based on a margin grid depending on the leverage ratio; The margin amounts to a maximum of 275 basis points and a minimum of 175 basis points. The margin is recalculated on a quarterly basis;
- The commitment fee amounts to 35% of the applicable margin;
- Comprehensive security package in place (see note 34);
- The financial covenants are tested on a quarterly basis.

The aggregate tangible assets and the aggregate Ebitda of the identified guarantors of the facility should represent at least 75% of the consolidated tangible assets and consolidated Ebitda. The threshold for specific indebtness has been revised under the amended syndicated facility.

In addition to the group facility, the Group has mostly uncommitted bilateral credit facilities with several banks for an amount of € 68.6 million (2010: € 123.7 million) of which € 15.6 million was drawn per 31 December 2011 (2010: € 19.2 million). In addition to the credit facilities Wavin has a € 25 million committed non-recourse factoring agreement in place of which € 21.2 million was used as per 31 December 2011.The transaction costs related to 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 diligence, non-audit services, etc.).

27. Employee benefits

(€ x 1,000)	2011	2010
Present value of unfunded obligations	11,703	12,602
Present value of funded obligations	426,945	399,392
Total present value of obligations	**438,648**	**411,994**
Fair value of plan assets	(428,006)	(417,803)
Unrecognised actuarial gains and (losses)	(6,343)	15,833
Effect of asset ceiling	9,200	4,142
Total employee benefits	**13,499**	**14,166**
Non-current	12,919	13,647
Current	580	519

Unfunded obligations
Unfunded obligations consist of service awards and jubilee commitments qualifying as other long term benefit plans, which are recognised in the Dutch, German, French, Irish, Polish, Italian and Turkish operating companies.

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

In the UK and Ireland the pension liabilities are covered by company pension funds. The Company is liable for the deficits of these funds. Plan assets of these funds do not include investments in the Company. After the periodic actuarial calculation it was concluded that the Wavin Plastics Pension Scheme in the UK and the Wavin Ireland Pension Scheme have a deficit. It has been agreed with the trustees that in the coming 5 years Wavin UK will pay GBP 3.0 million additional contribution to the Wavin Plastics Pension Scheme, starting as of 2012. With the Irish trustees Wavin Ireland agreed to pay €0.5 million additional contribution in the coming 10 years, starting as of 2012. For the Hepworth Building Products Pension Scheme and for the Irish Executive Pension Scheme additional contributions have been agreed starting as of 2010 and 2011 (with a total additional contribution of € 0.6 million per year).

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 still have the ambition to change the current defined benefit plan into a collective defined contribution plan.

The defined benefit schemes of Wavin Norway are outsourced to insurance companies. The exposures related to the pension liabilities in Germany, France and Italy are fully accrued for.

Movements in the liability for defined benefit obligations for the Group were:

(€ x 1,000)	2011	2010
Liability for defined benefit obligations at 1 January	**411,994**	**393,460**
Effect of movements in foreign exchange	5,172	4,884
Contributions received	3,354	3,427
Movements to defined benefit plans	12	-
Divestments of subsidiaries	(11,754)	-
Benefits paid by the plan	(16,766)	(15,994)
Actuarial gains (losses) not recognised	17,383	(4,155)
Service costs and interest	29,253	30,372
Liability for defined benefit obligations at 31 December	**438,648**	**411,994**

Plan assets

Movements in the plan assets were:

(€ x 1,000)	2011	2010
Fair value of plan assets at 1 January	**417,803**	**360,554**
Effect of movements in foreign exchange	4,233	3,678
Contributions paid into the plan by participants	3,354	3,427
Contributions paid into the plan by the Group	9,682	12,312
Divestments of subsidiaries	(8,870)	-
Benefits paid by the plan	(15,543)	(14,933)
Expected return on plan assets	22,470	21,019
Actuarial gains (losses) not recognised	(5,123)	31,746
Fair value of plan assets at 31 December	**428,006**	**417,803**

Plan assets consist of the following:

	2011	2010
Equity instruments	41%	47%
Debt instruments	56%	47%
Property	0%	0%
Other	3%	6%
Total fair value of plan assets	**100%**	**100%**

Expense recognised in the income statement

(€ x 1,000)	2011	2010
Current service costs	7,709	8,921
Interest on obligation	21,544	21,451
Expected return on plan assets	(22,470)	(21,019)
Actuarial (gains) losses to the extent recognised	(361)	302
Effect of asset ceiling	5,058	2,977
Expense recognised in the income statement	**11,480**	**12,632**

In the UK and Ireland the unrecognised actuarial losses per 31 December 2011 have exceeded the corridor. This will result in an increase of the expense for employee benefits recognised in the 2012 income statement of approximately € 2.2 million.

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

(€ x 1,000)	2011	2010
Cost of sales	5,323	5,211
Selling and distribution expenses	4,796	5,272
Administrative expenses	1,361	2,149
Total	**11,480**	**12,632**
Actual return on plan assets	**17,254**	**18,720**

Actuarial gains and losses not recognised

(€ x 1,000)	2011	2010
Actuarial gains and (losses) not recognised at 1 January	**15,833**	**(19,409)**
Effect of movements in foreign exchange	(1,293)	(961)
Divestments of subsidiaries	1,984	-
Recognised during the period	(361)	302
Not recognised during the period on the liabilities	(17,383)	4,155
Not recognised during the period on the assets	(5,123)	31,746
Actuarial gains and (losses) not recognised at 31 December	**(6,343)**	**15,833**

Principal actuarial assumptions at the balance sheet date

(% - expressed as weighted average)	2011	2010
Discount rate at 31 December	5.2	5.3
Expected return on plan assets at 31 December	4.8	5.5
Future salary increases	3.1	2.9
Future pension increases	2.1	1.9

The overall expected long term rate of return on assets is 4.8%. 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 € 13.1 million to its defined benefit pension plans in 2012. For other benefit plans the contribution for 2012 by the Group is expected to be € 0.1 million.

Assumptions regarding future mortality are based on published statistics and mortality tables. In the Netherlands Pensionfund Owase applied as per 31 December 2011 the most recent mortality table "AG Prognosetafel 2010-2060", adjusted for differences between the total population and the working population (experience factor 2011). The current longevities underlying the values of the liabilities in the defined benefit plans are as follows:

	2011		2010	
	Netherlands	**UK**	**Netherlands**	**UK**
Longevity at age 65 for current pensioners				
Males	21.5	21.0	21.4	20.7
Females	24.0	24.0	23.9	23.6
Longevity at age 65 for current members aged 45				
Males	23.0	23.0	23.0	21.8
Females	24.8	26.0	24.8	24.6

Historical information

The difference between the actual and expected return on plan assets was a loss of € 5.2 million, a loss of € 2.3 million in 2010, a gain of € 2.8 million in 2009, a loss of € 62.4 million in 2008 and a loss of € 14.4 million in 2007.

The historical data breakdown of the deficit in the plan and experience adjustments is as follows:

(€ x 1,000)	2011	2010	2009	2008	2007
Present value of the defined benefit obligation	438,648	411,994	393,460	337,250	372,282
Fair value of plan assets	(428,006)	(417,803)	(360,554)	(299,342)	(368,783)
Deficit in the plan	**10,642**	**(5,809)**	**32,906**	**37,908**	**3,499**
Adjustments due to experience	(13,902)	15,969	35,588	(68,763)	(5,656)
Adjustments due to change in assumptions	24,305	11,108	(36,890)	28,826	(1,427)
Total adjustments	**10,403**	**27,077**	**(1,302)**	**(39,937)**	**(7,083)**

28. Share-based payments

According to the Long Term Incentive Plan (LTIP) eligible employees can, on a voluntary basis, elect to invest part of their individual annual incentive in Wavin shares. The investment is limited to 50% of the individual's gross annual incentive. The minimum investment, if an employee elects to invest, is set at 10% of the gross annual incentive. 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 during 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 during 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 following the date of grant. In 2011 eligible employees purchased 30,773 shares (2010: 31,410 shares) resulting in a future grant of 15,395 matching shares and a maximum of 92,319 performance options.

The terms and conditions relating to the grants of the Long Term Incentive Plan are as follows:

	Number of instruments granted	Vesting conditions	Year of vesting	Year of expiry (options) / holding period (shares)
Conditional performance options granted in 2008	104,897	4 years' service and Ebitda growth target	2012	2015
Conditional performance options granted in 2009	96,456	4 years' service and Ebitda growth target	2013	2016
Conditional performance options granted in 2010	94,104	4 years' service and Ebitda growth target	2014	2017
Conditional performance options granted in 2011	92,319	4 years' service and Ebitda growth target	2015	2018
Total performance options*	**387,776**			
Conditional matching shares granted in 2009	16,095	3 years' service	2012	2014
Conditional matching shares granted in 2010	15,705	3 years' service	2013	2015
Conditional matching shares granted in 2011	15,395	3 years' service	2014	2016
Total conditional shares	**47,195**			

* At 15% or more average annual Ebitda growth over the years 2008 up to and including 2011, over the years 2009 up to and including 2012, over the years 2010 up to and including 2013 resp over the years 2011 up to and including 2014 the maximum number of performance options will be granted.

The number of the granted shares and options are as follows:

	2011			2010		
	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	14.09	283,300	47,246	1.93	1,529,880	254,980
Granted during the period		92,319	15,395		752,445	125,429
Vested during the period		-	(15,876)		-	-
Forfeited during the period		(26,215)	(3,069)		(57,996)	(9,666)
Effect of reverse stock split		-	-		(1,941,029)	(323,497)
Outstanding at 31 December	**13.05**	**349,404**	**43,696**	**14.09**	**283,300**	**47,246**
Exercisable at 31 December	**-**	**-**	**-**	-	-	-

* Weighted average exercise price per 31 December 2010 is affected by the reverse stock split and granted options in 2010.

The fair value of the matching shares is determined using the Black-Scholes model. 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:

(€ × 1 - unless other wise stated)	2011	2010	2009	2008
Fair value of matching shares at grant date*	10.73	11.04	4.80	20.08
Fair value performance option at grant date*	4.25	3.60	1.20	5.12
Share price at grant date*	10.83	11.20	6.16	24.05
Exercise price at grant date*	10.83	11.20	6.40	23.76
Expected volatility (weighted average %)	42%	40%	40%	35%
Option life (expected weighted average in years)	5.70	5.76	6.17	5.83
Expected dividends	0.05	0.03	0.14	0.46
Risk-free interest rate (% based on government bonds)	3.14%	2.93%	3.28%	3.70%

* The values and price for the years 2008-2010 have been adjusted for comparison reason to reflect the effect of the rights issue in 2009 and reverse stock split in 2010.

The effect of forfeitures is remeasured at each reporting date and at settlement date.

The expenses related to the Long Term Incentive Plan can be summarised as follows:

(€ x 1,000)	2011	2010
Expense arising from shares granted in 2008	43	75
Expense arising from shares granted in 2009	22	22
Expense arising from shares granted in 2010	51	41
Expense arising from options granted in 2010	45	44
Expense arising from shares granted in 2011	39	-
Expense arising from options granted in 2011	52	-
Total expense recognised as personnel costs	**252**	**182**
Total unrecognised value of liability for vested benefits	**-**	**-**

As options granted in 2008 and 2009 are not expected to meet the vesting conditions no expenses are taken into account.

29. Provisions

(€ x 1,000)	Warranty	Restructuring	Tax provisions	Other provisions	Total
Balance at 1 January 2011	3,544	4,242	8,670	9,846	26,302
Divestments	(27)	-	-	-	(27)
Provisions made during the year	2,591	3,377	2,346	422	8,736
Provisions used during the year	(1,971)	(3,609)	-	(962)	(6,542)
Provisions reversed during the year	(940)	(61)	(6,812)	(452)	(8,265)
Effect of movements in foreign exchange	(11)	(8)	(204)	(66)	(289)
Balance at 31 December 2011	**3,186**	**3,941**	**4,000**	**8,788**	**19,915**
Non-current	991	204	4,000	6,195	11,390
Current	2,195	3,737	-	2,593	8,525

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 2011 restructuring provisions were made for smaller restructurings in Germany, Belgium and Turkey and the closure of our activities in Spain. It is expected that these restructurings will largely be completed within one year from the balance sheet date.

Tax
The tax provisions relate to identified tax exposures in the Group. 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 2011 mainly consist of provisions for the obligation to take back returnable packaging in Germany (€ 3.1 million), quarry restoration obligations related to the clay activities in the UK (€ 2.3 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)	2011	2010
Interest instruments	11,678	6,746
Deferred government grants	25	38
Other non-current liabilities	239	377
Total other non-current liabilities	**11,942**	**7,161**

Despite a one year shorter duration, the carrying value of financial instruments has increased substantially due to decreasing interest rates on the capital market.

31. Trade and other payables

(€ x 1,000)	2011	2010
Trade payables	260,755	249,919
Non-trade payables and accrued expenses	62,581	58,410
Interest instruments	-	7,208
Amounts payable to associates	758	1,045
Total trade and other payables	**324,094**	**316,582**

Trade payables increased due to higher activity levels and higher raw material prices.

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)	2011	2010
Less than one year	15,927	16,072
Between one and five years	34,309	30,720
More than five years	17,647	13,591
Total	**67,883**	**60,383**

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.

During the year ended 31 December 2011 € 19.0 million was recognised as an expense in the income statement in respect of operating leases and rental costs (2010: € 19.1 million).

33. Capital commitments

With respect to the purchase of investment goods, per 31 December 2011 obligations have been entered into and orders have been placed to a value of € 8.1 million (2010: € 8.5 million).

34. Contingent liabilities

At 31 December 2011 bank guarantees issued mainly for bid bonds and performance bonds amount to approximately € 1.1 million (2010: € 4.9 million). Per 31 December 2011 letters of credit were issued for an amount of € 14.1 million (2010: € 8.9 million).

In December 2011 the Hungarian Competition Authority started an investigation of Hungarian pipe producers suspected of forming a price fixing cartel. We are co-operating actively with the authorities, providing any information required and have no reason to believe that the Group violated anti-trust rules.
The Group is defending its position in different procedures brought up by employees, suppliers and/or customers in different countries in Europe. We are also involved in disputes with tax authorities in several jurisdictions. While the outcome of these claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

For drawings under the Forward Start Facility of € 475 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 € 401.3 million. For an amount of € 302.9 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 2011 there was a related party relationships 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).

The Group also has a related party relationship with Wavin Plastics Pension Scheme, Hepworth Building Products Pension Scheme, Wavin Ireland Pension Scheme, Wavin Ireland Executive Pension Scheme 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 J of the Company Financial Statements).

Other related party transactions

During the year ended 31 December 2011, we did not sell any goods to associates (2010: nil). Sales of associates to the Group amounted to € 11.0 million (2010: € 12.4 million). At 31 December 2011 the Group owed associates € 0.7 million (2010: € 1.0 million). For details regarding outstanding receivables and liabilities we refer to notes 23 and 31. During the year ended 31 December 2011 the Group received € 2.3 million dividend from associates (2010: € 3.1 million).

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.

36. Transactions with key management and remuneration

The members of the Supervisory Board and Management Board are considered to be key management. In 2011 there have been no transactions with key management or any family member of key management except for some members of the Supervisory Board and Management Board in their capacity as shareholders. All transactions were conducted at arm’s length principle.

No loans or guarantees have been provided to key management 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.

For details about the remuneration of key management we refer to note J of the Company Financial Statements.

37. Group companies

The Group’s ultimate parent company is Wavin N.V. Please refer to the list of principal direct and indirect participations.

38. Subsequent events

Extend and amendment existing financing facility

In January 2012 Wavin agreed with its lending banks to extend and amend its existing financing facility. The amended syndicated arrangement amounts to € 440 million and will mature in April 2015. The € 440 million facility consists of a € 220 million Bullet Term Facility and a € 220 million Revolving Credit Facility. Covenant levels have been relaxed, whilst conditions and margins remain unchanged to the existing facility. Maturity has been extended with two years to April 2015. For further details we refer to note 26.

Sale of geocomposite drainage activities in France

In January 2012 Wavin agreed to sell its geocomposite drainage activities in France to RYB, a French provider of polyethylene (PE) pipe systems. With these activities Wavin realised revenues of approx. € 5 million.

Cash public offer on Wavin ordinary shares

On 8 February 2012 Mexichem S.A.B. de C.V. (Mexichem) and Wavin announced that Mexichem intends to make a cash offer of € 10.50 per Wavin ordinary share. The Management and Supervisory Board of Wavin support and recommend the intended offer under the current circumstances. The commencement of the offer is subject to the satisfaction or waiver of certain pre-offer conditions customary for transactions of this kind, such as (i) completion of the notification procedures pursuant to the Dutch Merger Code (SER-besluit Fusiegedragsregels 2000), (ii) completion of all actions necessary to consult Wavin's central works council and the European works council, (iii) no revocation of the recommendation by Wavin's Board of Management or Supervisory Board, (iv) Mexichem and Wavin having reached agreement on the contents of the offer memorandum and which is subsequently approved by the AFM, (v) no competing offer having been made, (vi) no order, stay judgment or decree restraining, prohibiting or delaying the transaction, (vii) no preference shares having been issued by Wavin, (viii) no material breach of the merger protocol and (ix) no material adverse effect having occurred. The material adverse effect clause may also be invoked in the event of a breach of the warranties given by Wavin if such breach results in a payment obligation in excess of € 25 million.

When made, the consummation of the offer will be subject to the satisfaction or waiver of certain offer conditions customary for transactions of this kind, such as (i) relevant antitrust clearance for the offer, (ii) a minimum acceptance of 80% of the Wavin shares on a fully diluted basis, (iii) no revocation of the recommendation by Wavin's Board of Management and Supervisory Board, (iv) no competing offer having been made, (v) no preference shares having been issued by Wavin (vi) no order, stay judgment or decree restraining, prohibiting or delaying the transaction, (vii) no material breach of the merger protocol, (viii) approval of Transaction at a Mexichem EGM and (ix) no material adverse effect having occurred. Wavin and Mexichem may terminate the conditional agreement in the event that a bona fide third-party offer or makes an offer which is, a more beneficial offer than the Offer, which is binding upon such party and (i) exceeds the Offer Price by 10% and (ii) includes non-financial commitments which are similar to those agreed upon in the merger protocol (a "Competing Offer"). In the event of a Competing Offer, Mexichem will be given the opportunity to revise its Offer. If this revised Offer by Mexichem is at least equally beneficial to the Competing Offer, Wavin may not terminate the conditional agreement with Mexichem. The same is true for any subsequent Competing Offer. If Wavin terminates the agreement in the event a third party offer has been declared unconditional with at least 50% of the Shares plus one Share having been tendered and provided that such third party has offered an offer price per Share that exceeds the Offer Price by at least 3%, Mexichem is entitled to a break fee amounting to € 8 million. The same break fee applies if the Management and Supervisory Boards revoke their recommendation.

In the event that the public offer of Mexichem is accepted there will be a so called change of control. Due to this change of control, specific contractual clauses will become effective in some cases, which could materially affect our consolidated financial position, consolidated results and/or affect our consolidated cash flows. The following contractual obligations could have a material effect on Wavin in case of change of control:

- The extended and amended financing facility including the related interest rate swaps will be immediately due and payable.
- The 60% shareholder of our associate GF Wavin AG will have the option to purchase our 40% stake against the market value to be established.
- The minority shareholder in our subsidiary MPC Sp.z.o.o. will have the option to sell its stake against the market value to be established.

We believe, based upon legal advice and information received, that the impact of other change of control clauses in contracts will not materially affect our consolidated financial position, consolidated results and or consolidated cash flows.

Based on the Long Term Incentive Plan rules, the Management Board (and the Supervisory Board for grants and awards made to members of the Management Board) has the discretionary authority upon a change of control to (i) provide for an exchange of each outstanding Purchased Share, Matching Share and Performance Option or (ii) take other reasonable steps it considers appropriate.

Announced restructuring

Early 2012 Wavin UK announced a restructuring plan leading to a headcount reduction of approximately 80 people in the back-office. In other operating companies in continental Europe, Wavin will reduce headcount with 70 people.

3.7 Company balance sheet

As at 31 December

(€ x 1,000)	Note	2011	2010
Assets			
Intangible assets	B	92,944	94,865
Investments in subsidiaries	C	468,709	297,768
Deferred tax assets	D	2,790	3,021
Total non-current assets		**564,443**	**395,654**
Trade and other receivables		900	243
Income tax receivable		603	2,038
Cash and cash equivalents	E	20,511	203,956
Total current assets		**22,014**	**206,237**
Total assets		**586,457**	**601,891**
Equity			
Issued capital	F	20,313	20,313
Share premium	F	422,847	422,847
Reserves	F	(26,012)	(13,786)
Retained earnings	F	156,032	141,384
Total equity		**573,180**	**570,758**
Liabilities			
Interest-bearing loans and borrowings		-	15,000
Other non-current liabilities	G	11,159	6,747
Total non-current liabilities		**11,159**	**21,747**
Bank overdrafts		-	265
Trade and other payables		2,118	9,121
Total current liabilities		**2,118**	**9,386**
Total liabilities		**13,277**	**31,133**
Total equity and liabilities		**586,457**	**601,891**

3.8 Company income statement

For the year ended 31 December

(€ x 1,000)	Note	2011	2010
Net income from subsidiaries	I	18,169	11,860
Other net income		(1,036)	(6,035)
Profit for the period		**17,133**	**5,825**

3.9 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 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.

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 2010	**96,005**
Effect of movements in exchange rates	1,540
Balance at 31 December 2010	**97,545**
Balance at 1 January 2011	**97,545**
Effect of movements in exchange rates	(1,921)
Balance at 31 December 2011	**95,624**
Impairment	
Balance at 1 January 2010	**(2,680)**
Balance at 31 December 2010	**(2,680)**
Balance at 1 January 2011	**(2,680)**
Balance at 31 December 2011	**(2,680)**
Carrying amounts	
At 1 January 2010	**93,325**
At 31 December 2010	**94,865**
At 1 January 2011	**94,865**
At 31 December 2011	**92,944**

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)	2011	2010
Balance at 1 January	**297,768**	**275,035**
Profit for the period	18,169	11,860
Currency differences	(12,296)	10,458
Capital increase	165,000	-
Other movements	68	415
Balance at 31 December	**468,709**	**297,768**

Wavin N.V. has increased the capital of Wavin B.V. with € 165.0 million. The other movements relate to fair value adjustments of interest rate swaps included directly in equity of operating companies.

D. Deferred tax assets

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)	Note	Issued Capital	Share premium	Legal and statutory reserve	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at 1 January 2010		**20,313**	**422,847**	**9,454**	**(24,720)**	**(10,705)**	**134,464**	**551,653**
Profit (loss) for the period		-	-	2,196	-	-	3,629	5,825
Other comprehensive income								
Exchange rate differences on translating foreign operations		-	-	-	12,041	(46)	-	11,995
Fair value changes cash flow hedges, net of tax		-	-	-	-	1,529	-	1,529
Reclassification		-	-	(460)	-	-	460	-
Total comprehensive income (expense) for the period		**-**	**-**	**1,736**	**12,041**	**1,483**	**4,089**	**19,349**
Contributions by and distributions to owners								
Treasury shares purchased		-	-	-	-	-	(777)	(777)
Treasury shares issued		-	-	-	-	-	351	351
Long term incentive plan		-	-	-	-	-	182	182
Dividends received from associates		-	-	(3,075)	-	-	3,075	-
Transactions with owners, recorded directly in equity		**-**	**-**	**(3,075)**	**-**	**-**	**2,831**	**(244)**
Balance at 31 December 2010		**20,313**	**422,847**	**8,115**	**(12,679)**	**(9,222)**	**141,384**	**570,758**
Balance at 1 January 2011		**20,313**	**422,847**	**8,115**	**(12,679)**	**(9,222)**	**141,384**	**570,758**
Profit (loss) for the period		-	-	2,439	-	-	14,694	17,133
Other comprehensive income								
Exchange rate differences on translating foreign operations		-	-	-	(14,210)	(9)	-	(14,219)
Fair value changes cash flow hedges, net of tax	30,31	-	-	-	-	473	-	473
Reclassification		-	-	1,388	-	-	(1,388)	-
Total comprehensive income (expense) for the period		**-**	**-**	**3,827**	**(14,210)**	**464**	**13,306**	**3,387**
Contributions by and distributions to owners								
Treasury shares purchased		-	-	-	-	-	(1,549)	(1,549)
Treasury shares issued		-	-	-	-	-	332	332
Long term incentive plan		-	-	-	-	-	252	252
Dividends received from associates		-	-	(2,307)	-	-	2,307	-
Transactions with owners, recorded directly in equity		**-**	**-**	**(2,307)**	**-**	**-**	**1,342**	**(965)**
Balance at 31 December 2011		**20,313**	**422,847**	**9,635**	**(26,889)**	**(8,758)**	**156,032**	**573,180**

Share capital and share premium

(€ x 1,000)	2011	2010
On issue at 1 January	**443,160**	**443,160**
Shares issued	-	-
Total share capital and share premium	**443,160**	**443,160**

Authorised shares

The Company holds 203,123 shares as treasury shares to cover current and future obligations under the Long Term Incentive Plan of the Company. In the year under review 30,773 shares were issued to the Management Board and senior management as part of the Long Term Incentive Plan. In addition 15,876 matching shares related to the LTIP 2008 vested in the first six months of 2011. All these shares were deducted from the treasury shares.

At 31 December 2011, the total authorised ordinary share capital exists of 88,750,000 ordinary shares with a par value of € 35.5 million. In addition to the ordinary shares the Company authorised 88,750,000 preference shares with a par value of € 0.40 per share for future issuance.

Issued shares

The total issued ordinary share capital per 31 December 2011 exists of 50,782,132 shares with a par value of € 20.3 million (2010: € 20.3 million) and a share premium of € 422.8 million (2010: € 422.8 million). Under the Long Term Incentive Plan senior and middle management acquired 30,773 shares.

In addition 15,876 matching shares related to the LTIP 2008 vested in the first six months of 2011. All the transactions under the LTIP 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 the General Meeting of Shareholders. 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 reissued.

The number of issued and outstanding shares can be specified as follows:

(shares × 1)	2011	2010
Issued ordinary shares at 1 January	50,782,132	50,782,132
Treasury shares at 1 January	(113,772)	(70,744)
Outstanding ordinary shares at 1 January	**50,668,360**	**50,711,388**
Effect of shares issued	46,649	31,972
Effect of shares purchased	(136,000)	(75,000)
Outstanding ordinary shares at period end	**50,579,009**	**50,668,360**
Treasury shares at 31 December	203,123	113,772
Issued shares at 31 December	**50,782,132**	**50,782,132**
Outstanding ordinary shares at reporting date (diluted)	**50,812,605**	**50,813,405**
Issued ordinary shares at reporting date (diluted)	**51,015,728**	**50,927,177**

The Company holds 203,123 shares as treasury shares to cover current and future obligations under the Long Term Incentive Plan of the Company (see note 28).

Dividends

In 2011 and 2010 no dividends were declared.

Wavin was subject to restrictions on the distribution of cash dividends under its Syndicated Loan Facility. According to the terms of these facilities Wavin may not pay any cash dividend in excess of € 0.01 on any share in our capital until 31 December 2011. Cash dividend declarations are again allowed in 2012 over the 2011 results. According to the terms of the amended syndicated facility the first 50% of the free cash flow is not available for dividend distribution. Furthermore 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.

Given the limitations to pay dividend, the Boards of Wavin have decided to add the 2011 profit attributable to shareholders to the reserves.

Share-based compensation

For details regarding the applicable Long Term Incentive Plans we refer to note 28. The expenses as included in the income statement in 2011 for the Long Term Incentive Plan amounted to € 0.3 million (2010: € 0.2 million). The granted shares and options can be summarised as follows:

Serie	Outstanding at 1 January 2011	Granted / (vested)	Market value at grant date	Outstanding at 31 December 2011	Market value at 31 December 2011	Vesting date	Holding period up to and including
Conditional shares	Shares	Shares	(€)	Shares	(€)		
LTIP 2011	-	15,395	166,651	14,348	136,306	March 10, 2014	March 9, 2016
LTIP 2010	15,705	-	175,896	14,910	141,645	March 8, 2013	March 7, 2015
LTIP 2009	15,445	-	95,139	14,438	137,161	March 9, 2012	March 8, 2014
LTIP 2008	16,096	(15,876)	387,155	-	-	March 10, 2011	March 9, 2013
Total	**47,246**	**(481)**	**824,841**	**43,696**	**415,112**		

Serie	Exercise price	Outstanding at 1 January 2011	Granted maximum*	Outstanding at 31 December 2011 maximum*	Market value at 31 December 2011 maximum*	Vesting date	Expiry date
Conditional options	(€)	Options	Options	Options	(€)		
LTIP 2011	10.83	-	92,319	86,088	-	March 10, 2015	March 10, 2018
LTIP 2010	11.20	94,104	-	89,460	-	March 8, 2014	March 8, 2017
LTIP 2009	6.40	92,670	-	86,628	268,547	March 9, 2013	March 9, 2016
LTIP 2008	23.76	96,526	-	87,228	-	March 10, 2012	March 10, 2015
Total		**283,300**	**92,319**	**349,404**	**268,547**		

* At 15% or more average annual Ebitda growth over the years 2008 up to and including 2011, over the years 2009 up to and including 2012, over the years 2010 up to and including 2013 resp over the years 2011 up to and including 2014 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 (the 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.

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. Other non-current liabilities

The other non-current liabilities fully relate to the fair value of financial instruments.

H. Net income from subsidiaries and associates

Net income from subsidiaries and associated companies relates to Wavin N.V.'s share in earnings of its subsidiaries and associates. For further details see note C.

I. 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.

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.

J. 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.

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
2011							
Henk ten Hove	452,000	120,503	41,588	614,091	98,455	15,152	727,698
Pim Oomens	336,565	85,521	46,414	468,500	82,690	18,710	569,900
Maarten Roef	311,574	89,297	34,976	435,847	67,067	16,899	519,813
Total	**1,100,139**	**295,321**	**122,978**	**1,518,438**	**248,212**	**50,761**	**1,817,411**
2010							
Henk ten Hove	359,333	50,163	36,489	445,985	78,168	11,989	536,142
Pim Oomens	321,561	44,890	41,350	407,801	79,184	13,917	500,902
Maarten Roef	69,444	7,611	10,722	87,777	16,069	2,295	106,141
Philip Houben	466,615	65,139	51,133	582,887	200,202	13,010	796,099
Andy Taylor**	497,775	80,777	110,875	689,427	162,827	-	852,254
Total	**1,714,728**	**248,580**	**250,569**	**2,213,877**	**536,450**	**41,211**	**2,791,538**

* These benefits relate to pension contributions by the employer

** Remuneration up to and including September 2010 including the contractual entitlement of 12 months salary and benefits including incentive pay, in lieu of notice.

Philip Houben and Andy Taylor left the Company in 2010. In 2011 there were no changes in the Management Board. The nomination of Maarten Roef as board member was approved by the shareholders at the AGM of April 27 2011.

Number of conditional shares of the Management Board

	Series	Outstanding at 1 January 2011	Grant / (vested) in 2011	Value at grant date	Outstanding at 31 December 2011	Market value at 31 December 2011	Vesting date up to	Holding period up to and including
		shares	shares	(€)	shares	(€)		
Henk ten Hove	LTIP 2011	-	1,158	12,535	1,158	11,001	March 10, 2014	March 9, 2016
Henk ten Hove	LTIP 2010	662	-	7,413	662	6,289	March 8, 2013	March 7, 2015
Henk ten Hove	LTIP 2009	1,225	-	7,824	1,225	11,638	March 9, 2012	March 8, 2014
Henk ten Hove	LTIP 2008	1,195	(1,195)	28,395	-	-	March 10, 2011	March 9, 2013
Pim Oomens	LTIP 2011	-	1,036	11,215	1,036	9,842	March 10, 2014	March 9, 2016
Pim Oomens	LTIP 2010	1,281	-	14,337	1,281	12,170	March 8, 2013	March 7, 2015
Pim Oomens	LTIP 2009	1,185	-	7,568	1,185	11,258	March 9, 2012	March 8, 2014
Pim Oomens	LTIP 2008	1,209	(1,209)	28,723	-	-	March 10, 2011	March 9, 2013
Maarten Roef	LTIP 2011	-	573	6,203	573	5,444	March 10, 2014	March 9, 2016
Maarten Roef	LTIP 2010	1,509	-	16,892	1,509	14,336	March 8, 2013	March 7, 2015
Maarten Roef	LTIP 2009	1,108	-	7,073	1,108	10,526	March 9, 2012	March 8, 2014
Maarten Roef	LTIP 2008	415	(415)	9,857	-	-	March 10, 2011	March 9, 2013
Total		**9,789**	**(52)**	**158,035**	**9,737**	**92,504**		

The conditional shares granted as part of LTIP 2008 vested in 2011 at a market value of € 11.00 being the closing rate of March 9 2011.

Number of conditional options of the Management Board

	Series	Exercise price	Outstanding at 1 January 2011	Granted 2011 (maximum)*	Outstanding at 31 December 2011 (maximum)*	Market value at 31 December 2011 (maximum)	Vesting date	Expiry date
		(€)	options	options	options	(€)		
Henk ten Hove	LTIP 2011	10.83	-	6,948	6,948	-	March 10, 2015	March 10, 2018
Henk ten Hove	LTIP 2010	11.20	3,971	-	3,971	-	March 8, 2014	March 8, 2017
Henk ten Hove	LTIP 2009	6.40	7,349	-	7,349	22,782	March 9, 2013	March 9, 2016
Henk ten Hove	LTIP 2008	23.76	7,170	-	7,170	-	March 10, 2012	March 10, 2015
Pim Oomens	LTIP 2011	10.83	-	6,216	6,216	-	March 10, 2015	March 10, 2018
Pim Oomens	LTIP 2010	11.20	7,681	-	7,681	-	March 8, 2014	March 8, 2017
Pim Oomens	LTIP 2009	6.40	7,107	-	7,107	22,032	March 9, 2013	March 9, 2016
Pim Oomens	LTIP 2008	23.76	7,253	-	7,253	-	March 10, 2012	March 10, 2015
Maarten Roef	LTIP 2011	10.83	-	3,438	3,438	-	March 10, 2015	March 10, 2018
Maarten Roef	LTIP 2010	11.20	9,050	-	9,050	-	March 8, 2014	March 8, 2017
Maarten Roef	LTIP 2009	6.40	6,644	-	6,644	20,596	March 9, 2013	March 9, 2016
Maarten Roef	LTIP 2008	23.76	2,489	-	2,489	-	March 10, 2012	March 10, 2015
Total			**58,714**	**16,602**	**75,316**	**65,410**		

* The maximum number of options will be granted 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)	2011	2010
René Kottman	46	37
Brian Hill	37	37
Aad Kuiper	25	-
Rob Ruijter	37	37
Birgitta Stymne Göransson	37	37
Paul van den Hoek	23	52
Total	**205**	**200**

In 2011 there were several changes in the Supervisory Board. Paul van den Hoek stepped down as chairman of the Supervisory Board and René Kottman was appointed as his successor at the AGM of April 27 2011. Aad Kuiper has been appointed as member of the Supervisory Board at the AGM of April 27 2011.

K. 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 2011 were as follows:

	Outstanding 2010	Transactions 2011	Vested matching shares 2011	Changes in the Management Board	Outstanding 2011	Market value 31 December 2011
	shares	shares	shares	shares	shares	(€)
Henk ten Hove	119,562	2,316	1,195	-	123,073	1,169,194
Pim Oomens	188,729	2,072	1,209	-	192,010	1,824,095
Maarten Roef	71,890	36,146	415	-	108,451	1,030,285
Philip Houben	244,231	-	-	(244,231)	-	-
Total	**624,412**	**40,534**	**2,819**	**(244,231)**	**423,534**	**4,023,574**

The transactions of the members of the Management Board can include the purchase of shares in relation to the Long Term Incentive Plan, 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:

	2011		2010	
	shares	(€)	shares	(€)
Henk ten Hove	114,101	1,083,960	114,101	1,300,751
Pim Oomens	182,077	1,729,732	182,077	2,075,678
Maarten Roef	101,271	962,075	66,271	755,489
Philip Houben	-	-	239,825	2,734,005
Total	**397,449**	**3,775,767**	**602,274**	**6,865,923**

Shares held by the Supervisory Board

Wavin shares held by the members of the Supervisory Board as per 31 December 2011 were as follows:

	Outstanding 2010	Transactions 2011	Changes in the Supervisory Board	Outstanding 2011	Market value 31 December 2011
	shares	shares	shares	shares	(€)
Paul van den Hoek	33,839	-	(33,839)	-	-
Brian Hill	16,922	-	-	16,922	160,759
Total	**50,761**	**-**	**(33,839)**	**16,922**	**160,759**

The number of shares with unrestricted control held by members of the Supervisory Board and the related market value per 31 December can be specified as follows:

	2011		2010	
	shares	(€)	shares	(€)
Paul van den Hoek	-	-	33,839	385,765
Brian Hill	16,922	160,759	16,922	192,911
Total	**16,922**	**160,759**	**50,761**	**578,676**

L. Auditors remuneration

The fees for the audit of the annual report due to the Company's external auditor, PricewaterhouseCoopers Accountants N.V. in The Netherlands, and other PricewaterhouseCoopers member firms amounted to € 0.5 million for 2011 (2010: € 0.4 million).

The fees as included under administration and general expenses in the income statement can be specified as follows:

(€ x 1,000)	2011			2010		
	PwC Accountants NV	Other PwC network	Total PwC network	PwC Accountants NV	Other PwC network	Total PwC network
Audit of the annual report	149	317	466	148	255	403
Other audit assignments	13	220	233	-	221	221
Tax services	-	144	144	-	111	111
Other non-audit activities	62	357	419	72	61	133
Total	**224**	**1,038**	**1,262**	**220**	**648**	**868**

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, 28 February 2012

MANAGEMENT BOARD
H. ten Hove
W.H.J.C.M. Oomens
M.P.M. Roef

SUPERVISORY BOARD
R.H.P.W. Kottman (Chairman)
B.G Hill (Vice-Chairman)
R.A. Ruijter
J.M.B. Stymne Göransson
A. Kuiper

***Wavin Management** (per 31 December 2011)*

SUPERVISORY BOARD

René Kottman (Chairman) – Dutch (1945)
Appointed 2006, current term ends 2014

Brian Hill (Vice-Chairman) – Irish (1944)
Appointed 2005, current term ends 2013

Rob Ruijter – Dutch (1951)
Appointed 2007, current term ends 2012

Birgitta Stymne Göransson – Swedish (1957)
Appointed 2007, current term ends 2012

Aad Kuiper – Dutch (1960)
Appointed 2011, current term ends 2015

MANAGEMENT BOARD

Henk ten Hove, President & CEO – Dutch (1952)
Appointed 2010, current term ends 2014 (Member of the Management Board of the Wavin Group since 1999)

Pim Oomens, Executive Vice President & CFO – Dutch (1956)
Appointed 2004, current term ends 2014 (Member of the Management Board of the Wavin Group since 2004)

Maarten Roef, Executive Vice President – Dutch (1964)
Appointed 2011, current term ends 2015 (Member of the Management Board of the Wavin Group since 2011)

Principal Direct and Indirect Participations

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

Belgium
Wavin Belgium N.V., Aalter
www.wavin.be

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
Wavin Osma s.r.o., Kostelec nad Labem
www.wavin-osma.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

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

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

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 RepublicRc
Wavin Slovakia spol s.r.o., Bànovce nad Bebravou

Sweden
AB Svenska Wavin, Eskilstuna
www.wavin.se

Switzerland
Georg Fischer Wavin AG, Schaffhausen (40%)

Turkey
Pilsa A.S, Adana
www.pilsa.com.tr.

United Kingdom
Wavin Ltd., Sheffield
www.wavin.co.uk
Warmafloor (GB) Ltd., Sheffield
www.warmafloor.co.uk

Ukraine
Wavin Ukrain O.O.O.T.O.V., Kiev
www.wavin.ua

100% unless stated otherwise.

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 disposaI 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 2011 no dividend on ordinary shares will be distributed.

Subsequent events

For details regarding subsequent events we refer to note 38 of the Group Financial Statements.

3.10 Independent Auditor’s Report

To the General Meeting of Shareholders of Wavin N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Wavin N.V., Zwolle. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and 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 comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management Board’s responsibility

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Management Board Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 company’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 company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, 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 2011, 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 Dutch 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 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Management Board Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Management Board Report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 28 February 2012

PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. P.C. Dams RA

The above independent auditor's report is the original auditor's report that was issued on 28 February 2012 with respect to the consolidated financial statements and the company financial statements for the year ended 31 December 2011 as included in the annual report of Wavin N.V. for the financial year 2011 (the "**Wavin 2011 Annual Report**"). The Wavin 2011 Annual Report also contains the Management Board Report. For purposes of this Offer Memorandum, the Management Board Report has been omitted.

GLOSSARY OF TERMS

In this Section 3 definitions are as follows:

Operating profit:	Total result from operating activities before interest and tax.
Like-for-like:	Change in total revenue at constant currency less the revenues of acquired and/or divested companies in the year.
Ebitda:	Operating result 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 Employed	Recurring result from operating activities divided by average Net Capital Capital Employed.
Debt / Equity ratio:	Net Debt divided by Total Equity.
Interest coverage ratio:	Result from operating activities before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates and excluding profit attributable to non-controlling interest, divided by the net interest expenses, including all interest and other financing charges in the nature of interest.
Leverage ratio:	Total net debt divided by result from operating activities before depreciation, amortisation, non-recurring restructuring expenses and non-recurring gains or losses on the sale of fixed assets, including income of associates and excluding profit attributable to non-controlling interest.
Innovation rate	Annual revenue generated for five years after the related product introduction by an operating company divided by the total revenue realized with sales of goods.
Service level	Number of complete sales orders delivered on time in full to external customers, at the agreed date with the external customer, divided by the total number of sales orders to external customers.
Greenhouse Gas	Kilogram of gasses as defined by the Kyoto Protocol that are emitted to the Emissions atmosphere and contribute to the greenhouse effect per ton of finished products produced.
Workforce:	Total Full Time Equivalent (FTE) including own personnel and temporary personnel per year-end.
Headcount:	Number of employees on the payroll.
Lost time incident frequency	Number of lost time incidents per million hours worked.

PART III - POSITION STATEMENT