

FLUIDRA, S.A.

Annual Accounts and Directors' Report

31 December 2010

(With Auditors' Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**Auditors' Report on the Annual Accounts**

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of  
Fluidra, S.A.

We have audited the annual accounts of Fluidra, S.A. (the "Company") which comprise the balance sheet at 31 December 2010, the income statement, the statement of changes in equity, the statement of cash flows for the year then ended and the notes thereto. The Company's directors are responsible for the preparation of the annual accounts in accordance with the financial information reporting framework applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying annual accounts for 2010 present fairly, in all material respects, the equity and financial position of Fluidra, S.A. at 31 December 2010, and the results of its operations and its cash flows for the year then ended, in accordance with applicable legislation governing financial information and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2010 contains such explanations as the Directors consider relevant to the situation of Fluidra, S.A., the evolution of its business and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2010. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

*(Signed on the original in Spanish)*

Alessandro Peirano Calliano

27 April 2011

FLUIDRA, S.A.  
Notes to the Annual Accounts  
31 december 2010

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(Free translation from the original in Spanish.  
In the event of discrepancy, the Spanish-language version prevails)

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FLUIDRA, S.A.

Balance Sheets

31 December 2010 y 2009

(Expressed in thousands of Euros)

<u>Assets</u>	<u>Notes</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
<b>Intangible assets</b>	Note 5	986	170
<b>Property, plant and equipment</b>	Note 6	1,484	61
<b>Non-current investments in group companies and associates</b>	Note 8	269,893	247,963
<b>Non-current investments</b>		1,983	1,888
Derivative financial instruments	Note 9 y 17	6	-
Equity instruments	Note 9	203	258
Other financial assets	Note 9	1,774	1,630
<b>Deferred tax assets</b>	Note 26	1,620	4,213
Total non-current assets		275,966	254,295
<b>Trade and other receivables</b>	Note 10	1,904	22,767
<b>Current investments in group companies and associates</b>		144,326	138,503
Loans to companies	Note 8	7,635	4,121
Other financial assets	Note 8	136,691	134,382
<b>Current investments</b>		6,406	-
Derivative financial instruments	Note 11 y 17	48	-
Other current financial assets	Note 11	6,358	-
<b>Prepayments</b>	Note 12	249	-
<b>Cash and cash equivalents</b>	Note 13	55,036	7,888
Total current assets		207,922	169,158
<b>TOTAL ASSETS</b>		<b>483,888</b>	<b>423,453</b>
<u>Equity</u>			
<b>Equity</b>	Note 14	244,770	257,550
Share capital		112,629	112,629
Prima de emisión		92,831	92,831
Share premium		52,918	48,753
Profit for the year		( 5,572 )	8,828
Treasury shares		( 8,037 )	( 5,491 )
<b>Valuation adjustments</b>		( 122 )	( 222 )
Hedging operations		( 122 )	( 222 )
<b>Government grants</b>	Note 15	103	-
Total equity		244,750	257,328
<u>Liabilities</u>			
<b>Non-current provisions</b>		100	65
<b>Non-current payables</b>		59,719	35,097
Loans and borrowings	Note 16	59,445	34,949
Derivative financial instruments	Note 16 y 17	274	148
<b>Deferred tax liabilities</b>		3,043	3,526
		62,862	38,688
<b>Current payables</b>		86,657	47,782
Loans and borrowings	Note 16	86,625	47,519
Derivative financial instruments	Note 16 y 17	31	263
<b>Group companies and associates – current</b>	Note 18	87,307	78,638
<b>Trade and other payables</b>	Note 19	2,313	1,017
Total current liabilities		176,275	127,437
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>483,888</b>	<b>423,453</b>

The accompanying notes form an integral part of the annual accounts for 2010



FLUIDRA, S.A.

Income Statements

31 December 2010 y 2009

(Expressed in thousands of Euros)

	Notes	31/12/2010	31/12/2009
<b>Revenue</b>		<b>6,923</b>	<b>14,000</b>
Dividends	Note 21	-	14,000
Services rendered	Note 21	6,923	-
<b>Self-constructed assets</b>	Note 5	<b>225</b>	<b>-</b>
<b>Other operating income</b>		<b>1,250</b>	<b>-</b>
Non trading-income	Note 21	1,196	-
Operating grants		54	-
<b>Personnel expense</b>	Note 21	<b>( 6,138 )</b>	<b>( 585 )</b>
Wages, salaries and other		( 5,152 )	( 562 )
Social security and other		( 986 )	( 23 )
<b>Other operating expenses</b>		<b>( 6,115 )</b>	<b>( 4,692 )</b>
Operating expenses		( 6,028 )	( 1,328 )
Taxes		( 29 )	( 3 )
Impairment losses on non-current assets	Note 8	( 58 )	( 3,361 )
<b>Amortisation and depreciation</b>	Note 5 y 6	<b>( 870 )</b>	<b>( 41 )</b>
Results from operating activities		<u>( 4,725 )</u>	<u>8,682</u>
<b>Finance income</b>		<b>2,138</b>	<b>640</b>
Investment income and other financial instruments		2,138	640
Group companies and associates		9	-
Other		2,128	640
<b>Finance expense</b>		<b>( 3,174 )</b>	<b>( 1,985 )</b>
Other		( 3,174 )	( 1,985 )
<b>Change in fair value of financial instruments</b>		<b>( 39 )</b>	<b>( 93 )</b>
Derivative financial instruments		( 39 )	( 93 )
<b>Exchange differences</b>		<b>( 493 )</b>	<b>( 142 )</b>
Net finance income		<u>( 1,568 )</u>	<u>( 1,580 )</u>
Profit before income tax		<u>( 6,294 )</u>	<u>7,102</u>
<b>Income tax</b>	Note 26	<b>( 722 )</b>	<b>( 1,726 )</b>
Profit from continuing operations		<u>( 5,572 )</u>	<u>8,828</u>

The accompanying notes form an integral part of the annual accounts for 2010

FLUIDRA, S.A.

Statements of Changes in Equity  
For the years ended 31 December 2010 y 2009

A) Statements of Recognised Income and Expenses

(Expressed in thousands of Euros)

	<u>Notes</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
<b>Profit / (Loss) for the year</b>		<b>( 5,572 )</b>	<b>8,828</b>
Income and expenses recognised directly in equity			
Cash flow hedging	Note 17	142	379
Grants, donations & legacies		147	-
Tax effect		( 86 )	( 114 )
Total income and expenses recognised directly in equity		<u>203</u>	<u>265</u>
<b>Total recognised income and expense</b>		<b><u>( 5,369 )</u></b>	<b><u>9,093</u></b>

FLUIDRA, S.A.  
B) Statements of Cash Flows  
For the years ended 31 December de 2010 y 2009

(Expressed in thousands of Euros)

	Share capital	Share premium	Legal reserve	Other reserves	Profit for the year	Treasury shares	Valuation adjustments	Total
Balance at 1 January 2009	112,629	92,831	8,751	33,917	7,513	(4,882)	(487)	250,292
Profit/(loss) recognised directly in equity	-	-	-	-	8,828	-	265	265
Profit/(loss) for the year	-	-	-	-	8,828	-	-	8,828
Recognised income and expense	-	-	-	-	8,828	-	265	9,093
Operations with own shares (net)	-	-	-	2,572	(4,000)	(629)	-	1,943
Distribution of dividends	-	-	-	-	(3,513)	-	-	(4,000)
Other changes in equity	-	-	751	2,762	-	-	-	-
	112,629	92,831	9,502	39,251	8,828	(5,491)	(222)	257,328
Profit/(loss) recognised directly in equity	-	-	-	-	(5,572)	-	-	-
Profit/(loss) for the year	-	-	-	-	(5,572)	-	-	(5,572)
Total recognised income and expense	-	-	-	-	(5,572)	-	203	(5,369)
Diferencias de conversión de negocios en el extranjero	-	-	-	-	-	-	-	-
Operations with treasury shares (net)	-	-	-	(3)	-	(2,546)	-	(2,549)
Distribution of dividends	-	-	-	-	(4,000)	-	-	(4,000)
Increase / (decrease) of equity because of business combinations	-	-	-	(710)	-	-	-	(710)
Payments based on own equity instruments	-	-	-	50	-	-	-	50
Other changes in equity	-	-	883	3,945	(4,828)	-	-	-
Balance at 31 December 2010	112,629	92,831	10,385	42,533	(5,572)	(8,037)	(19)	244,750

The accompanying notes form an integral part of the annual accounts for 2010

FLUIDRA, S.A.

Statement of Cash Flows  
For the years ended  
31 December 2010 y 2009  
(Expressed in Thousand of Euros)

	Notes	31/12/2010	31/12/2009
<u>Cash flows from operating activities</u>			
Profit for the year before tax		(6,294)	7,102
Adjustments for:			
Amortisation and depreciation	Note 5 & 6	870	41
Impairment losses	Note 8	58	3,360
Finance income		(2,138)	(640)
Finance expense		3,174	1,985
Change in fair value of financial instruments	Note 17	(17)	93
Variation in provisions		100	-
Expenses for payments based on own equity instruments		50	-
Exchange rate expenses		39	-
Changes in operating assets and liabilities			
Trade and other receivables		(81)	2,366
Trade and other payables		(32)	580
Other cash flows from operating activities			
Interest collected		1,388	640
Interest paid		(2,744)	(1,696)
Collects / (paymnets) for income tax		(962)	(38)
Cash flows from operating activities		<u>(6,588)</u>	<u>13,795</u>
<u>Cash flows from investing activities</u>			
Proceeds from sale of property, plant and equipment	Note 6	(468)	-
Proceeds from sale of intangible assets	Note 5	(468)	(116)
Proceeds from sale of investments		(6,208)	-
Collects for investments in property, plant and equipment		3	-
Collects for investments in subsidiary companies net of chash and cash equivalent		18	-
Payments for investments in group companies and associates			(8)
Collects for desinvestments in financial assets		20	1,612
Cash flows from investing activities		<u>(7,103)</u>	<u>1,487</u>
<u>Cash flows from financing activities</u>			
Acquisition of own equity instruments		(2,556)	(3,123)
Disposal of own equity instruments		7	5,066
Issue of loans and borrowings		70,451	25,006
Payments for debts with group and associated companies		7,402	11,538
Redemption and repayment of loans and borrowings		(10,325)	(47,959)
Dividends paid	Note 14	(4,000)	(4,000)
Cash flows uded in financing activities		<u>60,979</u>	<u>(13,472)</u>
Increase/(decrease) in cash and cash equivalents		47,289	1,810
Cash and cash equivalents at beginning of year		7,888	6,060
Effect of exchange rate fluctuations		(140)	18
Cash and cash equivalents at year end	Note 13	<u>55,036</u>	<u>7,888</u>

The accompanying notes form an integral part of the annual accounts for 2010

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**1. Nature and Principal Activities**

Fluidra, S.A. (hereinafter the Company) was incorporated in Girona with limited liability under Spanish law on 3 October 2002 under the name of Aquaria de Inv. Corp., S.L. Its name was changed to the current one on 17 September 2007.

The statutory and principal activities of the Company consist of the holding and use of shares, stocks and other securities and advising, managing and administering companies in which it holds an interest.

The registered offices of the Company are located at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Company is the Parent of a group, the principal activity of which consists of the manufacture and commercialisation of accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

Fluidra, S.A. is the Parent of the Group formed of the subsidiaries (hereinafter Fluidra Group or the Group) details of which are included in Appendix I. The Group also holds interests in other entities and in joint ventures, which are detailed in Appendix I.

As a result of the general economic downturn in 2008 and 2009, which has particularly affected the Spanish market, the Group is currently re-organising its production capacity with the aim of achieving distribution synergies.

This process includes a re-definition of the Group's organisational set-up (see note 6). The directors of various subsidiaries have also prepared merger projects, which have been approved or presented for approval by their respective shareholders. These concentration and merger procedures have not implied that any operations have been discontinued and the majority of the assets previously existing in these companies have not been impaired.

These integration and merger processes have not implied any discontinued operations or impairment in the majority of the assets previously existing in these companies.

At the ordinary annual general meeting held on 2 June 2010, the shareholders approved the Company's takeover merger of its subsidiary Fluidra Services, S.A.U.

**2. Basis of Presentation****a) Fair view and comparative information**

The annual accounts at 31 December 2009 have been prepared on the basis of the Company's accounting records and in accordance with prevailing mercantile legislation and the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 to present fairly the Company's equity and financial position at 31 December 2009 and results of operations, changes in equity and cash flows for the year then ended.

The directors consider that the annual accounts for 2009 will be approved without significant changes.

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency, rounded off to the nearest thousand.

**b) Comparison of information**

The balance sheet, income statement, statement of changes in equity, statement of cash flows and notes thereto for 2010 include comparative figures for 2009 which formed a part of the annual accounts approved by the shareholders at the annual general meeting held on 2 June 2010. As a result of the merger described in note 1, the effects of the merger detailed in note 4 should be taken into consideration when comparing the balances for 2009.

**c) Group of companies**

As mentioned in note 8, the Company holds shares in subsidiaries and therefore, in accordance with prevailing legislation, it is the Parent of a Group. In addition to the individual annual accounts, on 28 March 2010 the directors prepared the consolidated annual accounts of Fluidra, S.A. and subsidiaries at 31 December 2010 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), which show losses attributable to equityholders of the Parent of Euros 15,936 thousand (6,996

(Continued)

## FLUIDRA, S.A.

## Notes to the Annual Accounts

thousand in 2009) and equity of Euros 316,376 thousand (301,376 thousand in 2009). The consolidated annual accounts will be deposited in the Barcelona Mercantile Registry.

**d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles**

Relevant accounting estimates and judgements, estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts is as follows:

- Relevant accounting estimates and assumptions and judgements when applying accounting principles

The Company's annual accounts for 2010 and 2009 include estimations made by Management to quantify certain assets, liabilities, income, expenses and obligations recognised therein. These estimations basically refer to the following:

- Impairment of investments in group companies and associates

An analysis of the impairment of investments in group companies and associates implies an analysis of the recoverable amount of these investments, which is the higher of an asset's fair value less costs to sell and the present value of cash flows expected to be received. To calculate this recoverable amount cash flow projections based on past results and expectations on the performance of each of the markets are used (see note 3 g x). The calculation of the recoverable amount implies the use of estimations by Management. Key assumptions to determine the fair value less costs to sell and value in use include growth rates, yield, discount rate and tax rates. The estimations, including the methodology used, could have a significant impact on impairment and impairment loss.

- Fair value of financial instruments and certain unquoted assets (see notes 3e & 3g)

- Fair value of the Company's commitment with the management team regarding investment in share capital (see note 24 & 25)..

- Changes in estimation

In addition, although estimates are calculated by the Company's directors based on the best estimate available at 31 December 2010, future events may take place requiring these estimates to be modified in subsequent years. The effect on the annual accounts of modifications which, where applicable, result from adjustments to be made in subsequent years are recognised prospectively.

**3. Significant Accounting Policies**

Para la elaboración de las cuentas anuales a 31 de diciembre 2010 y 2009 se han seguido los principios contables y normas de valoración contenidos en el Plan General de Contabilidad.

The annual accounts at 31 December 2009 have been prepared in accordance with the accounting principles and measurement standards set out in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007.

A summary of the most significant accounting policies is as follows:

**a) Business combinations**

The Company has carried out a merger of a business with another group company. The equity items acquired have been measured at the amount recognised in the consolidated annual accounts for these items. The difference arising in the accounting records has been recognised in reserves.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**b) Foreign currency transactions and balances**

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

In the statement of cash flows, foreign currency transaction cash flows have been translated into Euros at the exchange rates at the dates the cash flows occur.

**c) Intangible assets**

Intangible assets are measured at cost or cost of production, which comprises the cost of the asset and costs directly related to the units of production and systematic allocation of indirect, fixed and variable indirect costs that are incurred in converting intangible assets.

Production costs are capitalised under self-constructed assets. Intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses.

Subsequent costs incurred on intangible assets are recognised as an expense, except where they increase the future economic benefits expected to be generated by the assets.

**i. Computer software (acquired and developed by the Company)**

Computer software acquired is measured at cost. Computer software developed by the Company is recognised when it meets the conditions for consideration as development costs.

- The costs of each project are clearly allocated, expensed and distributed on a timely basis.
- Sound grounds exist for the technical success and financial and commercial profitability of each project.

Computer software maintenance costs are charged as expenses when incurred.

**ii. Research and development**

Research and development expenses related with research activities are recognised when incurred.

Expenditure on development activities is capitalised to the extent that:

- The costs of each project are clearly allocated, expensed and distributed on a timely basis.
- Sound grounds exist for the technical success and financial and commercial profitability of each project.

Development expenditure is reclassified under patents, licences, trademarks and similar rights at the date of inscription in the corresponding public registry.

**iii. Useful life and amortisations rates**

The Company assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria;

	Estimated useful life (years)
Development	4
Patents and trademarks	5-10
Computer software	3-5

iv. Impairment losses

The Company measures and determines impairment valuation allowances to be recognised or reversed based on the criteria in the section on property, plant and equipment.

d) **Property, plant and equipment**

i) Inicial recognition

Property, plant and equipment are measured at cost of acquisition. Capitalised production costs are recognised as work carried out by the Company for assets in the income statement.

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment valuation allowances.

ii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value

Property, plant and equipment are depreciated using the following criteria

	Método de amortización	Años de vida útil estimada
Other installations, equipments and furniture	Straight-line	5-12,5
Motor vehicles	Straight-line	6,25
Other fixed assets	Straight-line	4

The Company reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates

iii) Subsequent costs

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of servicing are recognised in profit and loss as incurred.

e) **Impairment of non-financial assets subject to amortisation or depreciation**

The Company evaluates whether there are indications of possible impairment losses to verify whether the carrying amount of these assets exceeds the fair value, which is the higher of fair value, less costs to sell and value in use. Impairment losses are recognised in profit or loss and are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.



f) **Leases**i. **Lessee accounting records**

The Company has rights to use certain assets through lease contracts.

Leases in which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- **Operating leases**

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

g) **Financial instruments**i. **Classification and separation of financial instruments**

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

For the purpose of measurement, financial instruments are classified as financial assets and financial liabilities held for trading, loans and receivables, debts and payables, investments in equity of group companies, associates and jointly controlled entities, available-for-sale financial assets and financial liabilities. This classification depends on the characteristics of the financial instrument and the purpose for which it was acquired.

Regular way purchases and sales of financial assets are recognised at trade date, when the Company undertakes to purchase or sell the asset.

ii. **Offsetting principles**

A financial asset and a financial liability can only be offset when the Company has a legally enforceable right to set off the recognised amounts or intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

iii. **Financial assets and financial liabilities held for trading**

These include derivative financial instruments which have not been designated as hedging instruments.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are not classified in this category

Financial assets and financial liabilities held for trading are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition they are recognised at fair value through profit and loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

iv. **Loans and receivables**

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are recognised initially at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of updating is immaterial, are measured at their nominal amount.

v. **Investments in equity of group companies, jointly controlled entities and associates**

Group companies are those over which the Company, either directly or indirectly, through subsidiaries, exercises control as defined in article 42 of the Spanish Commercial Code, or when the companies are

## FLUIDRA, S.A.

## Notes to the Annual Accounts

controlled by one or various individuals or entities acting jointly or under the same management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities, in assessing control potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Associates are companies over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence and effect of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other entities, are considered when assessing whether an entity has significant influence.

Jointly controlled entities are those which are jointly controlled by the Company or one or more group companies, including parent entities or individuals, and one or more third parties.

Investments in group companies, jointly controlled entities and associates are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including transaction costs are subsequently measured at cost net of any accumulated impairment losses.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

At least at year end, valuation allowances for impairment losses are made if there is objective evidence that the carrying amount of an investment will not be recovered. The valuation allowance will be equivalent to the difference between the carrying amount and the recoverable amount of the investment, the latter being the higher of its fair value less costs to sell and the present value of estimated future cash flows from the investment, (see section x).

**vi. Available-for-sale financial assets**

The Company classifies in this category debt securities and equity instruments which do not comply with the requirements for inclusion in the aforementioned categories.

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is reclassified from equity to profit or loss, except for impairment losses. Fair value is not reduced by transaction costs incurred on sale or disposal. On disposal of the financial assets amounts recognised in equity are reclassified to profit or loss as described in section x). However, interest calculated using the effective interest method and dividends are recognised in profit and loss using the policy described in section viii.

**vii. Interest and dividends**

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them and are recognised for the net amount of revenues given the Company's activity. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

**viii. Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In general, the Company applies the following systematic hierarchy to measure the fair value of financial assets and financial liabilities:

- a. Firstly, the Company applies the quoted prices from the most advantageous active market to which it has immediate access, adjusted as necessary to reflect any difference in credit risk between the instruments usually traded and the one being valued. The bid price is used for an asset held or liability to be issued and the asking price is used for an asset to be acquired or liability held. When the Company has assets and liabilities with offsetting market risks, it may use mid-market prices for the offsetting risk positions and apply the appropriate bid or asking price to the net open position
- b. If market prices are unavailable, the price of recent transactions are used, adapted to current conditions.
- c. Otherwise, the Company applies generally accepted measurement techniques using market data as much as possible and, to a lesser extent, specific Company data.

## Notes to the Annual Accounts

**ix. Amortised cost**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. For financial instruments in which the variable related to the fees, basic points, transaction costs, discounts or premiums, is changed based on market rates prior to the expected maturity, the amortisation period is the term until the following change in conditions.

Effective cash flows are estimated considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, such as transaction costs and all other premiums or discounts. In those cases when it is not possible for the Company to estimate reliably the cash flows or the expected life of a financial instrument, it uses the contractual cash flows over the full contractual term.

**x. Impairment of financial assets**

U A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets carried at amortised cost

The Company recognises valuation allowances for impairment of loans and receivables and debt instruments when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For variable income financial assets, the effective interest rate is used corresponding to the measurement date under the contractual conditions.

The amount of an impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. Nevertheless, the reversal may not result in a carrying amount that would exceed what the amortised cost would have been had the impairment not been recognised.

- Investments in group companies, associates and jointly controlled entities and equity instruments are carried at cost.

An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use or fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flow expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles in Spain, corrected for latent unrecorded goodwill existing at the measurement date.

In subsequent years, reversals in impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The impairment loss or reversal is recognised in profit and loss.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

The impairment allowance for an investment is limited to the amount of the investment, except when contractual, legal or implicit obligations have been assumed by the Company or payments have been made on behalf of the companies. In the latter case, provision is made.

▪ Impairment of available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset at fair value through profit or loss has been recognised in recognised income and expense and there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss, even though the financial asset has not been derecognised. The amount of the cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost or amortised cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Available-for-sale equity instruments are impaired the carrying amount of the asset cannot be recovered due to a significant or prolonged decline in its fair value. The Company considers that equity instruments are impaired when their fair value has declined over a period of one and a half years, equivalent to forty percent of their listed price and when they have not been recovered.

Impairment losses for investments in equity instruments are not reversed through profit or loss. Increases in the fair value after the impairment loss was recognised are classified in equity.

If the fair value of debt instruments increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the increase is recognised in profit and loss up to the amount of the previously recognised impairment loss and any excess is accounted for in recognised income and expense.

#### h) Financial liabilities

Financial liabilities, including trade and other payables, which are not classified at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Company derecognises a financial liability or part of it when it has complied with the obligation for the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

#### i) Derivatives and hedge accounting

The Company uses derivative financial instruments to hedge exposure to currency and interest rate risks arising from its activities. In accordance with the treasury policy established by the Fluidra Group, the Company does not acquire or hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80%-125% (retrospective analysis).

## FLUIDRA, S.A.

## Notes to the Annual Accounts

For cash flow hedges of forecast transactions, the Company assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

*- Cash flow hedges*

The Company recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and expense. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments.

The separate component of equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Company expects that all or a portion of a loss recognised in equity will not be recovered in one or more future periods, it reclassifies into change in fair value of financial instruments the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in equity are reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the income statement.

**j) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and demand deposits with financial institutions. They also include other short-term highly-liquid investments that are readily convertible into cash with original maturities of less than three months.

The Company recognises interest received and paid under cash flows arising from operating activities. Dividends received from subsidiaries and associates are classified as operating activities, while those paid out by the Company are classified as financing activities.

The Group classifies cash flows relating to interest received and paid as operating activities. Dividends paid by the Company are classified as financing activities.

**k) Grants, donations and legacies**

Grants, donations and legacies are recognised in recognised income and expense when, where applicable, they have been officially awarded and the conditions attaching to them have been complied with or there is reasonable assurance that they will be received.

Financial liabilities comprising implicit assistance in the form of below market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

**l) Own equity instruments**

Where the Company purchases treasury shares, the consideration paid is deducted from equity and presented in a separate category of equity called Shares and treasury shares. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments during the year. Consideration paid or received is recognised directly as a reduction in equity.

Incremental costs directly attributable to the issue of equity instruments, except those incurred on the issue of equity instruments as a result of the acquisition of a business are recognised as a deduction from equity, net of any related tax incentives or tax effect.

Dividends relating to equity instruments are recognised as a reduction in equity when approved by the shareholders.

## Notes to the Annual Accounts

**m) Clasification of assets and liabilities as current and non-current**

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting period or are cash or a cash equivalent, unless the assets are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.
- Deferred tax assets and liabilities are recognised on the balance sheet under non-current assets or liabilities, irrespective of the date of realisation or settlement

**n) Compensation for termination of employment**

Except in the case of justifiable cause, the Company is liable to pay indemnities to employees whose services are discontinued. Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

Termination benefits for voluntary redundancy are recognised when an offer has been made and the Company is without realistic possibility of withdrawal and are measured based on the number of employees expected to accept the offer.

**o) Obligations con personnel**

As agreed with management, in the case of permanent disability a percentage of the salary earned previously is paid on an annual basis until death. At 31 December 2009 and 2008 there is no related liability as this commitment has been externalised.

**p) Share-based payment transactions**

The Company recognises services received from employees in a share-based payment transaction as a personnel expense when they are received and recognises a corresponding increase in equity if the services are received in an equity-settled share-based payment transaction or a related liability if services are received in a cash-settled share-based payment transaction. .

The Company recognises equity-settled share-based payment transactions, including capital increases through non-monetary contributions, and the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be reliably estimated, in which case the value is determined by reference to the fair value of the equity instruments granted.

Equity instruments granted as consideration for services rendered by Company employees or third parties which supply similar services are measured by reference to the fair value of the equity instruments granted.

**q) Revenue from the rendering of services**

Revenue from services rendered is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration, are recognised as a reduction therein.

However, the Company includes interest incorporated in trade balances maturing in less than a year that do not have a contractual rate of interest, when the effect of not discounting future receipts is immaterial.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

Discounts granted to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

**i. Rendering of services**

Revenues associated with the rendering of service transactions are recognised when the amount can be reliably estimated and it is probable that the economic benefits derived from the transaction will flow to the Company.

**r) Income tax expense**

The income tax expense and tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

El gasto o ingreso por el impuesto sobre beneficios comprende tanto el impuesto corriente como el impuesto diferido.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or a business combination.

Government assistance that is provided in the form of deductions and benefits in determining taxable income that has the consideration of government grants is recognised as a reduction in the income tax expense in the year in which it is accrued.

In conjunction with certain Group companies, the Company files consolidated tax returns, with Fluidra, S.A. being the Parent of this tax consolidated group and responsible for filing the corresponding tax returns with the Spanish taxation authorities (see note 19).

The accrued income tax expense for the companies forming the consolidated tax group is determined taking into account, in addition to the factors to consider in the case of individual taxation set out previously, the following:

- Temporary and permanent differences arising from the elimination of profits and losses on operations between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits that correspond to each company forming the consolidated tax group; for these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carryforwards are recognised as deferred tax assets under respective recognition criteria, considering the tax group as a taxable entity.

The parent company of the Group recognises the total consolidated income tax payable (recoverable) with a charge (debit) to receivables (payables) with group companies and associates.

The amount of the debt relating to the subsidiaries is recognised with a debit (credit) to payables with Group companies.

*Recognition of taxable temporary differences*

Taxable temporary differences are recognised in all cases, unless:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/tax loss;

Recognition of deductible temporary differences

Deductible temporary differences are recognised to the extent that:

- It is probable that future taxable profit will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit/tax loss;

Tax planning opportunities are only considered on evaluation of the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be used.

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that are prevailing or have been approved or pending publication by the balance sheet date and reflecting the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities.

#### 4. Business combinations

During 2010 the Company has merged with Fluidra Services, S.A.U. (the absorbed company). This Company also had its registered offices in Avenida Francesc Macià, no. 60, planta 20, Sabadell (Barcelona) and its principal activity was the rendering of administrative, legal advisory, tax, financial, management, personnel training and IT services. The merger operation was performed to unify administration management, thereby avoiding the duplication of accounting, administrative and tax obligations and saving on financial and administrative costs.

The Company's directors prepared and approved a merger project dated 26 April 2010, which was duly inscribed in the Barcelona Mercantile Registry on 18 October 2010. No capital increase or share exchange in the absorbing company was required as a result of the takeover merger. For accounting purposes 1 January 2010 has been considered the acquisition date.

The acquired business has incurred a net loss for the year of Euros 1,457 thousand for the Company during the period between the acquisition date and 30 September 2010. No information is available subsequent to that date on the respective businesses individually.

The merger was performed under the special tax regime established in chapter VIII of the Royal Decree Law 4/2004, approving the Revised Spanish Income Tax Law.



## FLUIDRA, S.A.

## Notes to the Annual Accounts

The assets of the acquired business at the acquisition date and their carrying amounts are as follows:

	<u>Thousands of Euros</u> <u>2009</u>
Intangible assets (see note 5)	663
Plant, machinery, furniture and other property, plant and equipment (see note 6)	1,850
Other financial assets	96
Deferred tax assets	198
Trade and other receivables	759
Adjustments for prepayments	88
Current investments in group companies, associates or jointly-controlled entities	342
Cash and cash equivalents	<u>18</u>
Total assets	4,015
Loans and borrowings	867
Group companies and associates - current	2,210
Trade and other payables	1,713
Total liabilities and contingent liabilities	4,790
Total net assets	<u>( 775 )</u>
Elimination of provisions	<u>65</u>
Effect in equity	<u>(710)</u>

## 5. Intangible assets

Details of intangible assets and movement during 2009 and 2010 are as follows

	<u>Thousands of Euros</u>		
	<u>Balances at</u> <u>31/12/2008</u>	<u>Additions</u>	<u>Disposals</u>
<i>Cost</i>			<u>Balances at</u> <u>31/12/2009</u>
Patents, licences, trademarks and similar	<u>97</u>	<u>116</u>	<u>-</u>
	97	116	213
<i>Accumulated amortisation</i>			
Patents, licences, trademarks and similar	<u>(21)</u>	<u>(22)</u>	<u>-</u>
	(21)	(22)	(43)
Carrying amount	<u>76</u>	<u>94</u>	<u>-</u>
	76	94	170

## FLUIDRA, S.A.

## Notes to the Annual Accounts

	Thousands of Euros				Balances at 31/12/2010
	Balances at 31/12/2009	Additions	Business Comb. (ote 4)	Disposals	
<i>Cost</i>					
Development	-	225	-	-	225
Patents, licences, trademarks and similar	213	19	2	-	234
Software	-	223	1,390	-	1,613
	213	468	1,392	-	2,072
<i>Accumulated amortisation</i>					
Development	-	( 28 )	-	-	( 28 )
Patents, licences, trademarks and similar	( 43 )	( 33 )	( 2 )	-	( 78 )
Software	-	( 254 )	( 727 )	-	( 980 )
	( 43 )	( 314 )	( 728 )	-	( 1,086 )
Carrying amount	170	153	663	-	986

(a) Development

Addition during the period related to one project to develop an equipment for water treatment.

The capitalised costs comprise the external costs for developing the mentioned projects and the costs for Company personnel involved in the projects, which are capitalised under self-constructed assets.

(b) Patents, licences, trademarks and similar

Additions during the period are mainly related to exclusive rights on the Fluidra trademark in different countries.

(c) Software

Additions during the period related to various projects to improve the accounting and sales management systems, the most significant of which was the Galileo project (accounting management).

Specifically, the capitalised costs comprise the cost of purchasing computer software licences, external costs for developing this computer software and the costs for Company personnel involved in the projects, which are capitalised under self-constructed assets.

(d) Fully-amortised assets

The cost of fully amortised intangible assets in use at 31 December is as follows :

Trademarks	3
Software	528
	<u>531</u>

## 6. Property, Plant and Equipment

Details of property, plant and equipment and movement during 2008 and 2009 are as follows:

	Thousand of Euros		
	Balances at 31/12/2008	Additions	Balances at 31/12/2009
<i>Cost</i>			
Motor vehicles	124	-	124
	124	-	124
<i>Accumulated amortisation</i>			
Motor vehicles	(43)	(20)	(63)
	(43)	(20)	(63)
Carrying amount	81	(20)	61

	Thousand of Euros			
	Balances at 31/12/20 09	Additi ons	Business Comb. (note 4)	Balances at 31/12/201 0
<i>Cost</i>				
Other installations, equipments and furniture	-	9	1,493	1,502
Motor vehicles	124	-	-	124
Other fixed assets	-	122	1,832	1,951
	124	131	3,325	3,577
<i>Accumulated amortisation</i>				
Other fixtures and fittings	-	(244)	(487)	(731)
Motor vehicles	(63)	(20)	-	(83)
Other fixed assets	-	(291)	(988)	(1,279)
	(63)	(555)	(1,475)	(2,093)
Carrying amount	61	(424)	1,850	1,484

### a) Fully-amortised assets

The cost of fully amortised property, plant and equipment assets in use at 31 December is as follows :

	Thousands of Euros	
	2010	2009
Other installations, equipments and furniture	73	-
Other fixed assets	691	-
	764	-

## FLUIDRA, S.A.

## Notes to the Annual Accounts

(b) Insurance

The Company has contracted various insurance policies to cover the risk of damage to its property, plant and equipment. The Company considers that these policies are sufficient to cover risks relating to property, plant and equipment

**7. Operating Leases - Lessee**

The Company has contracted various floors in office buildings as well as parking spaces, vehicles and other assets under operating leases from third parties.

The most significant lease contracts are as follows:

2010

- Offices in calle Lluís Companys, no. 51-53, Granollers (Barcelona), the lease on which expires in 2011.
- Floor twenty of the building in Avenida Francesc Macià, no. 60, Sabadell (Barcelona), the lease on which expires in 2012.
- Offices in calle Ametllers, 6, Polinyà (Barcelona), the lease on which expires in 2014.

Operating lease payments have been recognised as an expense for the year as follows.:

	<u>Thousands of Euros</u>	
	<u>2010</u>	<u>2009</u>
Office and car park leases	345	-
Vehicle leases	50	-
Other leases	26	2
	<u>421</u>	<u>2</u>

Future minimum payments under non-cancellable operating leases are as follows:

	<u>Thousands of Euros</u>	
	<u>2010</u>	<u>2009</u>
Up to 1 year	305	-
Between 1 and 5 years	222	-
	<u>527</u>	<u>=</u>

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**8. Investments in group companies and associates**Non-current

Movement in non-current investments in equity instruments of group companies and associates during 2009 and 2010 are as follows

	Thousands of Euros		
	Balances at 31/12/2008	Additions	Disposals
Investments in group companies and associates	253,945	8	( 1,610 )
Impairment valuation allowances	( 1,080 )	( 3,300 )	-
Carrying amount	<u>252,865</u>	<u>( 3,292 )</u>	<u>( 1,610 )</u>
	Thousands of Euros		
	Balances at 31/12/2009	Additions	Disposals
Investments in group companies and associates	252,343	21,933	( 1,081 )
Impairment valuation allowances	( 4,380 )	( 3 )	1,081
Carrying amount	<u>247,963</u>	<u>21,930</u>	<u>-</u>

**a) Investments in group companies and associates**

Information relating to investments in Group companies and associates is provided in Appendix I.

None of the Group companies in which the Company invests are listed on the stock exchange.

Pursuant to the second additional provision of Spanish Limited Companies Act 2 of 23 March 1995, which modifies the revised text of the Spanish Companies Act, the Group companies which are solely-owned companies have been entered as such into the Mercantile Registry. La información relativa a las participaciones en empresas del grupo y asociadas se presenta en el Appendix I.

Disposals for 2009 reflect the sale of interests that the Company held in ADBE Cartera, S.A.U. to the group company Fluidra Commercial, S.A.U. and additions relating to the incorporation of Fluidra Services Portugal, Uniperssoal Lda (located in Portugal) and Fluidra Services España, S.L.U.

During 2009, in view of the economic outlook and in order to optimise its demand in line with that of different markets, the Group has implemented a new organisational structure, effective as of the beginning of the year. The new structure comprises four holdings: Fluidra Commercial, S.A.U. Swimco Corp, S.L.U., Fluidra Industry, S.A.U. and Fluidra France, S.A.S. As a result of this process, the following mergers have taken place in 2009:

- Fluidra Commercial, S.A.U. (formerly Astral Pool, S.A.U.) merged with Cepex Holding, S.A.
- Fluidra Industry, S.A.U. (formerly Auric Pool, S.A.U.) merged with SNTE Agua Group, S.A.U.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

- Swimco Corp, S.L.U. merged with Neokem Grup, S.A.U.

As a result of these mergers the Company has aggregated the carrying amount at 31 December 2008 of the interests it held in the acquiring and acquired groups of each of the aforementioned business combinations.

During 2009, as a result of the losses incurred by certain companies included in the groups in which the Company has interest, as well as other companies in which it directly holds interest, and in view of the current economic situation and the new organisational structure, as mentioned above, the Company has tested for impairment of these investments. At 31 December 2009 the recoverable amount for the Swimco Corp, S.L. and subsidiaries Group, stood at Euros 3,300 thousand lower than the carrying amount of the investment and therefore the Company has made the corresponding adjustment.

The additions of 2010 are mainly related to a transfer of cash made at the end of 2010 to her subsidiary company Fluidra Services France, S.A.S. (befote named Fluidra France, S.A.S.) of Euro 21,183 (see note 10).

Receivables due to cash pooling include a US dollar balance outstanding at 31 December 2010 amounting to Euros 4,469 thousand (Euros 2,107 thousand at 31 December 2009).

The disposals of 2010 are because of the merger with Fluidra Services, S.A.U. (see note 4).

The recoverable amount of the groups and companies in which the Company holds interest has been estimated as the present value of the Company's interest in the cash flows which are expected to be generated by these groups and companies from ordinary activities. The present value of the cash flows has been mainly calculated based on the business plan for the next four years for these entities, at an estimated growth rate of 2% for the extrapolation of cash flows beyond the four-year period and after tax rates ranging between 10% and 12% and before tax rates of 14% and 16% according to the subsidiary and which reflect specific related risks

#### Current

Details of current investments in group companies and associates at 31 December 2010 and 2009 are as follows:

:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Receivables from Group companies with which the Company files consolidated tax returns	7,635	4,121
Receivables from Group companies due to cash pooling	136,691	134,382
	<u>144,326</u>	<u>138,503</u>

In conjunction with certain Group companies, the Company files consolidated tax returns, with Fluidra, S.A. being the Parent of this tax consolidated group and responsible for filing the corresponding tax returns with the Spanish taxation authorities (see note 26).

Receivables from the different Group companies subject to the tax consolidation regime are recognised under receivables from consolidated group companies.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

Details by company of the receivables between group companies as a result of the tax effect generated by the consolidated tax regime are as follows:

	Thousands of Euros
	Balances at 31/12/2010
Receivables	
Sacopa, S.A.U.	2,251
Cepex, S.A.U.	1,714
Metalast, S.A.U.	1,310
Astral Export, S.A.	556
Poltank, S.A.U.	382
Industrias Mecánicas Lago, S.A.U.	346
Resto	1,076
	<u>7,635</u>

	Thousands of Euros
	Balances at 31/12/2009
Receivables	
Sacopa, S.A.U.	1,343
Metalast, S.A.U.	677
Servagua, S.A.	574
Astral Export, S.A.	411
Resto	1,116
	<u>4,121</u>

The Company is also the head of the centralised credit facilities for cash pooling for the Group, reflecting the total payable to banks under loans and borrowings. Receivables from and payables to the different Group companies forming part of the cash pooling accounts are recognised under payables to/receivables from Group companies due to cash pooling.

Receivables due to cash pooling include a US dollar balance outstanding at 31 December 2010 amounting to Euros 4,469 thousand (Euros 2,107 thousand at 31 December 2009).

## 9. Non-current investments

Details of non-current investments and movement during 2009 and 2010 are as follows

	Thousands of Euros		
	Balances at 31/12/2008	Additions	Balances at 31/12/2009
Derivative financial instruments (see note 17)	11	-	( 11 )
Equity instruments	500	-	-
<i>Other financial assets</i>			
Other financial assets (see note 26)	1,365	-	-
Credit with Group companies		265	265
	<u>1,876</u>	<u>265</u>	<u>( 11 )</u>
<i>Impairment valuation allowances</i>			
Equity instruments	( 181 )	( 61 )	-
	<u>( 181 )</u>	<u>( 61 )</u>	<u>( 242 )</u>
Carrying amount	<u>1,695</u>	<u>204</u>	<u>( 11 )</u>
			<u>1,888</u>

## FLUIDRA, S.A.

## Notes to the Annual Accounts

	Thousands of Euros			
	Balances at 31/12/2009	Additions	Disposals	Balances at 31/12/2010
Derivative financial instruments (see note 17)	-	6	-	6
Equity instruments	500	-	-	500
<i>Other financial assets</i>				
Other financial assets (see note 26)	1,365	94	-	1,459
Credir with Group companies	265	50	-	315
	2,130	150	-	2,280
<i>Impairment valuation allowances</i>				
Equity instruments	( 242 )	( 55 )	-	( 297 )
	( 242 )	( 55 )	-	( 297 )
Carrying amount	1,888	95	-	1,983

Equity instruments are classified under the category of available-for-sale financial assets, whilst other financial assets, current investments in group companies and associates (see note 8) and trade and other receivables are classified under loans and receivables. There are no significant differences between the fair values and carrying amounts of these categories.

#### 10. Trade and other receivables

This balance sheet caption at 31 December 2010 and 2009 is as follows:

	Miles de euros	
	Saldo al 31/12/2010	Saldo al 31/12/2009
Receivables, group companies	711	21,932
Other receivables	821	667
Current tax asset (see note 26)	372	99
Public entities	-	68
	1,904	22,767

At the end of 2009 the Company made a cash transfer of Euros 21,883 thousand to its subsidiary Fluidra France, S.A.S. This amount has been capitalized during 2010 (see note 8).



**11. Current Investments**

This balance sheet caption at 31 December 2010 and 2009 is as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Derivative financial instruments	48	-
Short-term deposits	6,091	-
Short-term credit	267	-
	6,406	-

During 2010 the Company has made deposits in banks being the ones included in this chapter those with a maturity of more than three months as well as the accrued interests.

In addition, there is included a credit with the Centro para el Desarrollo Tecnológico Industrial (CDTI) of 267 thousands of euros.

**12. Prepayments**

This balance sheet caption at 31 December 2010 and 2009 is as follows:

		Thousands of Euros	
		Balances at	Balances at
		31/12/2010	31/12/2009
Other prepayments	249	-	
	249	-	

These payments are mainly related to maintenance expenses of software.

**13. Cash and Cash Equivalents**

This balance sheet caption at 31 December 2010 and 2009 is as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Cash and banks	1,506	-
Short-term deposits	53,530	7,888
	<u>55,036</u>	<u>7,888</u>

The Company has made during 2010 investments that did not imply cash and cash equivalents payments. These investments were the followings:

- The Company has acquired intangible assets by 468 thousands of euros financed with a debt of 344 thousands of euros.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**14. Equity****a) Share capital**

At 31 December 2010 the share capital of Fluidra, S.A. is represented by 112,629,070 ordinary shares of Euro 1 par value each, fully paid. These shares are represented by book entries and are recognised as such in the corresponding accounting register. All shares have the same voting and profit-sharing rights.

On 31 October 2007 the Company completed its flotation on the Spanish stock exchange. This process was carried out through a public share offering of 44,082,943 ordinary shares, of Euro 1 par value each, listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The Company only knows the identity of its shareholders from the information that they send to the Company voluntarily or in compliance with applicable legislation. Based on the information available to the Company, the structure of the most significant ownership at 31 December 2010 and 2009 is as follows:

	2010	2009
Boyser, S.R.L.	14,12%	14,12%
Edrem, S.L.	13,50%	13,50%
Dispur, S.L.	12,14%	12,13%
Bansabadell Inversió Desenvolupament, S.A.	9,67%	9,67%
Aniol, S.L.	9,06%	9,00%
Grupo Corporativo Empres. Caja de Navarra	8,00%	7,43%
Bestinver Gestión, S.A. SGIC	4,72%	5,00%
Otros shareholders	28,79%	29,15%
	<u>100,00%</u>	<u>100,00%</u>

**b) Share premium**

This reserve is freely distributable.

**c) Reserves**

Details of this balance sheet caption are as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Legal reserve	10,385	9,502
Voluntary reserves	42,533	39,251
	<u>52,918</u>	<u>48,753</u>

**1) Legal reserve**

In accordance with the revised text of the Spanish Companies Act, 10% of the profits for the year should be taken to a legal reserve until such a reserve reaches an amount equal to at least 20% of the share capital.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

The legal reserve may be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase. Other than for the aforementioned purpose, provided that this reserve does not exceed 20% of share capital, it can be used to offset losses if no other reserves are available.

**2) Voluntary reserves**

At 31 December 2010, the Parent's voluntary reserves, amounting to Euros 42,533 thousand (Euros 39,251 thousand at 31 December 2009), as well as the share premium and profit for the year are freely distributable, but are subject to legal limitations regarding distribution.

During 2010 the Company has merged with Fluidra Services S.A.U. in accordance with the merger project prepared and approved by the Company's directors on 26 April 2010 (see note 4). This operation resulted in a negative reserve of Euros 710 thousand.

**d) Dividends**

At an ordinary general meeting held on 5 June 2009 the board of directors agreed to propose to the shareholders that dividends of Euros 4,000 thousand be distributed with a charge to results for 2008.

At an ordinary general meeting held on 2 June 2010 the board of directors agreed to propose to the shareholders that dividends of Euros 4,000 thousand be distributed with a charge to results for 2009.

At an ordinary general meeting held on 28 March 2010 the board of directors agreed to propose to the shareholders that dividends of Euros 8,000 thousand be distributed with a charge to reserves for 2010.

El Consejo de Administración reunido en fecha 28 de marzo de 2011 ha acordado proponer a la Junta General de Accionistas la distribución de un dividendo de 8.000 miles de euros con cargo a Reservas voluntarias.

**e) Treasury shares**

Movement in treasury shares during 2010 and 2009 has been as follows:

	Number	Euros	
		Par value	Average cost of acquisition / disposals
Balances at 01.01.09	2,132,433	2,132,433	3.9433
Acquisitions	1,184,556	1,184,556	2.6363
Disposals	( 1,689,436 )	( 1,689,436 )	3.0000
Balances at 31.12.09	<u>1,627,553</u>	<u>1,627,553</u>	<u>3.3735</u>
Acquisitions	980,289	980,289	2.6073
Disposals	( 3,000 )	( 3,000 )	2.2345
Balances at 31.12.10	<u>2,604,842</u>	<u>2,604,842</u>	<u>3.0854</u>

At the board of directors' meeting held on 24 April 2009 the directors agreed to increase the managing director's limit to 4% of Fluidra, S.A.'s capital.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

At a general meeting held on 5 June 2009 the shareholders unanimously agreed to authorize the Company, in accordance with articles 158 and thereafter of the Spanish Companies Act, to acquire treasury shares directly or through Group companies, and with express authorization to reduce share capital for the redemption of treasury shares. The board of directors was granted the necessary powers to execute the agreements adopted by the shareholders, rendering ineffective the authorization given by the shareholders at their general meeting held on 30 May 2008, which authorized the Company, where applicable, to apply treasury shares to execute or cover employee benefit systems.

At the board of directors' meeting held on 16 December 2010 the directors agreed to authorize the managing director, when considered appropriate, to negotiate and sign a liquidity contract on Fluidra shares with a credit entity, in the terms that he consider advisable for the Group.

The timing limit and maximum percentage of treasury shares is in line with legal maximum limits.

**f) Valuation adjustments**

This caption includes the gains or losses on the measurement at fair value of the hedging instrument that is determined to be an effective hedge, net of the tax effect.

**g) Proposed distribution of profit**

The proposed distribution of the Company's profit for 2010 and 2009 is as follows:

	Euros	
	31/12/2010	31/12/2009
Basis of allocation:		
Profit for the year	-5,571,634.52	8,828,329.90
Distribution:		
Legal reserve	*	882,837.00
Voluntary reserves	-5,571,634.52	3,945,532.90
Dividends	-	4,000,000.00
	<u>-5,571,634.52</u>	<u>8,828,369.90</u>

**15. Grants, Donations and Legacies Received**

Details of the amounts recognised by type of grant are as follows :

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Other grants, donations and legacies received	103	-
	<u>103</u>	<u>-</u>

It includes the non-returnable loan conceded by Centro para el Desarrollo Tecnológico Industrial (CDTI) for financing a project of development (see note 5), as well as the implicit interest granted by this society.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**16. Current and non-current loans and borrowings**

Details of the balance sheet captions are as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Bank loans	21,989	7,122
Credit facilities	64,635	40,397
<b>Total current</b>	<b>86,624</b>	<b>47,519</b>
 Bank loans	 59,445	 34,949
<b>Total non-current</b>	<b>59,445</b>	<b>34,949</b>
 <b>Total loans and borrowings</b>	 <b>146,069</b>	 <b>82,468</b>

All these liabilities are classified in the debts and payables category. There are no significant differences between the carrying amount and fair value of these liabilities.

The terms of the Company's credit facilities at 31 December 2010 are as follows:

Type	Bank	Date of signature	Maturity date (*)	Limit (thousands of Euros)	Currency	Balance drawn down (thousands of Euros)
Credit facility cash-p.	Banco Sabadell	13/03/2010	13/03/2013	20,000	EUR	10,018
Credit facility cash-p.	BBVA	30/03/2010	30/03/2013	25,000	EUR	9,377
Credit facility cash-p.	Banesto	02/04/2008	02/04/2011	25,000	EUR	16,731
Credit facility cash-p.	Banco Santander	02/02/2009	02/02/2012	15,000	EUR	1,205
Credit facility cash-p.	La Caixa	31/10/2009	31/10/2011	25,000	EUR	12,135
Credit facility cash-p.	Banco Sabadell	28/09/2010	28/09/2013	6,500	USD	2,750
Credit facility cash-p.	Banesto	30/03/2010	30/03/2013	2,500	USD	975
Credit facility	Bankinter	20/04/2004	Annual Rev.	3,000	EUR	2,187
Credit facility multicurrency	Bankinter	20/04/2004	Annual Rev.	5,000	EUR	4,838
Credit facility	Caja Madrid	07/05/2010	07/05/2013	4,000	EUR	2,161
Credit facility	Banco Popular	11/03/2010	11/03/2013	2,000	EUR	1,154
Credit facility	Caixa Galicia	30/03/2010	31/03/2011	1,500	EUR	1,045
Credit facility	Banco Pastor	07/05/2010	07/05/2013	1,000	EUR	59
				<b>TOTAL</b>		<b>64,635</b>

The terms of the Company's credit facilities at 31 December 2009 are as follows:

## FLUIDRA, S.A.

## Notes to the Annual Accounts

Type	Bank	Date of signature	Maturity date (*)	Limit (thousands of Euros)	Currency	Balance drawn down (thousands of Euros)
Credit facility cash	Banco Sabadell	13/03/2007	13/03/2010	30,000	EUR	13,204
Credit facility cash	BBVA	30/03/2007	30/03/2010	35,000	EUR	4,459
Credit facility cash	Banesto	02/04/2008	02/04/2010	25,000	EUR	5,516
Credit facility cash	BSCH	02/02/2009	02/02/2010	25,000	EUR	7,377
Credit facility	La Caixa	31/10/2008	31/10/2011	25,000	EUR	4,703
Credit facility cash	Banco Sabadell	08/10/2007	08/10/2010	6,500	USD	2,107
Credit facility multicurrency	Bankinter	31/12/2008	31/12/2009	2,000	EUR	66
Credit facility	Bankinter	31/12/2008	31/12/2009	8,000	EUR	2,966
				TOTAL		<u>40,397</u>

(\*) All the credit facilities are renewable on a yearly basis in mutual agreement between the parties.

Credit facilities accrue interest at an average market rate, fixed or linked to Euribor or Libor, with spreads ranging between 1.20 and 1.85 percentage points (1.00 and 1.25 percentage points in 2009).

Details of the most significant loans and finance lease operations are as follows:

		Amount due (Thousands of Euros)	
		2010	2009
1	Loan for nominal amount of Euros 10,000 thousand falling due on 31.12.2011 and with floating interest rate based on Euribor at 3 months, plus a margin of 1.25%, requested for the financing of the acquisition of Manufacturera Gre, S.A.	10,000	10,000
2	Loan for nominal amount of Euros 10,000 thousand falling due on 30.09.2014 and with fixed interest rate of 4.60%, requested for the restructuring of the current debt to non-current	10,000	10,000
3	Loan for nominal amount of Euros 10,000 thousand falling due on 30.03.2015 and with fixed interest rate of 4.87%, requested for the restructuring of a current debt to non-current	10,000	-
4	Loan for nominal amount of Euros 10,000 thousand falling due on 26.02.2013 and with floating interest rate based on Euribor at 12 months, plus a margin of 1.75%, requested for the restructuring of a current debt to non-current	9,000	-
5	Loan for nominal amount of Euros 10,000 thousand falling due on 29.06.2014 and with floating interest rate based on Euribor at 12 months, plus a margin of 2.00%, requested for the restructuring of a current debt to non-current	8,750	10,000
6	Loan for a nominal amount of Euros 6,000 thousand falling due on 11.03.2013 and floating interest rate based on Euribor at 3 months plus a margin of 1.40% spread, requested for the restructuring of a current debt to non-current.	6,000	-
7	Loan for a nominal amount of Euros 5,000 thousand falling due on 30.03.2015 and fixed interest rate of 4.400%, requested for the restructuring of the debt from current to non-current.	5,000	-
8	Loan for a nominal amount of Euros 5,000 thousand falling due on 25.05.2013 and fixed interest rate of 3.48%, requested for the restructuring of the debt from current to non-current.	5,000	-
9	Loan for a nominal amount of Euros 5,000 thousand falling due on 11.03.2015 and floating interest rate based on Euribor at 1 month plus a margin of 2.00%, requested for the restructuring of the debt from current to non-current.	4,250	-
10	Loan for a nominal amount of Euros 4,000 thousand falling due on 25.05.2015 and fixed interest rate of 4.37%, requested for the restructuring of the debt from current to non-current.	4,000	-
11	Loan for nominal amount of Euros 5,000 thousand falling due on 27.08.2012 and with floating interest rate based on Euribor at 3 months, plus a margin of 1.50%, requested for the restructuring of a current debt to non-current	2,917	4,583

The majority of the finance expenses recognised in the income statement relate to interest on loans and credit facilities.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

La mayor parte de los gastos financieros registrados en la cuenta de pérdidas y ganancias corresponde a los intereses de los préstamos y pólizas de crédito.

## a) Clasification by maturity

Non-current maturity dates of loans and borrowings at 31 December 2010 and 2009 are as follows:

Maturity	Thousands of Euros	
	2010	2009
Up to 1 year	86,624	47,519
2 years	32,747	19,292
3 years	14,370	6,679
4 years	10,000	5,054
5 years	2,200	3,924
More than 5 years	128	
	<u>146,069</u>	<u>82,468</u>

## b) Payables in foreign currencies

Loans and borrowings include a payable in Pounds Sterling, the outstanding balance of which is Euros 387 thousand at 31 December 2010. (Euros 723 thousand at 31 December 2009)

17. Derivative financial instruments

Details of derivative financial instruments are as follows :

		2010			
		Thousands of Euros			
	Nominal amount	Fair Value			
		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency forwards	4,476	-	48	-	31
<b>Total derivatives traded in OTC markets</b>		<u>-</u>	<u>48</u>	<u>-</u>	<u>31</u>
b)) Interest-rate derivatives					
Interest rate swaps	5,000	-	-	94	-
Interest-rate and currency swaps	1,498	-	-	-	-
<b>Total derivatives traded in OTC markets</b>		<u>-</u>	<u>-</u>	<u>94</u>	<u>-</u>
<b>Total derivatives held for trading</b>		<u>-</u>	<u>48</u>	<u>94</u>	<u>31</u>
2) Hedging derivatives					
Interest rate swaps	26,750	6	-	180	-
<b>Total hedging derivatives</b>		<u>6</u>	<u>-</u>	<u>180</u>	<u>-</u>
<b>Total recognised derivatives</b>		<u>6</u>	<u>48</u>	<u>274</u>	<u>31</u>

## FLUIDRA, S.A.

## Notes to the Annual Accounts

2009					
Thousands of Euros					
Nominal amount	Fair Value				
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency forwards	1,821	-	-	-	-
Total derivatives traded in OTC markets		-	-	-	-
1) Derivatives held for trading					
Interest-rate derivatives					
Interest rate swaps	6,460	-	-	74	20
Total derivatives traded in OTC markets		-	-	74	20
Total derivatives held for trading		-	-	74	20
2) Hedging derivatives					
Interest rate swaps	30.000	-	-	74	243
Total hedging derivatives		-	-	74	243
Total recognised derivatives		-	-	148	263

The total change in fair value of hedging derivatives estimated using valuation techniques recognised in equity, as they relate to effective hedging, has been Euros 142 thousand (Euros 379 thousand in 2009).

## a) Interest rate swaps

The Company uses fixed interest interest rate swaps without deactivating barriers, with fixed rate values ranging between 1.65% and 2.64% to manage interest rate fluctuation exposure, mainly relating to its bank loans. The inception and maturity dates of derivatives at 31 December 2010 are as follows:

Derivatives held for trading			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
1,498	21/11/2006	21/11/2011	CAP Option
5,000	29/06/2009	29/06/2013	Fixed swap
<b>6,498</b>			
Hedging derivatives			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
5,000	29/06/2009	29/06/2013	Fixed swap
9,000	03/03/2010	26/02/2013	Fixed swap
6,000	26/03/2010	11/03/2013	Fixed swap
4,250	30/03/2010	11/03/2015	Fixed swap
2,500	30/03/2010	01/04/2013	Fixed swap
<b>26,750</b>			



## FLUIDRA, S.A.

## Notes to the Annual Accounts

In 2009 the Company used fixed interest interest rate swaps with and without deactivating barriers, with fixed rate values ranging between 2.64% and 4.61% to manage interest rate fluctuation exposure, mainly relating to its bank loans. The inception and maturity dates of derivatives at 31 December 2009 are as follows:

Derivatives held for trading			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
1,460	11/11/2005	11/11/2010	Swap without barriers
5,000	29/06/2009	29/06/2013	Fixed swap
<u>6,460</u>			

  

Hedging derivatives			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
7,500	15/05/2008	31/03/2010	Fixed Swaps
7,500	15/05/2008	31/03/2010	Fixed Swaps
5,000	15/05/2008	31/03/2010	Fixed Swaps
5,000	15/05/2008	31/03/2010	Fixed Swaps
5,000	29/06/2009	29/06/2013	Fixed Swaps
<u>30,000</u>			

La Sociedad no aplica contabilidad de coberturas sobre algunos de estos contratos dada la dificultad de evaluar su eficacia de acuerdo con la norma, por lo que, a pesar de otorgar una cobertura económica a la exposición de la Sociedad a la fluctuación de los tipos de interés, la mayor parte se contabilizan como si éstos fueran de negociación.

A breakdown by notional amount and residual maturity term of swaps existing at balance sheet date is as follows:

	Thousands of Euros	
	2010	2009
Up to one year	1.498	26.460
Between one and five years	31.750	10.000
	<u>33.248</u>	<u>36.460</u>

Because they are derivatives which cannot be traded on organised markets, the fair value of swaps is calculated using the revised value of the expected cash flows due to the difference in rates, based on market conditions at the measurement date.

b) Foreign currency forward contracts.

In order to manage its exchange rate exposure in forward outright sale and purchase contracts, the Fluidra Group, through the Company, has entered into purchase and sale forward contracts on the main markets in which it operates. Nevertheless, although these derivative hedge transactions in foreign currency, the Company does not apply hedge accounting due to the difficulty in testing effectiveness as required by the standard.

## FLUIDRA, S.A.

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A breakdown by type of currency, of the notional amounts of forward contracts at 31 December 2010 and 2009, the residual values of which are of less than one year, is as follows:

	Thousands of Euros	
	2010	2009
USD	4,476	1,821
	4,476	1,821

#### 18. Payables to group companies and associates

Details of this balance sheet caption are as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balance at 31/12/2009
Payables to group companies	58	1
Payables to Group companies with which the Company files consolidated income tax returns (notes 8 & 16)	4,728	5,185
Payables to Group companies for cash pooling (note 8)	82,521	73,452
	87,307	78,638

In conjunction with certain group companies, the Company files consolidated tax returns, with Fluidra, S.A. being the Parent of this tax consolidated group and responsible for filing the corresponding tax returns with the Spanish taxation authorities (see note 26).

Payables to the different Group companies subject to the tax consolidation regime are recognised under payables to group companies with which the Company files consolidated income tax returns.

The Company is also the head of the centralised credit facilities for cash pooling for the Group, reflecting the total payable to banks under loans and borrowings. Receivables from and payables to the different Group companies forming part of the cash pooling accounts are recognised under payables to/receivables from Group companies due to cash pooling.

Details by company of payables between group companies as a result of the tax effect generated by the consolidated tax regime for income tax are as follows:

	Thousands of Euros Balances at 31/12/2009
Payables	
Inquide, S.A.U.	1,568
Fluidra Commercial, S.A.	786
Fluidra Industry, S.A.U	706
Fluidra España, S.A.U	672
Fluidra Commercial Services, S.L.U	524
Togama, S.A.	419
Resto	510
	5,185

## FLUIDRA, S.A.

## Notes to the Annual Accounts

	Thousands of Euros
Payables	Balances at 31/12/2010
Fluidra Commercial, S.A.	1,781
Fluidra Industry, S.A.U	1,033
Inquide, S.A.U.	831
Fluidra España, S.A.U	460
Togama, S.A.	381
Fluidra Services España, S.L.U.	99
Resto	143
	<u>4,728</u>

**19. Trade and other payables**

Details of this balance sheet caption are as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Trade payables	1,184	344
Public entities	540	398
Salaries payable	494	180
Other payables	95	95
	<u>2,313</u>	<u>1,017</u>

**20. Risk management policy**

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk in fair value and price risk), credit risk, liquidity risk and interest rate risk in cash flows. The Company's risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

Market, liquidity, currency and interest rate risks are controlled by the Group's central Treasury Department in accordance with policies defined by the Group. This Department identifies, evaluates and covers the financial risks in close collaboration with the operating units of the Group.

**a) Credit risk**

The Company is not significantly exposed to credit risk. Derivative and cash operations are only performed with financial institutions that have high credit ratings. The Company has policies to limit the amount of risk with any one financial institution.

At 31 December 2010 and 2009 there are no past due balances.

**b) Liquidity risk**

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Group's Treasury Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

## Notes to the Annual Accounts

Details of the classification of financial liabilities by contractual maturity are provided in note 16.

Based on treasury forecasts, the Company does not foresee any liquidity problems in forthcoming months.

c) Currency risk

The Company does not have any significant currency risks.

The currency risk arises from recognised assets and liabilities. Details of financial assets and financial liabilities in foreign currencies and transactions in foreign currencies are provided in notes 8 & 16.

d) Interest rate risk in cash flows

As the Company does not have a considerable amount of remunerated assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risks arise from other long-term borrowings. Borrowings, all at variable interest rates expose the Company to interest rate risks in cash flows. Fixed-interest loans expose the Company to interest rate risks to fair value. As indicated in note 16, the Company's main loans are associated with market interest rates which are updated on a quarterly, half-yearly or yearly basis.

The Company manages interest rate risks in cash flows through floating to fixed interest rate swaps with barriers. These interest rate swaps convert floating interest rates on borrowings to fixed interest rates. Generally, the Company obtains other non-current borrowings with floating interest rates and swaps these for fixed interest rates. These are generally at lower rates than those which would have been obtained had the Group obtained the resources directly with fixed interest rates. Through interest rate swaps, the Company undertakes to exchange the difference between fixed interest and floating interest with other parties periodically (generally quarterly). The difference is calculated based on the contracted notional principal.

Some of the swaps contracted by the Company hedge interest rate risks in cash flows, they do not comply with the requirements established in the NPGC for hedge accounting purposes. Consequently, the variation in the fair value of swaps at each balance sheet date is recognised in profit and loss for the year. Swaps complying with hedge accounting requirements are recognised as income and expense in equity.

e) Market risk

Apart from the swaps contracted by the Company, as mentioned in the section above, there are no significant price risks relating to equity instruments classified as available-for-sale or at fair value through profit and loss.

## 21. Revenues and expenses

a) Revenue

Revenues during 2010 are entirely composed of consulting services charged to group companies

Revenues during 2009 fully comprised dividends collected from Group companies.

Revenue does not include interest payable without any margin to Group companies as the Company is the head of the Group's cash pooling centralised credit facilities, given that it is not considered to form part of the statutory and principal activities of the Company. This interest amounts to Euros 1,690 thousand in 2010 and Euros 2,632 thousand in 2009.

b) Other operating income

The Company has registered services rendered by Euro 1,095 thousand related a re-invoicing to group companies concerning to back office services by Euro 833 thousand and Euro 262 thousand which includes consultancy services, information technology and other services.

## FLUIDRA, S.A.

## Notes to the Annual Accounts

c) Personnel expenses

Details of personnel expenses for 2010 and 2009 are as follows:

	Thousands of Euros	
	Balances at 31/12/2010	Saldo al 31/12/2009
Wages and salaries	5,102	564
Employee benefits expense	898	20
Payments based on own equity instruments	50	-
Other employee benefits expense	88	1
	<u>6,138</u>	<u>585</u>

**22. Employee Information**

The average headcount during 2010 and 2009, distributed by category, has been as follows:

	2010	2009
Board members (including 1 senior executive)	10	10
Senior management	2	2
Sales, logistics and production	11	-
Finance and administration	74	-
	<u>97</u>	<u>12</u>

At year end the distribution by gender of personnel and the members of the board of directors is as follows:

	31.12.2010		31.12.2009	
	Males	Females	Males	Females
Board members (including 1 senior executive)	10	-	10	-
Senior management	2	-	2	-
Sales, logistics and production	8	2	-	-
Finance and administration	47	26	-	-
	<u>67</u>	<u>28</u>	<u>12</u>	<u>-</u>

**23. Transactions with group companies and associates**

The most significant transactions with group companies and associates are as follows:

	Thousands of Euros	
	2010	2009
<u>Income</u>		
Dividends	-	14,000
Services rendered	6,923	-
Other operating income	1,196	-
Interest income	9	-
	<u>8,128</u>	<u>14,000</u>
<u>Expenses</u>		
Services received	<u>1,296</u>	<u>6</u>

## FLUIDRA, S.A.

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All the services rendered are consultancy services invoiced to group companies.

Details of dividends received in 2009 were as follows:

	<u>2009</u>
Fluidra Commercial, S.A.	9,000
Swimco Corp., S.L.	<u>5,000</u>
	<u><u>14,000</u></u>

## 24. Information on Directors

### a) Information on Company directors and senior management personnel

No advances or loans have been extended to key management personnel or the directors.

Remuneration received by key management personnel and the Company's directors is as follows:

	<u>Thousands of Euros</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
Total key management personnel	1,660	1,606
Total Parent directors	1,255	1,161

The members of the Company's board of directors have received a total of Euros 917 thousand in 2010 (Euros 911 thousand in 2009), respectively, from the consolidated companies in which they are directors. In addition, they have received a total of Euros 338 thousand for executive functions in 2010 (Euros 250 thousand in 2009). They have also received amounts for travel expenses totalling Euros 93 thousand (Euros 71 thousand in 2009).

The Company has a pension commitment with a senior executive consisting of complementary income in the event of permanent disability whilst employed by the Company. This commitment has been externalised through a life insurance policy, for which the Company has recognised an expense of Euros 4 thousand during 2010 (Euros 3 thousand in 2009).

Apart from the above, the Group has no obligations regarding pensions or life insurance with either former or current members of the board of directors or key management personnel and holds no guarantees on their behalf.

In addition, on 2 June 2010 a stock incentive plan was approved targeted at the Chief Executive Officer and at certain Company executives. The first cycle of this Plan was started on 15 July 2010, at 31 December 2010 the amount recognised in the profit and loss account for this concept amounted to Euros 50 thousand (see note 21).

### (b) Transactions outside ordinary trading or on a non-arm's length basis carried out by Parent directors

The directors of the Parent have not carried out any transactions outside ordinary trading or on a non-arm's length basis with the Company or with Group companies during 2010 and 2009.

(c) **Investments and positions held in other companies by the Parent's directors and related persons to them.**

Details of the investments held by the Parent's directors in companies with a statutory activity that is identical, similar or complementary to that of the Group, and the positions held and duties and activities performed by the directors are provided in Appendix III which forms an integral part of this note to the consolidated annual accounts.

## 25. Other Commitments and Contingencies

a) **Share ownership plan for the Company's managing director and those members of the management team**

At the General Meeting held on 2 June 2010 the shareholders approved a share ownership plan for the Company's managing director and those members of the management team belonging to the Group's Executive Committee. Acceptance of this plan implies waiving any right deriving from the plan dated 5 September 2007.

The plan is implemented through two instruments:

Part of the incentive is implemented through the granting of a certain number of restricted share units (RSUs), which will be settled by the issuance of shares once a specified period of time has elapsed.

b) The other part of the incentive is instrumented through share appreciation rights (SARs) settled by the issuance of shares once a certain period of time has elapsed and once the price of the Company's shares have increased within a specified period of time.

This plan comprises three cycles, each of which covers a period of three years. The grant dates for each of the cycles are: 15 July 2010, 15 July 2011 and 15 July 2012, ending on 15 July 2013, 15 July 2014 and 15 July 2015 respectively.

The RSUs and SARs are free and cannot be transferred and grant their holders the possibility of receiving Company shares. Provided that the RSUs and SARs do not convert into Company shares their holders are not shareholders thereof and the beneficiaries are not entitled to receive any more RSUs and/or SARs in the future, as it is a one-off event which does not consolidate or ensure the receipt of RSUs and/or SARs in the future.

The maximum number of RSUs to be granted under the Plan is 220,000.

The maximum number of SARs to be taken as a reference for establishing the variable remuneration to be paid to the beneficiaries will be 660,000.

At 31 December 2010 the best estimate of the whole Plan amounts to approximately Euros 1,100 thousand. The fair value of the first cycle granted at 15 July 2010 amounts to Euros 325 thousand, Euros 50 thousand of which are recognised in the income statement for 2010 (see note 21).

## 26. Income tax

Income taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or before the inspection period of four years has elapsed. Due to the treatment permitted by fiscal legislation of certain transactions among others, additional tax contingencies could exist in the event of inspection. In any event, the Company's directors do not consider that any such contingencies that could arise would significantly affect the annual accounts.

During 2009, the Company continued to file consolidated tax returns. Non-resident companies in Spain and resident companies which file individual tax returns: Meip Internacional, S.L., Productos Elastomers, S.A., ID Electroquímica, S.L., Industrias Mecánicas Lago, S.A., Certikin Pool Ibérica, S.L. and Way fit, S.L. and companies adhering to Basque tax legislation are excluded from the tax consolidated group. Profit calculated in

## FLUIDRA, S.A.

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accordance with prevailing fiscal legislation in Spain is subject to a tax rate of 30% of the taxable income for companies located in Spain (excluding Basque Country).

During 2010 the Company files consolidated tax returns with Fluidra, S.A. being the Parent of this tax consolidated group and responsible for filing the corresponding tax returns with the Spanish taxation authorities Non-resident companies in Spain and resident companies which file individual tax returns: Productos Elastomers, S.A., Certikin Pool Ibérica, S.L., Way fit, S.L and ID electroquímica, S.L. and companies adhering to Basque tax legislation are excluded from the tax consolidated group. Profit calculated in accordance with prevailing fiscal legislation in Spain is subject to a tax rate of 30% of the taxable income for companies located in Spain (excluding Basque Country).

A reconciliation between the net income and expenses for the year and the taxable income of the Company at 31 December 2010 and 2009 is as follows:

Thousands of Euros						
2010						
	Income statement			Income and expenses recognised in equity		
	Increases	Decreases	Net	Increases	Decreases	Net
Income and expenses for the year	( 5,572 )	-	( 5,572 )	203	-	203
Income tax	-	( 722 )	( 722 )	86	-	86
Profit/(loss) before income tax	-	-	( 6,294 )	-	-	289
Permanent differences - individual co.	91	-	91	-	-	-
Temporary differences - individual co.	-	( 2,770 )	( 2,770 )	-	( 289 )	( 289 )
Temporary differences tax consolidation	2,267	( 2,677 )	( 410 )	-	-	-
Taxable income (tax loss)			( 9,383 )			-

Thousands of Euros						
2010						
	Income statement			Income and expenses recognised in equity		
	Increases	Decreases	Net	Increases	Decreases	Net
Income and expenses for the year	8,828	-	8,828	265	-	265
Income tax	-	( 1,726 )	( 1,726 )	114	-	114
Profit/(loss) before income tax	-	7,102	-	-	-	379
Permanent differences - individual co.	-	( 9,000 )	( 9,000 )	-	-	-
Temporary differences - individual co.	3,300	-	3,300	-	-	( 379 )
Temporary differences tax consolidation	4,193	( 2,267 )	1,926	-	-	-
Taxable income (tax loss)			3,328			-

Permanent differences mainly relate to the elimination of dividends received by the Company.

Temporary differences associated with the tax consolidation relate to the elimination of the inventory margin for companies consolidated for tax purposes in Spain (excluding Basque Country).



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Details of deferred tax assets and liabilities, by type, are as follows:

	Thousands of Euros					
	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Deferred gains	-	-	1,365	2,846	( 1,365 )	( 2,846 )
Inventories	-	-	803	680	( 803 )	( 680 )
Provision of investments	-	2,603	831	-	( 831 )	2,603
Credits for deductions and tax loss carryforwards	1,568	1,515	-	-	1,568	1,515
Other items	52	95	44	-	8	95
	<u>1,620</u>	<u>4,213</u>	<u>3,043</u>	<u>3,526</u>	<u>( 1,423 )</u>	<u>687</u>

Details of the variation in deferred tax assets and liabilities, by type, are as follows:

	Thousands of Euros				
	31.12.2008	Profit and loss	Equity	Other	31.12.2009
Deferred gains	( 2,755 )			( 90 )	( 2,845 )
Inventories	( 1,258 )	578			( 680 )
Provision for investments	1,853	990		( 241 )	2,602
Credits for deductions and tax loss carryforwards	-	1,515			1,515
Other items	209		( 114 )		95
Total	<u>( 1,951 )</u>	<u>3,083</u>	<u>( 114 )</u>	<u>( 331 )</u>	<u>687</u>

	Thousands of Euros					
	31.12.2009	Pérdidas y ganancias	Business combinations	Equity	Other	31.12.2010
Deferred gains	( 2,845 )	1,480	-	-	-	( 1,365 )
Inventories	( 680 )	( 123 )	-	-	-	( 803 )
Provision of investments	2,602	( 3,433 )	-	-	-	( 831 )
Credits for deductions and tax loss carryforwards	1,515	( 124 )	198	-	( 21 )	1,568
Other items	95	-	-	( 87 )	-	8
Total	<u>687</u>	<u>( 2,200 )</u>	<u>198</u>	<u>( 87 )</u>	<u>( 21 )</u>	<u>( 1,423 )</u>

On 30 March 2006 the Company increased capital through a non-monetary contribution of shares, adhering to the special tax regime included in title VII, chapter VIII of Royal Decree-Law 4 of 5 March 2004, approving the Modified Text of Spanish Income Tax Law.

Initially, the shareholders contributing shares in the aforementioned transaction adhered to this tax exemption, therefore transferring the commitment with the taxation authorities for the corresponding deferred tax liability, which amounts to Euros 7,790 thousand, to the Parent. Nevertheless, on 31 March 2006 these shareholders signed a commitment to reimburse the Parent for the total amount of this exemption, which will be required in the event that the associated shares are sold by the Parent or the corresponding tax is directly settled by the contributing shareholders should they sell all or part of the shares received in exchange for this contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax liability and a non-current receivable, both for the aforementioned amount. Should the Company generate a receivable from the contributing shareholders, the amount payable by the contributing shareholders will be set off by future dividends to be distributed by the Company. As a result of the disposal of shares by the shareholders on 31

## FLUIDRA, S.A.

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October 2007 in relation to floating the Company on the stock market, this non-current deferred tax liability (recognised under deferred gains in the table above) and the non-current receivable were reduced by Euros 1,365 thousand (see note 9).

Items charged and credited directly to equity for the year relate to available-for-sale financial assets and hedging instruments and grnats amount to Euros (87) thousand in 2010 and Euros (114) thousand in 2009.

Deferred tax assets and liabilities expected to revert in the next 12 months amount to Euros 809 thousand and Euros 1,744 thousand, respectively. (Euros 680 thousand and Euros 1,610 thousand respectively in 2009).

Details of the recoverable income tax are as follows:

	Miles de euros	
	2010	2009
Current tax expense/income		
Current year	( 2,939 )	1,014
Tax credits	-	-
Prior year adjustments	1	335
Other	15	8
Deferred taxes		
Origination and reversal of temporary differences	2,076	( 1,568 )
Credits for deductions and tax loss carryforwards	124	( 1,515 )
Total recoverable income tax	<u>( 722 )</u>	<u>( 1,726 )</u>

A reconciliation of the current tax with net current income tax liabilities is as follows:

	2010	2009
Current tax	( 2,939 )	1,014
Withholdings and payments on account during the year	( 241 )	( 50 )
Additional liabilities from group companies consolidated for tax purposes	2,907	( 1,063 )
Tax payable 20079	<u>( 99 )</u>	<u>-</u>
Net liability from current income tax (see note 10)	<u>( 372 )</u>	<u>( 99 )</u>

The Company has not adhered to the option of integrating the net balance of adjustments to transition reserves for equal amounts into the taxable income corresponding to each of the first three tax periods starting as of 1 January 2008 or previously if the balance of any equity item is derecognised or due to extinguishment of the taxable entity and with the exceptions foreseen for the charging of provisions for decline in value of investments in the capital of other entities and exchange gains.

Details of the recoverable income tax related to profit on continuing operations are as follows:

	Thousands of Euros	
	2010	2009
Profit before income tax on continuing operations	( 6.294 )	7.102
Profit at 30%	( 1.888 )	2.131
Diferencias permanentes	27	( 2.700 )
Differences in prior years' income tax expense	1.123	335
Tax credits	-	( 1.500 )
Other	16	8
Income tax recoverable	<u>( 722 )</u>	<u>( 1.726 )</u>

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The tax credit regarding impairment of investments in group companies and associates is as follows:

Name	Equity		Accumulated deductible impairment		Deductible impairment		Accumulated deductible impairment	
			31/12/2009		31/12/2010		31/12/2010	
	31/12/2010	31/12/2011	Accumulated deductible impairment	Accumulated elimination consolidated tax returns	Integrated amount in tax income / (loss)	Elimination consolidated tax returns	Accumulated deductible impairment	Accumulated elimination consolidated tax returns
Fluidra Services France, S.A.S.	42	17.033	-	-	2.770	-	2.770	
Fluidra Services España, S.L.U..	-	-228	-	-	3	3	3	
<b>TOTAL</b>	<b>42</b>	<b>16.805</b>	<b>-</b>	<b>-</b>	<b>2.773</b>	<b>3</b>	<b>2.773</b>	

The amounts and terms of the reversal of deductions not recognised at 31 December 2010 are as follows:

Years	Thousands of euros	Final year
2005	8	2015
2006	5	2016
2009	42	2024
2009	24	2019
2010	80	2025
	<u>159</u>	

In 2008 the company absorbed Fluidra Services, S.A.U carried out the reinvestment in tangible fixed assets by Euros 786 thousand. These assets must keep working during minimum three years since the date of the putting into gear.

Tax loss carryforward amounts and reversal periods are as follows:

Years	Thousands of euros	Final year
2005	9	2015
	<u>9</u>	

The company have the following years open to inspection:

Tax	Years open
Income tax	2006 to 2010
VAT	2007 to 2010
Personal income tax	2007 to 2010
Business activities tax	2007 to 2010

## FLUIDRA, S.A.

## Notes to the Annual Accounts

**27. Information on Deferred Payments to Suppliers. Third Additional Provision of Law 15/2010 of 5 July 2010: "Reporting Obligation"**

As indicated in note 2.b) "Comparative information" in accordance with the ruling issued by the Spanish Institute of Accountants and Auditors (ICAC) on 29 December 2010, and because 2010 is the first year of adoption of Law 15/2010 of 5 July 2010 which establishes measure to combat payment default on trade transactions, the Company is under the obligation to exclusively provide information relating to balances payable to suppliers at 31 December 2010 which exceed the legal payment term.

Fluidra has analysed the terms for outstanding balances to suppliers in accordance with the criteria included in the Law:

- a) Balances outstanding at 31 December 2010 relating to suppliers and trade payables included under current liabilities for payables to trade suppliers and service providers on the balance sheet.
- b) The maximum legal term has been calculated based on the date the services were rendered by a third party or merchandise was received by Fluidra, or from the date that the Law entered into force (7 July 2010), if subsequent to these dates.
- c) In accordance with the transitional regime established by Law 15/2010, the deferral period has been 85 days.

From the balances payable at 31 December 2010 relating to suppliers and trade payables included under current liabilities, there is not payments deferred by more than 85 days

**28. Fees of the Auditor and the Auditor's Group and Related Companies**

	Thousands of Euros	
	31.12.2010	31.12.2009
Audit services	571	724
Other services of accountant verification	6	-
Other services	-	9
Total	577	733

The amounts detailed in the above table include the total professional service fees for years 2010 and 2009, irrespective of the date of invoice.

Other societies of the KPMG Europe, LLP Group have invoiced the Group net fees for professional services during the years ended 31 December 2010 and 2009, as follows:

	Thousands of Euros	
	31.12.2010	31.12.2009
Audit services	70	-
Other services of accountant verification	3	-
Other services	80	-
Total	153	-

On the other hand, other affiliated entities to KPMG international have invoiced the Group net fees for professional services during the years ended 31 December 2010 and 2009, as follows:

	Thousands of Euros	
	31.12.2010	31.12.2009
Audit services	201	255
Other services of accountant verification	8	-
Other services of tax consultancy	-	1
Other services	86	1
Total	295	257

**29. Environment**

At 31 December 2009 and 2010, in view of the Company's activity, it has no significant assets earmarked for the protection and improvement of the environment and no significant environmental expenses have been incurred during these years.

The Company's board of directors considers that there are no significant contingencies relating to the protection and improvement of the environment and does not consider it necessary to make any provision for liabilities and charges of an environmental nature at year end.

**30. Subsequent events**

On 18 February 2011 the Company has signed a liquidity contract for the purpose of improving the liquidity of transactions and regularising the price of its shares.

The contents of this liquidity contract are in line with Circular 3/2007 of 19 December 2007 and its main characteristics are as follows:

- i. Financial intermediary: Riva y García – 1877, Sociedad de Valores, S.A.
- ii. Market on which trading will take place: Electronic stock market, Madrid, Barcelona, Bilbao and Valencia stock exchanges.
- iii. Duration: The contract was signed on 18 February 2011 and entered into force on 22 February 2011 with an initial duration of 12 months. The contract is understood to be tacitly renewable for the same period, unless indicated to the contrary by the parties.
- iv. Number of shares destined to the securities account associated with the contract: 100,000 shares.
- v. Amount destined to the cash account associated with the contract: Euros 250,000.

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Directors' Report

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**Overview of business performance**

During 2010 the Company did not receive any dividend with the object of strengthening the reserves of its subsidiaries.

The personnel and operating expenses have risen significantly with respect last year due to the its merger with Fluidra Services S.A.U.

The financial result has had a estable evolution from last year.

Because of the lack of dividends the net result of the year drops from Euros 8,8 million positives to a Euro 5,6 million negatives since last year its subsidiaries distributed Euros 14 million of dividends.

From an analysis of the balance sheet at 31 December 2010, the investments in intangible assets and property, plant and equipment have risen primarily as a result of the business combination. Moreover it is important to point out the increase in current investments in group companies and the decrease in trade and other receivables to Euros 20,863 thousand mainly due to the capitalization of the cash transfered of Euros 21,883 thousand to its subsidiary Fluidra France, S.A.S. at the end of 2009

In addition there has been a net reduction of the current debt with credit entities (net of other current financial assets and cash and cash equivalents, from Euros 39,6 million in 2009 to Euros 31,6 million in 2010, due to the restructuring of non-current debt and the short-term deposits, which have compensated the increase of the balance drawn down of the credit facilities with respect to the last year.

At an ordinary general meeting held on 28 March 2010 the board of directors agreed to propose to the shareholders that dividends of Euros 8,000 thousand be distributed with a charge to reserves for 2010.

At the ordinary annual general meeting of the Company the shareholders approved the Company's takeover merger of its subsidiary Fluidra Services, S.A.U. with the aim of unify the management of both Companies, avoiding accounting, administratives and tax duplicities with the corresponding save in costs.

**Overview of Risk Policy**

The Company's risk management policy continues to be followed during 2010 and involves the same policies for hedging financial markets (currency and interest rate risk) (see note 20).

**Treasury shares**

During 2010 the Company has carried out several purchase transactions (980,289 shares) involving treasury shares and sales transactions (3,000 shares). At year end the Company held 2,604,842 treasury shares, representing 2.31% of its share capital and with a total cost of Euros 8,037 thousand.

**Research, development and innovation**

Investments in research, development and innovation have amounted to Euros 225 thousand during 2010.

**Environment**

At 31 December 2010 the Company has no significant assets earmarked for the protection and improvement of the environment and no significant environmental expenses have been incurred during the year.

**Personnel**

82 people have joined the Company's workforce due to the merger with Fluidra Services, S.A.U. Since then 3 new people have also joined up the Company up to get 95 at the end of the year.

**Subsequent events**

On 18 February 2011 the Company has signed a liquidity contract for the purpose of improving the liquidity of transactions and regularising the price of its shares.

(Continued)

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The contents of this liquidity contract are in line with Circular 3/2007 of 19 December 2007 and its main characteristics are as follows:

- i. Financial intermediary: Riva y García – 1877, Sociedad de Valores, S.A.
- ii. Market on which trading will take place: Electronic stock market, Madrid, Barcelona, Bilbao and Valencia stock exchanges.
- iii. Duration: The contract was signed on 18 February 2011 and entered into force on 22 February 2011 with an initial duration of 12 months. The contract is understood to be tacitly renewable for the same period, unless indicated to the contrary by the parties.
- iv. Number of shares destined to the securities account associated with the contract: 100,000 shares.
- v. Amount destined to the cash account associated with the contract: Euros 250,000.

In accordance with Article 116 bis of the Securities Market Act 24/1988 of July 28th, introduced by the Act 6/2007 of April 12, the Board of Directors of Fluidra, S.A. has prepared an explanatory report on those aspects of the Management Report that are provided for in the aforementioned Act. This report will be submitted to the shareholders' approval at the Company's general meeting.

- a) **Share capital structure, including securities which are not traded on a regulated European market, stating the various classes of shares, the rights and obligations conferred by each class of share, and the percentage of share capital they represent, as appropriate.**

As at December 31st 2010 the share capital of Fluidra, S.A. (hereinafter called "Fluidra") amounted to 112,629,070 Euros is divided into 112,629,070 ordinary shares of the same class and series, with a nominal value of one euro each, fully subscribed for and paid up. The shares confer the same rights on their holders.

- b) **Restrictions on the transferability of shares.**

The Company's Articles of Association do not impose any restrictions on the transferability of shares.

Article 6 of the Articles of Association provides that the Company's shares are represented by means of book entries. Shares may be transferred by any means permitted by law, depending on the nature of the shares, and subject to the legal requirements applicable to the transfer of shares represented by book entries.

Notwithstanding the foregoing, in accordance with Article 81.2. LMV and Article 4 of the Internal Code of Conduct, those persons that hold insider information are to refrain from preparing or performing, directly or indirectly, on their own behalf or on behalf of a third party, any transaction on the Company's negotiable securities or financial instruments. In addition, those subject to the Internal Code of Conduct of Fluidra are to refrain from buying or selling the Company's negotiable securities or financial instruments during the following periods of restricted action:

- (i) during the fifteen days prior to the estimated date of publication of quarterly, six-monthly and annual interim results that the Company is required to submit to the Comisión Nacional del Mercado de Valores ("CNMV") and to the Stock Exchanges' Governing Bodies up until their general publication;
- (ii) upon receiving information on proposals for the distribution of dividends, capital increases or reductions, or the issue of convertible Company shares, up until their general publication; and
- (iii) upon receiving any other relevant information, as defined in the Internal Code of Conduct, until such information is disclosed or made available to the public.

In accordance with the provisions of Article 5.3 of the Internal Code of Conduct, negotiable securities cannot be sold by the Persons Subject to the Internal Code of Conduct of Fluidra on the same day that the purchase is completed.

(Continued)

FLUIDRA, S.A.

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**Significant direct or indirect shareholdings.**

Below is a list of significant interests held in the share capital of Fluidra, which have been notified to the Company for an amount equal to or greater than 3% of the share capital or voting rights as at December 31st 2010:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights.*	% of total voting rights
DISPUR, S.A	13,673,714	10,000	12,149
Don Juan Planes Vila	10,000	13,685,534	12,160
EDREM, S.L.	15,204,914	0	13,500
Don Bernat Corbera Bros	99,213	15,204,914	13,588
BOYSER, S.R.L	15,905,405	0	14,122
ANIOL, S.L.	10,198,892	0	9,055
Don Robert Garrigós Ruiz	0	10,198,892	9,055
BANSABADELL INVERSIÓ DESNVOLUPAMENT, S.A.	10,891,053	0	9,670
GRUPO CORPORATIVO EMPRESARIAL DE LA CAJA DE AHORROS Y M.PIEDAD DE NAVARRA	9,009,064	0	7,999
CAJA DE AHORROS Y M. PIEDAD DE NAVARRA	0	9,009,064	7,999
BESTINVER GESTIÓN, S.A. SGCIIC	0	5,315,054	4,719
AVIVA INTERNATIONAL, HOLDING LIMITED (AIHL)	0	3,386,650	3,007
Don Albert Costafreda Jo	0	3,477,399	3,087

\*Through

(Continued)



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Name or company name of the indirect shareholder	Name or company name of the direct shareholder	Number of direct voting rights	% of total voting rights
Don Juan Planes Vila	DISPUR, S.L.	13,685,534	12,151
Don Bernat Corbera Bros	EDREM, S.L.	15,204,914	13,500
Don Robert Garrigós Ruiz	ANIOL, S.L.	10,198,892	9,055
BANC DE SABADELL	BANSABADELL INVERSIÓ I DESNVOLUPAMENT, S.A.	10,891,053	9,670
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	GRUPO CORPORATIVO EMPRESARIAL DE LA CAJA DE AHORROS Y M. PIEDAD DE NAVARRA	9,009,064	7,999

**c) Restrictions on voting rights.**

There are currently no statutory or company by-law restrictions on the exercise of voting rights.

**d) Shareholder agreements.**

Fluidra is aware of the existence of a shareholder agreement entered into by its majority shareholders, i.e. Dispur, S.L., Aniol S.L., Boyser, S.L., Edrem S.L. and Bansabadell Inversió Desenvolupament, S.A.U. on September 5th 2007, in order both to define their control over Fluidra with regard to their voting rights and to syndicate a number of share transfers between them. The shareholder agreement is for a maximum term of 7 years from the date of admission to listing of Fluidra's shares, but the provisions relating to the syndication of votes are valid for a period of 4 years from the above-mentioned date.

The most significant provisions of the shareholder agreement are listed below:

- (i) Syndication of votes: The parties to the shareholder agreement undertake to exercise their voting rights in Fluidra's general meetings in the direction set by the syndicate body designated in the agreement, under the name of 'assembly'.

Any resolution adopted by the assembly requires the affirmative vote of syndicated shareholders representing 50% or more of the voting rights of syndicated shares. Notwithstanding the above, certain resolutions require a reinforced majority (70%) or unanimity (a specially reinforced majority).

A reinforced majority (i.e. the affirmative vote of at least 70% of the voting rights of syndicated shares) is required to pass resolutions in the following areas among others: (i) amendments to the articles of association resulting in a capital increase or reduction, except those requiring a specially reinforced majority as set out below; creation of shares without voting rights; modifying the nominal value of the shares; replacing or altering the Company's corporate objects, etc.; (ii) changes to the management system, or in the number, appointment, removal or membership of Board members; (iii) issue of bonds and any other debt instruments or securities that can be converted into shares; (iv) creation of stock option plans for Fluidra directors or employees; and (v) authorising the Company to carry out transactions with its own shares, up to a maximum limit of 2%.

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A specially reinforced majority (i.e. unanimity of the voting rights of syndicated shares) is required to pass resolutions in the following areas among others: (i) amendments to the articles of association resulting in a capital increase of more than 10% of Fluidra's share capital on the date immediately preceding the date of the capital increase; (ii) transformation, merger, spin-off, etc.; (iii) exclusion from public listing of Fluidra's shares; and (iv) approval of transactions with Fluidra's own shares above the 2% limit.

- (ii) Restrictions on the transfer of shares: The agreement prevents shareholders from selling or otherwise transferring the shares covered by the agreement for a period of 4 years from the date of admission to listing of Fluidra's shares, subject to certain exceptions to this limitation.

On expiry of the said 4-year period and until the termination of the agreement, the non-transferring syndicated shareholders have a right of first refusal in the event of sale of the shares subject to the agreement.

- (iii) Membership of governing bodies: The agreement includes a clause relating to the number of members and the membership of some of Fluidra's governing bodies.

- (iv) Non-competition: The agreement imposes a non-compete obligation on syndicated shareholders, whereby these undertake not to compete with Fluidra during a period of 4 years from the date of admission to listing of Fluidra's shares, unless they receive prior written consent from Fluidra.

These majority shareholders, i.e. Dispur, S.L., Aniol S.L., Boyser, S.L., Edrem S.L. and Bansabadell Inversió Desenvolupament, S.A.U. owners of more than 53% of shares in Fluidra, S.A. have agreed the extension of the shareholders agreement mentioned in this paragraph. The amendment and extension of that agreement states the will of these shareholders to define jointly its position not only when exercise their voting rights but in any transfer of shares as well.

**e) Rules applicable to the appointment and removal of the members of the management body and amendments to the articles of association.**

• Appointment and removal of the members of the Board of Directors

Members of the management board are appointed by the General Meeting or, on a temporary basis, by the Board of Directors, as provided for by the Spanish Companies Act and the Articles of Association.

Article 17.1 of the Regulations of the Board of Directors provides that directors are appointed (i) upon proposal by the Appointments and Remuneration Committee in the case of independent directors, and (ii) upon submission of a report by the Appointments and Remuneration Committee in the case of other directors; by the Shareholders in General Meeting or by the Board of Directors in accordance with the requirements of the Spanish Companies Act.

With respect to external directors, Article 18 of the Regulations of the Board of Directors of the Company requires the Board of Directors to ensure that all external directors have excellent track records, skills and experience, and that special care is taken when covering the independent director positions as provided for in Article 6 of these Regulations.

The period of time for which Directors are appointed may not exceed six years. Directors may be re-elected once or more times for successive terms of equal length.

According to Article 19 of the Regulations of the Board of Directors of the Company, the Board of Directors must evaluate, with the interested parties' abstention, the quality of the work and commitment of the proposed directors during their previous term of office before making any recommendations to the Shareholders in General Meeting in relation to the re-appointment of Directors.

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Article 21.1 of the Regulations of the Board of Directors requires that Directors be removed upon expiration of the term of office for which they were appointed or when so ordered by the Shareholders in General Meeting, in exercise of the powers granted to them by law or by the Articles of Association.

In accordance with Article 21.2 of the Regulations of the Board of Directors, directors are required to offer their resignation to the Board of Directors and, if the Board considers it appropriate, resign from their post in any of the following cases: a) Upon termination of any executive employment linked to their appointment as directors; b) When affected by any of the causes of incompatibility or legal prohibition established by law; c) If they are severely reprimanded by the Board of Directors for having breached their obligations as directors; d) If their remaining on the Board is likely to pose a risk or harm the best interests, credit rating or reputation of the Company or when the reasons for which they were initially appointed no longer apply; e) The maximum term for independent directors is 12 consecutive years, after which time they shall resign their positions; f) In the case of representatives of major shareholders (i) when the shareholder in question sells its equity stake; and similarly (ii) If the number of shares held by the relevant shareholder is reduced to the extent that the number of Directors representing major shareholders must also be reduced.

Article 21.3 of the Regulations of the Board of Directors provides that any director resigning for any reason prior to the expiration of their term of office shall provide all members of the Board with the reasons for their resignation in writing.

The Board of Directors shall propose the removal of an independent director prior to the expiration of their term of office for just cause, as reflected in a report prepared by the Appointments and Remuneration Committee. Particularly, just cause shall be understood to exist if the director fails to comply with the obligations inherent in his position or is subject to any of the causes of incompatibility described in the definition of independent director as established in the applicable recommendations of good corporate governance.

- Amendments to the Articles of Association

In accordance with Article 5 of the Regulations of the Company's General Meeting of Shareholders, the General Meeting, among others, has the power to amend the Articles of Association.

**f) Powers delegated to members of the Board of Directors and, in particular, those relating to the power to issue or buy back shares.**

Mr Eloy Planes Corts, a director, has been given all of the powers conferred on the Board by the Articles of Association, except for those which cannot be delegated by Law.

Furthermore, the Company's Ordinary General Meeting of Shareholders held on June 2<sup>th</sup> 2010 authorised the Board of Directors to carry out, according to the article 75 and other linked articles of the Spanish Companies Act, directly or indirectly, the derivative acquisition of its own shares, with express authorisation of reducing the share capital to amortize own shares, granting to the Board of Directors the necessary faculties for the execution of the agreements taken by the General Meeting of Shareholders in this respect, leaving without effect the authorisations agreed by the Company's General Meeting held in June 5<sup>th</sup>. 2009 and also authorised the Board of Directors to use its own shares to comply and execute the retribution plan designed for members of management.

The Board of Directors agreed in his meeting held in April 27<sup>th</sup>. 2010 authorise to the Managing Director, Mr. Eloy Planes Corts, to carry out the derivative acquisition of its own shares up to a maximum number of shares that can not reach the 4% of the share capital of the company.

**g) Significant agreements entered into by the Company and which come into force or are amended or terminated as a result of a change of control of the company following a public takeover bid, and its effects, except where the disclosure of such agreements may cause serious harm to the company. This exception will not apply where the company is legally obliged to publicise this information.**

The Company has not entered into any agreements that come into effect or are amended or terminated as a result of a public takeover bid.

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i) Agreements entered into between the company and directors, managers or employees that are entitled to compensation if they resign or are dismissed unfairly or if their employment relationship is terminated as a result of a public takeover bid.

Except for the Managing Director and General Managers, the Company has not made any arrangements other than those provided for in the Workers' Statute or the Senior Management Decree 1382/1985, which provide for the payment of compensation where a senior manager resigns or is dismissed unfairly, or where the employment relationship is terminated as a result of a public takeover bid.

In the case of the Managing Director and General Managers, has been granted a compensation package for an amount greater than that provided for by the above-mentioned regulations, including among others, in the event of unfair dismissal.

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## A. OWNERSHIP STRUCTURE

### A.1 Complete the following table on the company's share capital.

Last update	Share capital (€)	Number of shares	Number of voting rights
30.3.2006	112,629,070.00	112,629,070.00	112,629,070

There is only one class of share and, therefore, none of the shares have additional rights.

### A.2 Specify the direct and indirect holders of significant shares in your company at the closing date of the financial year, excluding the Directors:

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights.*	% over the total voting rights
BOYSER S.R.L	15.905.405	0	14,122
Bernat Corbera Bros	99.213	15.204.914	13,588
EDREM S.L	15.204.914	0	13,500
DISPUR S.L	13.673.714	10.000	12,149
ANIOL S.L	10.198.892	0	9,055
Robert Garrigós Ruiz	0	10.198.892	9,055
BESTINVER GESTION SA SGIIC	0	5.315.054	4,719
AVIVA INTERNATIONAL HOLDING LIMITED (AHL)	0	3.386.650	3,007
ALBERT COSTAFREDA JO	0	3.477.399	3,087

\*Through :

Name of the indirect shareholder	Name or corporate name of the direct shareholder	Number of direct voting rights	% over the total voting rights
BERNAT CORBERA BROS	EDREM S.L	15.204.914	13,500
ROBERT GARRIGOS RUIZ	ANIOL S.L	10.198.892	9,055

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Specify the most significant transactions that have taken place during the year in the shareholding structure:

A.3. Complete the following tables regarding the members of the company's Board of Directors who hold shares in the company.

Name or corporate name of the director	Number of direct voting rights	Number of indirect voting rights *	% over the total voting rights
Juan Planes Vila	10.000	13.685.534	12,160
Eloy Planes Corts	61.121	0	0,054
Bansabadell Inversió Desenvolupment, S.A. represented by Mr. Carlos Ventura Santamans	10.891.053	0	9,670
Bernardo Corbera Serra	202.243	0	0,180
Grupo Corporativo Empresarial de la Caja de Ahorros y M.Piedad de Navarra	9.009.064	0	7,999
Bernat Garrigós Castro	13.254	0	0,012
Richard J. Cathcart	13.450	0	0.012

Through\*:

Name or corporate name of the direct shareholder	Number of direct voting rights	% over the total voting rights
DISPUR, SL	13.685.534	12,151

% of total voting rights held by the Board of Directors	30,086
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Complete the following tables regarding the members of the company Board of Directors who own rights over company shares:

Name or corporate name of the director	Number of direct option rights	Number of indirect rights	Number of equivalent shares	Total % of voting rights
ELOY PLANES CORTS	13.333	0	13.333	0.012

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**A.4. If applicable, state whether there are any relationships of a family, commercial, contractual or business nature between the significant shareholders that are known to the Company, unless such relationships are of little relevance or are the result of the ordinary line of business.**

Name or company name related	Relationship	Briefly description
EDREM S.L and BOYSER S.R.L.	Familiar	

**A.5. If applicable, state whether there are any relationships of a family, commercial, contractual or business nature between the significant shareholders and the the Company and/or the group, unless such relationships are of little relevance or are the result of the ordinary line of business.**

N/A

**A.6. Specify whether the company has been notified of any agreements made by shareholders that may affect it in accordance with the provisions of Article 112 of the Spanish Stock Market Act. If applicable, give a brief description and list the shareholders related to the agreement.**

On September 5<sup>th</sup> 2007 a syndication agreement was signed. It had the following features:

Intervening parties in the shareholders' agreement	% of capital affected	Brief description of the agreement
Mr Juan Planes Vila on behalf of Dispur, S.L; Mr Robert Garrigós Ruiz on behalf of Aniol, S.L; Mr Óscar Serra Duffo on behalf of Boyser, S.L; Mr Bernardo Corbera Serra on behalf of Edrem, S.L; Mr Carles Ventura Santamans on behalf of Bansabadell Inversió Desenvolupament, S.A.U	<hr/> <b>Total 54.5000%</b> <hr/> <hr/>	<p>It aims to regulate voting rights over four (4) years as of the date Fluidra shares are listed on the market. It likewise aims to regulate the limitations imposed on the free transfer of Syndicated Shares.</p> <p>In accordance with the law, all of the terms that must be adopted at the Fluidra General Shareholders Meeting are excluded from this Agreement.</p>

The shareholders Boyser, Edrem, Dispur, Aniol and Bidsa, owners of more than 53% of the shares in Fluidra, have agreed the extension of the abovementioned agreement. This extension express the will of those shareholders to define jointly its position in relation to their voting rights and the transfer of shares in Fluidra.

This Shareholders' Agreement has been notify to the CNMV as "acción concertada"

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**A.7. Specify whether any individual or legal entity exists that exercises or has the power to exercise control over the company in accordance with Article 4 of the Stock Market Act. If applicable, please specify:**

YES

NO X

**A.8. Fill in the following tables regarding the company's treasury stock:**

**At the close of the financial year:**

Number of directly owned shares	Number of indirectly owned shares	Total % of share capital
2.604.842	0	2,313

**Specify any significant variations that have taken place during the year, under the provisions of Royal Decree 1362/2007:**

Plusvalua / Minusvalía=-3

**A.9. Detail the conditions and deadline of authorisation by the Board of Directors to execute acquisitions or transfers of own shares:**

At the Annual General Meeting held on 2<sup>nd</sup> June 2010, the resolution authorising the Company to carry out the derivative acquisition of own shares, directly or through group companies, was unanimously approved with the express power to reduce share capital in order to redeem own shares, delegating to the Board of Directors the powers necessary for the implementation of the resolutions adopted by the General Meeting regarding this matter (leaving the previous authorisation ineffective) and authorisation to (if applicable) apply the portfolio of own shares to cover the execution or coverage of payment systems.

During the meeting of the Board of Directors held on 27<sup>th</sup> April 2010, the Board decided to empower the Managing Director to acquire treasury stock up to a limit of 4% of the share capital.

**A.10. Specify, if applicable, the legal and statutory restrictions pertaining to exercising voting rights, as well as any legal restrictions on the acquisition or transfer of shares in the share capital:**

**Specify whether there are any legal restrictions on the exercise of voting rights:**

YES

☐

NO

☒

The Share Syndication Agreement signed on September 5<sup>th</sup> 2007 reflects the wish of the Syndicated Shareholders to define their overall position of control over Fluidra, both in terms of exercising their voting rights and in syndicating certain share transfer operations between themselves.

None of the Syndicated Shareholders may sell, transfer, assign, encumber or in any other way dispose of the Syndicated Shares. The same applies to the transfer of the inherent political and economic rights of the Syndicated Shares during the initial four- (4) year Syndication Period.



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Specify whether there are any legal restrictions on the purchase or transfer of shares in the share capital:

☒ YES☐ NO**Description of the legal restrictions on the purchase or transfer of shares in the share capital**

Under the provisions of Article 81.2 of the Stock Market Act, any Liable Individuals that are party to any kind of Privileged Information, "may not prepare or perform, directly or indirectly, whether in person or through third parties, any kind of transaction on the Company's Negotiable Securities and Financial Instruments".

Liable Individuals may not purchase or sell Negotiable Securities or Financial Instruments while the restriction periods are in force, that is:

- (iv) In the fifteen days prior to the estimated date of publication of the quarterly, six-monthly and annual forecast statements that the Company is obliged to submit to the Spanish Securities Commission and the Governing Bodies of the Stock Exchange, and until its general publication.
- (v) From the time that any information is made available until its general publication about proposals on the distribution of dividends, capital increases or decreases, of the issue of the Company's convertible securities.
- (vi) From the time any other Relevant Information is made available until it is officially released or becomes public knowledge.

In accordance with the provisions of Article 5.3 of the Internal Regulations on Conduct, negotiable securities may not be sold on the same day on which a purchase transaction takes place.

Subsequent to approval by the CEO, the Director of the Company's Legal Department may decide to either prohibit Liable Individuals from entering into transactions involving Negotiable Securities and Financial Instruments or to make such transactions mandatorily subject to his prior authorisation over the time that he sees fit, when circumstances so require. Under these circumstances, the CEO will be responsible for authorising any personal transactions the Director of the Legal Department may wish to conduct that involve Negotiable Securities and Financial Instruments.

A.11. Specify whether at the General Shareholders Meeting it was agreed to adopt neutralisation measures with regard to a takeover bid as provided for under Act 6/2007.

YES

☐

NO

☒**COMPANY MANAGEMENT STRUCTURE****B****B.1. Board of Directors**

B.1.1. Specify the maximum and minimum number of directors foreseen in the articles of association:

Maximum number of directors	15
Minimum number of directors	5

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**B.1.2. Fill in the table below with the appropriate information about the members of the Board:**

Name or company name of the director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
Mr Joan Planes		Chairman	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Eloy Planes		CEO and Member	31.10.06	31.10.06	Unanimous decision at General Shareholders Meeting.
Mr Bernat Garrigós		Deputy Secretary	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Oscar Serra Duffo		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Bernardo Corbera Serra		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Bansabadell Inversio Desenvolupament, SA	Mr Carles Ventura Santamans	Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Richard Cathcart		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Kam Son Leong		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.

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Mr Juan Ignacio Acha-Orbea Echeverría		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Grupo Corp. Emp. de la Caja de ahorros y Mont Piedad de Navarra	Mr. Eduardo Milagro López	Member	05.06.09	05.06.09	Unanimous decision at General Shareholders Meeting.

Total number of Board Members	10
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Specify the resignations tendered from the Board of Directors over the last year:

B.1.3. Fill in the tables below with the appropriate information about the members of the Board and their positions.

EXECUTIVE DIRECTORS

Name or company name of the director	Authority by which appointment made	Position on the company organisation chart
Eloy Planes Corts	N/A	CEO

Total number of Executive Directors:	1
% of the Board	10.00%

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EXTERNAL DIRECTORS REPRESENTING CONTROLLING SHAREHOLDERS

Name or company name of the director	Authority by which appointment made	Name or company name of the significant shareholder represented or that proposed the appointment
Mr Juan Planes	N/A	DISPUR,S.L.
Mr Bernat Garrigós	N/A	ANIOL, SL.
Mr Oscar Serra Duffo	N/A	BOYSER, SL
Mr Bernardo Corbera Serra	N/A	EDREM, SL
Bansabadell Inversio Desenvolupament, SA	N/A	BANSABADELL DESENVOLUPAMENT, SAU
Grupo Corp. Emp. de la Caja de ahorros y Monte de Piedad de Navarra	N/A	Grupo Corp. Emp. de la Caja de ahorros y Monte de Piedad de Navarra

Total number of external directors representing controlling shareholders	6
% of the Board	60,000%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of the director	Profile
Mr Richard J. Cathcart	<p>Born in Washington (USA) on 28 September 1944. He became a pilot with an engineering degree in the United States Air Force.</p> <p>From 1975 to 1995, he held a number of management positions in Honeywell Inc.</p> <p>In 1996 he was appointed manager head of Pentair Water Businesses (Minneapolis, USA), within the company Pentair.</p> <p>From 2005 until the current year, 2007, he held the post of deputy chairman of the Board of Directors of Pentair (Minneapolis, USA), where he handled international operations and business development.</p> <p>In September 2007, Mr. Cathcart was appointed to the Board of Directors of Watts Water Technology where he continues to serve.</p>
Mr Kam Son Leong	<p>Born in Selangor (Malaysia), on 27 January 1955. Graduated with Master Degree in mechanical engineering from Iowa State University in the United States.</p> <p>In the year 2000 he was appointed president of Asia/ Pacific of York International Corp., a Fortune 500 company listed at the NYSE. He performed said post until end 2004, handling the strategies of finance, business development and execution of business plan..</p> <p>From 2005, he joined J. W. Childs, a private equity company headquartered in Boston.</p> <p>He is a also board member in the following companies: Vast Lava, Pro-Logic, HL Partners, Deluxe International, and Chairman of Henan ADD Electric Power Equipment, LTD.</p>
Mr Juan Ignacio Acha-Orbea Echeverría	<p>Born in San Sebastián on 1 July 1956. <u>He graduated in Economic Sciences from the Universidad Complutense of Madrid and earned a Masters in Business Administration from IESE Business School.</u></p> <p>From 1982 until 1986 he was the Manager of the company Chemical Bank, in Madrid and in New York.</p> <p>From 1986 until 1989, he carried out the post of Director of Variable Income and Investment Funds for the entity Bankinter.</p> <p>From 1989 until 2003 he was General Manager and Chairman of BBVA Bolsa, S.V.</p> <p>From 2003 until 2006 he formed part, as independent director, of the Board of Directors of</p>

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	the listed company TPI Páginas Amarillas. Furthermore, in the year 2003, he was appointed Chairman of the company Equity Contraste Uno, post which he continues to exercise at present.
--	--

Total number of independent Directors	3
% of the Board	30,000 %

OTHER EXTERNAL DIRECTORS:

NONE

If applicable, specify the changes that have occurred over the past year in the duties performed by each director:

Not applicable

B.1.4.: Explain, if applicable, the reasons why external directors representing controlling shareholders were appointed at the request of the shareholders who own less than 5% of the capital: Not applicable.

Specify whether any formal requests to attend board meetings have been ignored if such requests have been made by shareholders who own the same number or more shares as others and at whose request external directors representing controlling shareholders directors would have been appointed. If applicable, explain why these requests were ignored.

YES ☐ NO ☒

B.1.5: Specify whether any directors have resigned from their posts before the end of their mandate. Give the reasons that were given for doing so and through which means of communication. If such resignations were tendered in writing to the Board, set out the reasons given for doing so below.

NOT APPLICABLE

B.1.6. If applicable, specify the duties that are delegated to the CEO.

The current CEO, Mr Eloy Planes, has delegated all duties on a permanent basis that are delegable according to the Law.

B.1.7 If applicable, specify the members of the Board who act as directors in other companies that form part of the group if the listed company.

NAME OF THE DIRECTOR: ELOY PLANES CORTTS

Company	Position
Astral Nigeria, Ltd.	Director
Astral Italia, S.P.A.	Director
Astral Bazenove Prislusentsvi, S.R.O.	Director

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Company	Position
Astral India Private, Limited	Director
Fluidra Singapore, Pte Ltd.	Director
Certikin International, Limited	Director
AP Immobiliere	Director
Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Director
Cepex USA, Inc.	Director
Zao Astral, SNG	Director
Fluidra Polska, S.A.	Director
Astral Pool México, S.A. de C.V.	Director
Astral Scandinavia AS/	Director
Fluidra Magyarország Kft.	Director
Fluidra USA, Inc.	Director
Fluidra Chile, Sociedad Anónima Cerrada	Director
Fluidra Deutschland GmbH	Director
Fluidra Hellas	Director
Fluidra Balkans JSC	Director
Moderne Wassertechnik AG (MTH)	Director
Catpool, S.A. de C.V.	Director
Astral pool UK, Limited	Director
Fluidra Tr Sv Ve Havuz Equipmanlari AS	Director
Fluidra Industry, S.A.U.	Director
Fluidra Commercial, S.A.U.	Director
Inmobiliaria Swim 38, S.L.U.	Director
Swimco Corp, S.L.U.	Director
Fluidra Cyprus, Ltd	Director
Inquide Italia, SRL	Director
Cepex, S.R.L.	Director
Certikin Italia, Spa	Director
Astral Pool Thailand, Co., Ltd	Director
Fluidra Thailand, Co., Ltd	Director
Fluidra South Africa, Pty, Ltd	Director
Fluidra Malaysia	Director
Astral Pool Switzerland, S.A.	Director
Dispreau, G.I.E.	Director

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**B.1.8. If applicable, provide details about the directors of the company who sit on the Board of Directors of other officially listed companies in Spain that do not belong to your group and about which the company has been officially notified: N/A**

**B.1.9. Specify and, if applicable, provide details about whether the company has established rules on the number of boards on which your directors may sit:**

Yes X      No

It is not necessary to limit the number of boards on which directors may be a member. The evaluation of his duties as Directors is enough control.

- In case of no conflict the Director will notify to the Secretary of the Board his intention of being a member of another board. The Secretary will inform the President of the Board, CEO and the Legal Department of Fluidra.
- In case of conflict, to be able to be appointed as Director of another Company it will be necessary to ask for the consent of Fluidra through the Secretary of the Board.

**B.1.10. With regard to recommendation number 8 in the Unified Code of Corporate Governance, describe the company's general policies and strategies that may only be approved at plenary Board meetings.**

	YES	NO
Investment and financing policies* unless they correspond to the General Shareholders' Meeting	x	
The definition of the group's corporate structure	x	
Corporate governance policies	x	
Policies on corporate liability	x	
The strategic or business plan, management goals and annual expenditure	x	
Policies on remuneration and the assessment of the performance of senior management	x	
Policies on risk management, the regular monitoring of internal information and control systems	x	
Policies on dividends and treasury stock, with particular regard to the thresholds of such	x	

**B.1.11 Fill in the tables below with details about the aggregate remuneration of the Board members accrued over the year:**

In the company that is the subject of this report:

Remuneration category	Figures in thousands of euros
Fixed remuneration	1,043
Variable remuneration	132
Travelling expenses	80



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<b>Statutory business</b>	0
<b>Stock options and/or other financial instruments</b>	0
<b>Other</b>	0
<b>TOTAL:</b>	1,255

Other benefits	Figures in thousands of euros
<b>Advances</b>	-
<b>Loans granted</b>	-
<b>Pension Funds and Plans: Contributions</b>	-
<b>Pension Funds and Plans: obligations incurred</b>	-
<b>Life insurance premiums</b>	4
<b>Guarantees provided by the company to the directors</b>	-

b) In other companies in which the directors sit on the board and/or in other companies in the group in which they perform senior management tasks:

Remuneration category	Figures in thousands of euros
<b>Fixed remuneration</b>	--
<b>Variable remuneration</b>	--
<b>Travelling expenses</b>	-
<b>Statutory business</b>	-
<b>Stock options and/or other financial instruments</b>	-
<b>Other</b>	-
<b>TOTAL:</b>	--

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Other benefits	Figures in thousands of euros
Advances	-
Loans granted	-
Pension Funds and Plans: Contributions	-
Pension Funds and Plans: obligations incurred	-
Life insurance premiums	-
Guarantees provided by the company to the directors	-

c) Total remuneration by category of director:

Category of director	By company	By group
Executive	432	
External directors representing controlling shareholders	547	
External Independent	276	
Other External	0	
Total	1.255	0

d) In comparison with the profits derived from the parent company:

Total remuneration for directors (in thousands of euros)	1.255
Total remuneration for directors/profits derived from the parent company (expressed in %)	7,9%

B.1.12 Name the members of the senior management that are not executive directors, and state their total accrued remuneration over the year:

Name or company name	Post
Mr Jaume Carol	General Manager for Operations
Mr Xavier Tintoré	General Manager for Corporate and Financial Affairs
Mr Pere Ballart	Business Unit Manager
Mr Amadeu Serra	Business Unit Manager
Mr Carles Franquesa	Business Unit Manager
Mr Ignacio Elburgo	Business Unit Manager

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Total remuneration for senior management (in thousands of euros)	1.322
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**B.1.13 In aggregate terms, state whether there are any guarantee or protection clauses in the case of dismissal or changes of control for senior management, including executive directors, of the company or the group. State whether the company or the group's governing bodies must be notified and/or approve such contracts:**

Number of beneficiaries	7
-------------------------	---

	Board of Directors	General Meeting
Body that approves the clauses	YES	

	YES	NO
Is the General Meeting informed about the clauses?		x

**B.1.14 Describe the process for establishing the remuneration of the members of the Board of Directors and the related clauses in the articles of association:**

<p align="center"><b>Process for establishing the remuneration of the members of the Board of Directors and the related clauses in the articles of association</b></p>
<p>Article 44 of the Articles of Association establishes that the remuneration of the members of the Board will consist of a specific annual emolument and a fee for attending the meetings of the Board of Directors and of its delegate and consulting committees. The maximum amount the Company may pay in remunerations to the Board members as a whole for the two items shall be determined by the General Shareholders Meeting. This amount may not be modified unless approved by the latter. The exact amount to be paid within this limit, its distribution to the various Board members and the payment schedule shall be set by the Board of Directors as it deems fit. The amount to be paid to the individual Board members shall be based on their actual professional performance.</p> <p>In addition to the remuneration set out in the above section, systems are to be put in place whereby remunerations are either linked to Company's share price or the various Directors are given shares or share purchase options. The application of these remuneration systems must be approved by the General Shareholders Meeting, which, if applicable, shall determine the value of the shares that are to be taken as a reference, the number of shares to be given to each Board member, the strike price, the length of time this remuneration system is to be in place and other conditions it may deem fit.</p> <p>The remunerations described in the above sections that apply to the Board members shall be compatible with other professional fees and earnings to which they are entitled for any other executive or consultancy duties they may perform for the Company other than those of a supervisory and decision-making nature that are inherent to their status as Board members, which shall be subject to the legal framework that applies.</p>

State whether the following decisions are taken at plenary Board meetings:

	Yes	No
At the proposal of the company's most senior executive, appointments and dismissals of senior management, and the conditions of severance pay.	x	
The remuneration of directors and, in the case of executives, bonuses for carrying out their executive duties and other contractual conditions that must be respected.	x	

**B.1.15** State whether the Board of Directors approves a detailed breakdown of retributions and specify the matters on which it has a say:

Yes x

No ☐

	Yes	No
Amount of fixed expenditure, with a breakdown, if applicable, of expenses for Board and Committee members, and an estimate of the fixed annual remuneration to which they give rise.	x	
Remuneration items of a variable nature.	x	
Main characteristics of payment forecast systems, with an estimate of the amount involved or the annual equivalent cost.	x	
Conditions that must be met by the contracts of senior managers, such as executive directors.	x	

**B.1.16** State whether a report on the remuneration policy for company directors is put to the vote by the Board at the General Meeting as a separate item on the agenda and for the purposes of consultation. If applicable, explain the aspects in the report that deal with the remuneration policy that has been passed by the Board for future application, the most significant changes to such policies over the past year and a general summary of how the remuneration policy was applied during the year. Give details of the role played by the Remuneration Committee and state whether external advice has been sought and name the external consultants who have provided such services:

Yes x

No ☐

Matters dealt with in the report on the remuneration policy
General principles of the remuneration policy
General principles of the remuneration policy for Board Members

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Remuneration system for Executive Directors
Remuneration system for Non-executive Directors

Role played by the Remuneration Committee
Drawing up of the Remunerations Report

	Yes	No
Has external advice been sought?		
Name of external consultants		

**B.1.17** If applicable, name the members of the Board who are Directors of Boards, senior managers or employees of other companies and who also hold significant shares in the listed company and/or other organisations in the group:

Name or company name of the Board member	Company name of the significant shareholder	Post
MR JUAN PLANES VILA	DISPUR, S.L.	PRESIDENT
MR ELOY PLANES CORTS	DISPUR, S.L.	DIRECTOR
MR ELOY PLANES CORTS	ESTAM-HARITZ, S.L.U.	DIRECTOR
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A. (Mr. Carles Ventura)	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.	POWER ATTORNEY GRANTED OF
MR BERNAT CORBERA SERRA	EDREM, S.L.	CEO
MR OSCAR SERRA DUFFO	BOYSER, S.L.	EXECUTIVE PRESIDENT
MR BERNAT GARRIGÓS CASTRO	ANIOL, S.L.	CEO
GRUPO CORP. EMP. DE LA CAJA DE AHORROS Y M.P. DE NAVARRA (Mr. Eduardo Milagro López)	GRUPO CORP. EMP. DE LA CAJA DE AHORROS Y M. P. DE NAVARRA	Resp. Análisis de la corporación empresarial

If applicable, describe any relevant relationships, other than those specified in the above section, that the members of the Board of Directors may have with any of the significant shareholders and/or organisations in the group:

**B.1.18. State whether any changes have been made to the Board's regulations over the past year:**

Yes

No ☒

**B.1.19. Describe the procedures for the appointment, re-election, assessment and removal of directors. Provide details about the responsible bodies, the procedures to be followed and the criteria to be applied in each of the procedures.**

Article 36 of the Articles of Association sets out the following:

The Board of Directors shall be composed of a number of members, which shall not be less than five (5) or greater than fifteen (15). The members shall be determined by the General Meeting.

The General Meeting of shareholders is responsible for setting the number of directors. For this purpose, it shall proceed directly to set said number by means of an express decision or indirectly by the filling of vacancies or the naming of new directors, within the maximum limit set in the preceding paragraph.

The General Meeting must ensure that, insofar as is possible, the number of outside or non-executive members on the Board is a substantial majority with respect to the number of executive members. The number of executive members must likewise be the minimum necessary and must take into account the group's complexity and the proportion of the Company's capital that is held by the executive members. Finally, the Meeting must ensure that the number of independent members represents at least one-third (1/3) of the total number of members.

The definitions of the various categories of members shall be those set forth in the corporate-governance recommendations that are applicable at any time.

In the event that there is any outside member who cannot be considered to represent the controlling shareholders or to be independent, the Company shall explain this circumstance and the relationship that this member has, whether that be with the Company, its executives or its shareholders.

The nature of each member must be explained by the Board before the General Meeting of Shareholders that is to appoint them or ratify their appointment.

Appointment of Directors:

- Pursuant to Article 17.1 of the Board's Regulations, directors shall be put forward (i) at the suggestion of the Appointments and Remuneration Committee, in the case of independent directors; and (ii) subsequent to a report by the Appointments and Remuneration Committee in the case of all other directors. Directors shall be appointed by the General Meeting or the Board of Directors in accordance with the provisions of the Public Limited Companies Act.

- With regard to external directors, Article 18 of the Board's Regulations sets out that the Board of Directors must endeavour to ensure that candidates are solvent, competent and have proven experience. These conditions will be strictly upheld in the case of calls to cover the position of independent director, as provided for under Article 6 of the Regulations.

Re-election of Directors:

- Article 19 of the Board's Regulations only establishes that before proposing the re-election of directors to the General Meeting, the Board shall assess the quality of work and the dedication the proposed candidates have displayed in their previous mandates. Pursuant to Article 22, the assessment shall be made in the absence of the candidates.

Assessment of Directors:

- Article 19 of the Board's Regulations establishes that before proposing the re-election of directors to the General Meeting, the Board shall assess the quality of work and the dedication the proposed candidates have displayed in their previous mandates. Pursuant to Article 22, the assessment shall be made in the absence of the candidates.

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**Removal of Directors:**

- Article 21.1 of the Board's Regulations sets out that directors shall step down from their posts when the period for which they were appointed has terminated, or when the General Meeting so decides should it exercise its legal or statutory powers. This is in accordance with the terms and conditions set out in Article 132 of the Public Limited Companies Act.

**B.1.20. State the circumstances in which directors must step down.**

Pursuant to Article 21.2 of the Board's Regulations, the directors must place their posts at the disposal of the Board of Directors and formalise, if it deems this appropriate, the corresponding resignation in the following cases:

- a) When they step down from the posts as executives that were related to their appointment as directors.
- b) When involved in any legally established circumstances of incompatibility or prohibition.
- c) When seriously warned by the Board of Directors due to having infringed their obligations as directors.
- d) When their permanence on the Board might endanger or prejudice the interests, credit or reputation of the company or when the reasons for which they were appointed disappear (for example, when a external director representing controlling shareholders disposes of their participation in the company);
- e) In the case of independent directors, they may not remain as such for a continuous period of more than twelve years, and therefore once such period has elapsed, they must place their post at the disposal of the Board of Directors and formalise the corresponding resignation.
- f) In the case of external directors representing controlling shareholders; (i) when the shareholder they represent sells in full their shareholding stake, and furthermore (ii) in the number which corresponds, when such shareholder reduces their shareholding stake to a level which requires a reduction in the number of external directors representing controlling shareholders.

- In addition, Article 21.3 sets out that in the case that a director steps down, whether due to resignation or any other reason, before the end of his mandate period, the reasons for doing so must be given in a letter that must be sent to all of the members of the Board.

The Board of Directors may only propose the removal of an independent director before the end of the statutory period if there is a good reason for doing so, which must be assessed by the Board subsequent to submitting a report to the Appointments and Remuneration Committee. It shall specifically be understood that a director may be justifiably removed should he fail to fulfil the duties inherent to his post or should he for any reason become involved in any of the circumstances that independent directors are barred from as described in the recommendations on good corporate governance that are in force at any time.

**B.1.21. Explain whether the duties of chief executive of the company are assigned to the office of the Chairman of the Board of Directors. If so, state the measures that have been taken to limit the risks of accumulation of powers by a sole person:**

Yes

No X

Measures to limit risks

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State and, if appropriate, explain whether rules have been established to empower one of the independent directors to call a meeting of the Board or to include new items on the agenda, to co-ordinate and express the concerns of the external directors and to direct the evaluation by the Board of Directors.

Yes X

No

Measures to limit risks
Article 15.4 of the Regulations of the Board of Directors foresee that, in the event of the Chairman of the Board also being the chief executive of the Company (which does not arise in this case), the Board of Directors will empower one of the independent directors to be able to call a meeting of the Board or include new items on the agenda, and thus be able to co-ordinate and express the concerns of the independent directors and direct evaluation of the Chairman by the Board. Should one or several Vice-Chairmen of the Company have independent director status, the Board will empower any of them so they may perform the duties to which this section refers.

**B.1.22. Are higher majorities required, other than those required by law in any decision making processes?**

Yes

No X

State how the resolutions by the Board of Directors are passed, stating at least the minimum attendance quorum and the type of majorities to adopt the resolutions:

- Pursuant to article 16.4 of the Regulations of the Board of Directors, all the decisions by the Board must be passed by an absolute majority, except in the cases in which the Law, the Articles of Association or those Regulations specifically establish other voting quorums, the resolutions will be passed by absolute majority of the parties attending the meeting. In the event of a draw in the votes, the Chairman will cast the deciding vote.
- Article 16.1 of the Regulations of the Board of Directors establishes that the Board will be validly constituted when attended by at least half plus one of its members, who are present or represented. The directors will do everything possible to attend the meetings of the Board and when unable to attend personally, will grant their representation in writing, specifically for each meeting, to another member of the Board, including the appropriate instructions and a notification to the Chairman of the Board of Directors.

**B.1.23 Explain whether there are specific requisites, other than those concerning the directors, to be appointed as Chairman.**

Yes

No X

Description of the requisites

**B.1.24 State whether the Chairman has a deciding vote:**

Yes X

No

Matters in which there is a deciding vote
In all matters in the event of a draw



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**B.1.25 State whether the Articles of Association or regulations of the Board establish any limit on the age of the directors.**

Yes

No ☒

Limit on the Chairman's age

Limit on the age of a CEO

Limit on the age of a Director

**B.1.26 State whether the Articles of Association or regulations of the Board establish a limited term of office for independent directors:**

X Yes

No

Maximum number of years of term of office

12

**B.1.27 If the number of female members of the board is scarce or null, explain the reasons and the initiatives adopted to correct that situation.**

**Explanation of the reasons and initiatives**

Fluidra's Criteria for the Selection and Appointment of Independent Directors, which were approved by the Board of Directors, state that the Company "in the selection of directors, will take into account gender diversity in order to safeguard Equal Opportunities, as set out in the Equal Opportunities Act (22 March 2007). Likewise, Fluidra shall endeavour to ensure that the members of the Board of Directors are not only chosen on the basis of gender diversity, but also on the basis of diversity in origin, age and professional experience".

In  
partic  
ular,

state whether the Appointments and Remuneration Committee has established procedures so the selection procedures do not suffer from an implicit bias that hinders the selection of female board members, deliberately seeking female candidates who meet the required profile:

Yes ☐No ☒

State the main procedures

**B.1.28 State whether there are formal processes for the delegation of votes on the Board of Directors. If so, describe briefly.**

Article 42 of the Articles of Association sets out the following:

The Board shall be validly constituted when one-half plus one of its members, present or represented, attends the meeting. Representation by proxy shall be made in writing through a letter addressed to the Chairman for each particular meeting and must be in favour of another Board member.

Decisions shall be taken by an absolute majority of those attending the meeting, except in those cases in which the law, these Articles of Association or the Regulations of the Board of Directors have set higher majorities. In the event of a tie, the Chairman's vote shall decide.

Minutes shall be kept of the meetings of the Board of Directors and shall be signed at least by the Chairman or the Vice-chairman and the Secretary or the Deputy Secretary, and shall be transcribed or compiled according to law in a special book of Board minutes.

The minutes shall be approved by the Board of Directors at the end of the meeting or at a subsequent one.

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Article 16.1 of the Regulations of the Board of Directors sets out the following:

Meetings of the Board of Directors shall be validly constituted when at least one half plus one of its members is present or represented. The directors shall make every endeavour to attend all Board meetings and when unable to do so shall designate a proxy in writing. Such proxies shall be members of the Board, specifically designated for one meeting only and issued with instructions for the meeting. The Chairman of the Board of Directors shall be notified of such circumstances.

**B.1.29** State the number of meetings the Board of Directors has held during the financial year. If applicable, also state the number of times the Chairman has not attended Board meetings:

Number of Board meetings	7
Number of Board meetings not attended by the Chairman	0

State the number of meetings of the different committees of the Board held during the year:

Number of meetings of the Executive or Delegate Committee	6
Number of meetings of the Audit Committee	6
Number of meetings of the Appointments and Remuneration Committee	6
Number of meetings of the Appointments Committee	6
Number of meetings of the Remunerations Committee	6

**B.1.30** State the number of meetings the Board of Directors has held during the financial year without it being attended by all its members. The calculation will consider representation without specific instructions as non-attendance:

Number of non-attendances by directors during the financial year	Ø
% non-attendance out of total votes during the financial year	Ø

**B.1.31.** State whether the consolidated individual annual accounts presented to the Board for approval are previously certified:

YES NO X

**B.1.32.** Explain, if any, the mechanisms established by the Board of Directors to avoid the individual and consolidated accounts prepared by it being presented to the General Meeting of Shareholders with qualifications in the auditor's report.

No formal procedure has been established, despite the fact that the Audit Committee must notify the Board of Directors prior to the drawing up of Individual and Consolidated Accounts to ensure they are presented without reservations.

**B.1.33.** Is the Secretary to the Board a director?

No, the Secretary to the Board is not a director.

**B.1.34.** Explain the procedures for the appointment and severance of the Secretary to the Board, stating whether his appointment and removal are reported by the Appointments Committee and approved by the plenary Board meeting:

Appointment and severance procedure
Article 5.1 of the Regulations of the Board of Directors establishes that it will be the remit of the Board to appoint and renew the positions on it.
Pursuant to Article 10 of the Regulations of the Board of Directors and in order to safeguard independence, impartiality and professionalism of the Secretary, his appointment and severance will be reported by the

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Appointments and Remuneration Committee and approved by the plenary meeting of the Board.

The current Secretary to the Board was appointed by the meeting of the Board of Directors held on September 17<sup>th</sup> 2007 at the same time as the Remunerations and Appointments Committee was created. His curriculum vitae, which proves his objectivity and professionalism, are included in the Information Prospectus of the Public Offer for the Sale of Shares by Fluidra, S.A. on October 11<sup>th</sup> 2007.

	YES	NO
Does the Appointments Committee report on appointments?	X	
Does the Appointments Committee report on severance?	X	
Does the Meeting of the Board approve the appointment?	X	
Does the Meeting of the Board approve severance?	X	

Is the Secretary to the Board specifically entrusted with the recommendations of good governance?

YES X NO

Remarks
Article 10.3 of the Regulations of the Board of Directors establishes that the Secretary, among other duties, shall specifically ensure that the actions by the Board take into account the recommendations on the good governance of the Company.

**B.1.35 State, if any, the mechanisms established by the Company to ensure the independence of the auditor, the financial analysts, merchant banks and rating agencies.**

To ensure the independence of the auditor:

Article 46 of the Articles of Association establishes that the Audit Committee must:

- Propose the appointment of the external accounts auditors, as set out in article 204 of the Public Limited Companies Act, to the Board of Directors for submission to the General Shareholders Meeting, as well as their conditions of hire, the scope of their professional mandate and, as appropriate, the revocation or renewal of their contracts.
- Deal directly with the external auditors so that any information received on matters that may jeopardise the independence of the latter may be tackled. It must likewise deal with all matters related to the account auditing process, any notices that have to be issued under the provisions in the legislation on account auditing and ensure compliance to auditing standards.

Article 54 establishes that auditors will be appointed by the General Shareholders Meeting before the end of the period to be audited, for a specific period of time that may not be less than three years or exceed nine. Moreover, the Meeting may appoint one or several individuals or corporations to act jointly. The General Shareholders Meeting may not dismiss the auditors before the end of the period for which they were appointed, unless there is a fair reason.

Moreover, the Regulations of the Company's Board of Directors, and more specifically article 13, establishes that the Audit Committee must:

- Receive regular information from the external auditor on the audit plan and the results of its execution, and verify that senior management takes its recommendations into account.
- Ensure the independence of the external auditor and, therefore, (i) it will be responsible for the Company reporting a change of auditor to the Spanish Securities Commission (CNMV) as a relevant fact and for backing up such reports with a statement on disagreements, if any, that have arisen with the outgoing auditor and their nature; (ii) it will ensure that the Company and auditor abide by the regulations in force on the provision of services other than auditing and, in general, that they abide by all other regulations established to ensure the independence of auditors; and (iii) in the event of an external auditor resigning, it must examine the circumstances behind the resignation.
- Ensure that the auditor takes full liability for the audits of each company in the group in the case of group audits.

To ensure the independence of financial analysts, merchant banks and rating agencies:

The Company must maintain a relationship with financial analysts and merchant banks that safeguards the transparency, non-discrimination, veracity and reliability of all information supplied. The Manager for Corporate Finance, through the Manager for Investor Relations, coordinates the processing and management of all requests for information from private and institutional investors. The mandates to merchant banks are granted by the General Manager for Corporate Finance. The Manager for Development grants any mandates for advice that may be deemed

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necessary from merchant banks in their field of operations and in coordination with the General Manager for Corporate Finance.

The Company does not have a credit rating and, therefore, does not have a relationship with credit rating agencies. The independence of financial analysts is safeguarded through the Manager for Investor Relations, whose specific remit is to deal with investors in an objective, fair and non-discriminatory way.

In compliance with the regulations set out by the Securities Commission, the Company has several channels of communication in order to safeguard the principles of transparency and non-discrimination:

- Personalised customer services for analysts and investors.
- Publication of information relative to the quarterly results, relevant facts and other notices.
- Publication of press releases.
- E-mail on the website ([investor\\_relations@fluidra.com](mailto:investor_relations@fluidra.com)) and a shareholders' helpline (+34902026039).
- List of presentations either made in person or over the phone.
- Visits to the Company's facilities.

All of the above information is available on the Company's website ([www.fluidra.com](http://www.fluidra.com)).

**B.1.36. State whether during the financial year, the Company has changed external auditor. If so, identify the incoming and outgoing auditor.**

The external auditors were not changed by the Company in 2009.

**B.1.37. State whether the firm of auditors performs other work for the company and/or its group other than those of auditing. If applicable, state the fees paid for that work and the percentage in terms of the overall fees that were billed.**

	COMPANY	GROUP	TOTAL
Amounts for work other than auditing (thousands of euros) * includes fees for Market listing	165	17	182
Amount for work other than auditing/total amount billed by the auditing firm in %	90,350	2,200	230,090

**B.1.38. State whether the audit report on the Annual Accounts of the previous financial year has reservations or qualifications. If appropriate, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.**

YES

NO X

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**B.1.39** State the number of years the current auditing firm has uninterruptedly performed the auditing of the annual accounts of the Company and/or Group. Likewise, state in percentage terms the number of years the current auditing firm has been responsible for auditing the accounts.

	Company	Group
Number of uninterrupted years	7	9
	Company	Group
Number of years audited by the current auditing firm/number of years the company has been audited (%)	100%	100%

**B.1.40** State the shares held by members of the Company's Board of Directors in the capital of firms that carry out the same, similar or complementary activities to those that are the corporate object of both the company and its group, and that have been reported to the Company. Likewise, state the posts held or duties performed at those companies:

Name or company name of Director	Name of the subject company	% share	Post or duties
Mr Juan Planes Vila	Dispur, S.L.	51,340%	PRESIDENT
Mr Eloy Planes Corts	Dispur, S.L.	10%	DIRECTOR

**B.1.41.** State and, if appropriate, specify whether there is a procedure for the directors to be able to obtain external advice:

YES X

NO

Details about the procedure
<p>Pursuant to Article 21 of the Regulations of the Board of Directors, all the directors, in order to be aided in exercise of their duties, may obtain the necessary advice from the Company to perform their duties. To that end, the Company will provide the adequate channels that, under special circumstances, may include external advice at the Company's expense.</p> <p>In any case, the commission must necessarily concern the specific problems that are of a certain nature and complexity that arise in the performance of duties.</p> <p>The decision to hire must be reported to the Chairman of the Company and may be vetoed by the Board of Directors if the following is accredited:</p> <ul style="list-style-type: none"> <li>a) That it is not necessary for the full performance of the duties with which the external directors are entrusted.</li> <li>b) That its cost is not reasonable with regard to the importance of the problem and the assets and revenue of the company.</li> <li>c) That the professional advice obtained may be adequately dealt with by experts and technicians in the Company.</li> </ul>

**B.1.42** State, and if appropriate, specify whether there is a procedure for directors to obtain the necessary information to prepare the meetings of the governing bodies with sufficient time in advance:

YES X

NO

Details about the procedure
<p>Article 23 of the Regulations of the Board of Directors establishes the following mechanism:</p> <ol style="list-style-type: none"> <li>1. Directors may request information on any matter for which the Board is responsible and to this end may examine the books, records, documents and other documentation. The right to information includes investees, whenever this is possible.</li> <li>2. The request for information must be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board and the appropriate contact at the Company.</li> <li>3. The Secretary will advise the director of the confidential nature of the information requested and</li> </ol>

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received and of his duty to maintain confidentiality under the terms in the Regulations of the Board.  
 4. The Chairman may refuse to provide information if he considers (i) that it is not necessary for the full performance of the duties with which the director is entrusted or (ii) that its cost is not reasonable in view of the importance of the problem and the assets and revenue of the Company.

**B.1.43 State and, if appropriate, specify whether the company has established rules that oblige the directors to notify, and if appropriate resign, in cases in which they may damage the credibility and reputation of the company:**

YES ☒ X

NO

Explain the rules
Article 26 of the Regulations of the Board of Directors establishes, among other obligations of directors, that they must notify the Appointments and Remuneration Committee of their other professional obligations, in case they interfere with the dedication required.
Article 28 of the same Regulations establishes that directors may not hold office as administrators or executives of companies that compete with the Company, with the exception of the posts they might hold, if applicable, in a company in the group. Likewise, although they may provide professional services to firms that have a corporate object that is totally or partially similar to that of the company, they must previously inform the Board of Directors, which may provide justified refusal to authorise such activities.
Article 34.2 of the same Regulations establishes the obligation of directors to inform the Company of posts held on the Board of Directors of other listed companies and, in general, of facts, circumstances or situations that may be relevant to their management activities. Likewise, all directors must inform the Company in cases in which they may damage the credibility and reputation of the company and, in particular, they must inform the Board of criminal cases in which they are charged as accused, as well as the subsequent result of such proceedings.
Lastly, that same article establishes that, in the event of a director being prosecuted, or a court order being handed down to take trial proceedings against him for any of the offences stated under Article 124 of the Stock Company Act, the Board shall examine the case as soon as possible and, depending on the specific circumstances, will decide whether or not it is appropriate for the director to remain in office.

**B.1.44 State whether any member of the Board of Directors has notified the company that he has been prosecuted or had trial proceedings ordered against him, for any of the offences pursuant to Article 124 of the Stock Company Act:**

YES

NO ☒ X

**B.2.1 List all of the committees pertaining to the Board of Directors and their members:**

#### EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
Mr Eloy Planes Corts	Chairman	Executive director
Mr Oscar Serra Duffo	Member	External directors representing controlling shareholders
Mr Bernardo Corbera Serra	Member	External directors representing controlling shareholders
Bansabadell Inversió Desenvolupament, S.A.U.	Member	External directors representing controlling shareholders
Mr Juan Ignacio Acha-Orbea Echeverría	Member	Independent director
Mr Bernat Garrigós Castro	Non-member secretary	External directors representing controlling shareholders

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**AUDIT COMMITTEE**

Name	Position	Type
Mr Juan Ignacio Acha-Orbea Echeverría	Chairman	Independent director
Bansabadell Inversió Desenvolupament, S.A.U.	Secretary	External directors representing controlling shareholders
Mr Juan Planes Vila	Member	External directors representing controlling shareholders

**APPOINTMENTS AND REMUNERATION COMMITTEE**

Name	Position	Type
Mr Richard J. Cathcart	Chairman	Independent director
Mr Bernat Garrigós Castro	Member	External directors representing controlling shareholders
Mr Kam Son Leong	Member	Independent director

**B.2.2 State whether the Audit Committee is responsible for carrying out the following:**

	Yes	No
Supervising the drawing up and integrity of the company's and, if applicable, the group's financial statements. Ensuring that regulations are complied with, that the scope of consolidation is abided by and that accounting standards are properly applied.	X	
Regularly reviewing internal control and risk management systems in order to ensure that the main risks are properly identified, managed and made known.	X	
Ensuring that internal auditing systems are objective and efficient. Proposing the selection, appointment, re-election and dismissal of the head of the internal auditing department. Proposing the budget for this department. Receiving regular information about the department's activities. Checking that senior management takes the conclusions and recommendations in reports into account.	X	
Establishing and monitoring a system whereby employees are able to supply confidential or anonymous information about irregularities that they have detected in the company, which have potentially serious consequences, particularly with regard to financial and accounting practices.	x	
Presenting the Board with proposals for the selection, appointment, re-election and replacement of the external auditor and suggesting amendments to the auditor's contract.	x	
Receiving regular information from the external auditor about its auditing policy and the results of its application. Checking that senior management takes the auditor's recommendations into account.	X	
Ensuring the objectivity of the external auditor.	X	
Encouraging auditor to take responsibility for all of the audits that are carried out in the companies that make up the group, if applicable.	X	

**B.2.3. Describe the rules governing the organisation, functions, and responsibilities of each of the Board committees.**

The Board of Directors may appoint one or more Delegate Directors. Moreover, it may delegate, totally or partially, temporarily or permanently, all the powers which are subject to delegation pursuant to Law. In order to be valid, the delegation and appointment of the members of the Board to occupy such posts will require the favourable vote of two thirds of the members of the Board. Such posts will not come into effect until they have been recorded in the Company Registry.

Delegate Committee:

Without prejudice to the delegation of powers in favour of one or more delegate directors and powers of attorney that may be granted to any individual, the Board of Directors, in the same way as described in the point above, may appoint a Delegate Committee that will be made up of five directors. In as far as is possible, the Delegate Committee shall reflect the make-up of the Board in terms of the quality and balance between executive, external directors representing controlling shareholders and independent directors.

Audit Committee:

An Audit Committee has been set up within the Board of Directors. It is made up of a minimum of three directors, non-executives and who are appointed by the Board of Directors.

The Audit Committee will exercise, notwithstanding any other duties it might be assigned by the Board of Directors from time to time, the following basic duties:

- Inform in the General Shareholders' Meeting of matters raised therein by the shareholders in matters that fall within the scope of their responsibility.
- Propose to the Board of Directors the appointment of the external accounts auditors referred to in article 204 of the Spanish Public Limited Liability Companies Act, as well as their contracting conditions, the scope of their professional mandate and, where applicable, their revocation or non-renewal, which shall subsequently be submitted to the General Shareholders' Meeting.
- Supervise the internal auditing systems.
- Review the accounts of the Company, ensure the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.
- Supervise the policy on control and risk management involved in the achieving of the corporate objectives.
- Be familiar with the processes for financial information, the internal control systems of the Company, verify the suitability and integral nature of the same and review the appointing or replacing of those responsible.
- Take care of and supervise the relationships with the external auditors.
- Supervise compliance with the auditing agreement, ensuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely, and evaluate the results of each audit.
- Examine the fulfilment of the Internal Code of Conduct, of these Regulations and, in general, of the rules of management of the Company, and make the proposals necessary for their improvement.
- Receive information and, where applicable, issue reports on the disciplinary measures which they intend to impose on members of the senior executive team of the Company.

Furthermore, the following corresponds to the Audit Committee:

- In relation to the information and internal control systems:
  - (a) Supervise the preparation process and integral nature of the financial information regarding the Company and, where applicable, the group, reviewing the fulfilment of the regulation requisites, the appropriate delimiting of the scope of consolidation of the accounts and the correct application of the accounting criteria.
  - (b) Review periodically the internal control and risk management systems, so that the main risks are identified, handled and recognised suitably.
  - (c) Ensure the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the head of the internal auditing service; propose the budget of the service; receive periodical information on its activities; and verify that the senior executive team takes into account the conclusions and recommendations of their reports.
  - (d) Establish and supervise a mechanism which enables the employees to communicate confidentially and, if deemed appropriate, anonymously, any irregularities of potential transcendence, especially



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financial and accounts information, which they might notice within the Company.

- In relation to the external auditor:
  - (a) Raise before the Board the proposals of the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of their contracts.
  - (b) Receive regularly from the external auditor information regarding the auditing plan and the results of the execution thereof, and verify that the senior executive team takes into account its recommendations.
  - (c) Ensure the independence of the external auditor and, to such end: (i) that the Company informs as a relevant event to the CNMV any change in auditor and accompanies this with a statement regarding the possible existence of disagreements with the outgoing auditor and, should these have existed, of their content; (ii) that it is ensured that the Company and the auditor respect prevailing norms on the provision of services other than those on auditing and, in general, all other established norms in order to ensure the independence of the auditors; and (iii) that in the event of the resignation of the external auditor, that it examines the circumstances giving rise thereto.
  - (d) In the case of groups, encourage the auditor of the Group to assume responsibility for the auditing of the companies comprising it.
- In relation to policy and risk management:
  - (a) Identify the various different types of risk (operational, technological, financial, legal, reputation-related) which the Company faces, including the financial or economic, contingent liabilities and other risks beyond the balance sheet.
  - (b) Identify the establishing of the level of risk the Company considers acceptable.
  - (c) Identify the measures envisaged in order to mitigate the impact of the risks identified, should they materialise.
  - (d) Identify the information and internal control systems to be used to control and manage said risks, including contingent liabilities and other risks beyond the balance sheet.
- In relation to the obligations inherent in listed companies:

Inform the Board of Directors, prior to the latter adopting the corresponding decisions regarding:

- (a) The financial information which, due to it being listed, the Company must make public periodically. The Audit Committee must ensure the interim accounts are prepared using the same accounting criteria as the annual accounts and, to such end, consider the appropriateness of a limited review of the external auditor.
- (b) The creation or acquisition of participations in special purpose entities or those domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, might be detrimental to the transparency of the Group.
- (c) Any connected operations, unless this duty of prior reporting has been attributed to another Committee for supervision and control.
- (d) Any operations that involve or may involve conflicts of interest.

The Audit Committee shall be held accountable for its activities and be answerable for its work at the first plenary meeting of the Board of Directors that is held after it has met. The Audit Committee shall likewise keep minutes of its meetings, a copy of which must be sent to all of the members of the Board. The Audit Committee shall draw up an annual report, in which it shall highlight the main incidents that have occurred, if any, in relation to the performance of its normal duties. Furthermore, whenever the Audit Committee deems fit, it shall include proposals in its report to improve the Company's governance regulations. The Audit Committee's report shall be attached to the Company's annual report on corporate governance and shall be made available to shareholders and investors on the Company's website.

#### Appointments and Remuneration Committee:

An Appointments and Remuneration Committee has also been set up within the Board of Directors. It is made up of

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a minimum of three external directors, the majority of whom are independent and who are appointed by the Board of Directors.

The Appointments and Remuneration Committee, notwithstanding any other duties which might be assigned to it by the Board of Directors, will carry out the following basic duties:

- Formulate and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.
- Evaluate the competence, knowledge and experience necessary on the Board, define, as a result, the duties and aptitudes necessary in the candidates to cover each vacancy, and evaluate the time and dedication needed in order for them to carry out their duties properly.
- Inform, and raise before, the Board of Directors of the appointments and removals of senior executives and managers that the chief executive proposes, in order for the Board to appoint them.
- Inform the Board on matters of gender diversification and qualifications of directors, as set forth in article 6.2 of the Board of Directors' Regulations.
- It will propose to the Board of Directors: (i) the remuneration policy for the directors and senior executives; (ii) the individual remuneration of the senior executives and any other conditions of their agreements; (iii) the contract policies and basic conditions of the senior executives agreements of the Company.
- Examine or organise, so that it is suitably understood, the succession of the Chairman and of the chief executive and, where applicable, make proposals to the Board so that such succession takes place in an orderly, well-planned manner.
- Ensure the observance of the payment policy established by the Company and the transparency of payments.

The Committee must give an account of its activity and be answerable for the work carried out before the first plenary session of the Board of Directors subsequent to its meetings. Furthermore, the Committee must record Minutes of its meetings, of which it will send copies to all members of the Board.

The Committee must consult the Chairman and chief executive of the Company, especially when dealing with matters relating to the executive directors and senior executives.

The Board of Directors must discuss the proposals and reports presented to it by the Committee.

**B.2.4. State, if applicable, the advisory powers and, if applicable, powers that have been delegated to each of the committees: SEE THE ABOVE POINT**

**B.2.5. State, if applicable, whether there are regulations to which the Board's committees are subject, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise, state whether any non-mandatory annual reports have been issued concerning the activities of each committee.**

**Committee Name**

APPOINTMENTS AND REMUNERATION COMMITTEE

**Brief Description**

Committees are regulated by the Regulations of the Board of Directors, which is published both by the CNMV and on the Company's website.

The Company has voluntarily prepared an annual report regarding the Appointments and Remuneration Committee.

**Committee Name**

DELEGATE COMMITTEE

**Brief Description**

Committees are regulated by the Regulations of the Board of Directors, which is published both by the CNMV and on the Company's website.

**Committee Name**

AUDIT COMMITTEE

**Brief Description**

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Committees are regulated by the Regulations of the Board of Directors, which is published both by the CNMV and on the Company's website.

The Company has voluntarily prepared an annual report regarding the Audit Committee.

**B.2.6. State whether the make-up of the executive committee reflects the Board Member's responsibilities according to their posts:**

Yes.

**C TRANSFER PRICING**

**C.1 State whether subsequent to a favourable report by the Audit Committee or any other body entrusted to draw one up, the Board reserves the right to approve the transactions that the Company carries out with its directors, significant shareholders or shareholders represented by the Board, or individuals related to them at its plenary sessions:**

☒ Yes

☐ No

**C.2 Describe any relevant transactions that entail a transfer of resources or obligations between the Company or its subsidiaries, and the Company's significant shareholders:**

Name or company name of the significant shareholder	Name or company name of the company or organisation in the group	Nature of the relationship	Type of transaction	Amount (thousands of Euros)
BOYSER, S.L.	ASTRAL PISCINE SAS	Commercial, Boyser together with Dispur, Edrem and Aniol through Iberspa	Sale of tangible, intangible and other assets	815
BOYSER, S.L.	EUROPEENNE DE COUVERTURE AUTOMATIQUE E.C.A., S.A.R.L.	Contractual, Boyser together with Dispur, Edrem and Aniol through Stick Immobiliere	Leases	619
BOYSER, S.L.	FLUIDRA ESPAÑA, SAU	Commercial, Boyser together with Dispur, Edrem and Aniol through Iberspa, SL	Purchase of goods (finished or in progress)	1,439
BOYSER, S.L.	METALAST, SAU	Contractual, Boyser together with Dispur, Edrem and Aniol through Constralsa	Leases	805

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**C.3 Describe any relevant transactions that entail a transfer of resources or obligations between the Company or its subsidiaries, and the Company's administrators or directors:**

Name or company name of the administrators or directors	Name or company name of the company or organisation in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
BANC SABADELL INVERSIO I DESENVOLUPAMENT, S.L	Fluidra	Remuneration	Other expenses	97
BERNAT CORBERA SERRA	Fluidra	Remuneration	Other expenses	89
BERNAT GARRIGOS CASTRO	Fluidra	Remuneration	Other expenses	87
ELOY PLANES CORTS	Fluidra	Remuneration	Other expenses	432
GRUPO CORPORATIVO EMPRESARIAL DE CAJA DE AHORROS Y M DE PIEDAD DE NAVARRA	Fluidra	Remuneration	Other expenses	69
JUAN IGNACIO ACHA-ORBEA ECHEVERRIA	Fluidra	Remuneration	Other expenses	99
JUAN PLANES VILA	Fluidra	Remuneration	Other expenses	113
KAM SON LEONG	Fluidra	Remuneration	Other expenses	87
OSCAR SERRA DUFFO	Fluidra	Remuneration	Other expenses	89
RICHARD J CATHCART	Fluidra	Remuneration	Other expenses	89

**C.4 Describe any relevant transactions that the Company performed with other companies belonging to the group, provided they are not cancelled out in the consolidated financial statements and that they do not form part of the Company's normal scope of business operations:**

Company name of the organisation in the group	Brief description of the transaction	Amount (thousands of euros)
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**C.5 State, if applicable, any circumstances in which company directors were involved that may constitute a conflict of interest, pursuant to the provisions of Article 127.3 of the Limited Companies Act.**

☐ Yes ☒ No

- To be consistent with the information stated in the paragraph C.2 above this paragraph does not report transactions that do not exceed significant amounts (i.e. above 0.1% of the sale of merchandise and finished products: approximately €650,000).

Name or company name of the director	Description of the circumstance of the conflict of interest
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Pending the completion of the notification and acknowledgement of receipt process.

**C.6 Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.**

. In accordance with the provisions in the Regulations of the Board of Directors, members must notify the Board of Directors of any cases of conflict of interest and refrain from attending or intervening in deliberations that affect affairs in which they may have a personal interest.

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It is also considered that a director has a personal interest when a matter affects any of the following individuals: spouse or person with whom there is a similar relationship; ascendants, descendants and siblings and their respective spouses or persons with whom there is a similar relationship; and individuals, companies or organisations over which any of the persons mentioned above may have a significant influence.

In the case of directors that are corporate entities, it shall be understood that they are individuals related to the following: shareholders who find themselves in any of the situations described in Article 4 of Act 24/1988 on Stock Markets, of 28 July; de facto or de jure directors, receivers and proxies with general power of attorney for directors who are corporate entities; the companies and their shareholders that belong to the group, as defined in Article 4 of Act 24/1988 on Stock Markets, of 28 July; the individuals that are considered to be related to proxies and directors that are corporate entities. The Directors may not use the Company's name or act in their capacity as Directors to carry out transactions on their own behalf or for related individuals.

Directors may not directly or indirectly carry out professional or trading transactions with the Company unless prior notice has been given of a possible conflict of interest and the Board approves the transaction.

Transactions that are part of the Company's ordinary business and that are of a habitual and recurring nature may be carried out providing the Board of Directors has issued a general authorisation to do so.

In accordance with Article 10 of the Internal Regulations on Conduct, the following is set out with regard to conflicts of interest:

Liable Individuals subject to conflicts of interest must abide by the following general principles of conduct:

**Independence:** Liable Individuals must at all times act fairly and loyally to the Company and its shareholders, regardless of their own interests or those of third parties. Therefore, they shall abstain from placing their own interests before those of the Company or other investors at the expense of others.

**Abstention:** They must abstain from intervening in or influencing any decisions taken that may affect individuals or organisations with which there are conflicts of interest and from accessing any Relevant Information that may have a bearing on such conflicts.

**Notification:** Liable Individuals must notify the Director of the Company's Legal Department of any possible conflicts of interest to which they may be subject as a result of their activities outside the Company, their family ties, their personal assets, or any other interests they may have in:

- (i) The Company or any of the companies that belong to the Fluidra Group.
- (ii) The suppliers or major customers of the Company or any of the companies that belong to the Fluidra Group.
- (iii) Organisations that are devoted to the same line of business or that are competitors of the Company or any of the companies that belong to the Fluidra Group.

Any doubts as to a possible conflict of interest must be addressed to the Director of the Company's Legal Department and the final decision will rest with the Audit Committee.

A conflict of interest arises if Liable Individuals fulfil any of the following conditions with regard to the organisations mentioned in this article.

- (i) They are directors or senior managers.
- (ii) They have a significant shareholding (the latter being understood, in the case of listed companies on any official secondary market in Spain or abroad, as that defined in article 53 of the LMV (Stock Exchange Act) and any other legislation that may apply, and in the case of unlisted Spanish or foreign companies, any direct or indirect holding over and above twenty per cent of the equity issued).
- (iii) They have a family tie to the second degree of affinity or to the third degree by blood with the directors, significant shareholders or senior managers.
- (iv) They have a relevant contractual relationship, either directly or indirectly.

#### C.7. Is more than one of the Group's companies listed in Spain?

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YES

NO X

**RISK CONTROL SYSTEMS****D**

**D.1 General description of the risk policy of the company and/or its group. Provide details and assess the risks covered by the system. Justify the adequacy of these systems with regard to the profile of each kind of risk.**

The Company has updated its analysis of the identification and assessment of the group's business risks related to its activities and current environment as well as the controls associated with each of them. The risk assessment took into account strategic, financial, operational and fortuitous risks. Based on it, the Company identified the main business risks and prioritized them according to the likelihood of their occurrence and the impact they might have on the company. At the same time, it also identified the controls that the Company has over these risks, rated by level of effectiveness and identified those that should be strengthened in order to provide a better risk profile. And based on this analysis, the risk map was updated and the analysis was focused particularly on the risks classified as high risk and / or those with weak controls.

A schedule was agreed on with the Management for continuing work on the project during the business years 2010 and 2011 and for updating the map of risks for the business year 2011. In accordance with this schedule, work continues on the analysis of IT systems and internal controls that monitor and manage the risks identified, the measures envisaged to mitigate their impact if they materialize to ensure an acceptable level of risk and the identification of contingent liabilities and / or off-balance sheet risks.

Additionally, the company decided to perform a diagnosis of the Financial Information Control Systems during the first quarter of 2011 in order to identify possible weaknesses and needs, based on the new rules and recommendations of the CNMV.

It is important for the Company to identify improvements to these measures and these controls in order to make the existing risk management practices more effective and more efficient.

**D.2 State whether any of the different types of risks have materialised (operational, technological, financial, legal, reputation, tax, etc.) that affect the company and/or its group:**

☐ Yes☒ No

If affirmative, state the circumstances that have given rise to these and whether the control systems established have worked.

Risk materialised in the financial year	Circumstances that gave rise to it	Operation of the control systems
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**D.3 State whether there is any committee or other governing body responsible for establishing and monitoring these control devices:**

☒ Yes☐ No

If affirmative, detail what their duties are.

**Name of the committee or body:**

Audit Committee

**Description of duties:**

The responsibilities that arise from the Company's risk management control mechanism are as follows:

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- Related to risk policies and management:
  - Identifying the various types of risk (operational, technological, financial, legal, reputational) that the Company faces, including contingent liabilities and other off-balance sheet risks.
  - Identifying the set level of risk that the Company considers acceptable.
  - Identifying the measures foreseen to mitigate the impact of the risks identified should they actually arise.
  - Identifying the information and internal control systems that monitor and manage these risks, including contingent liabilities and off-balance sheet risks.
- Related to the obligations of a listed company:
  - Giving the Board prior notice that it should adopt the corresponding decision on transfer pricing operations and any transactions that involve or may involve a conflict of interest.

**Name of the committee or body:**

Body Responsible for the Fulfilment of Regulations

**Description of duties:**

- Fulfilment of regulations on obligations as a listed company
- Management of risks derived from the listing

**D.4 Identification and description of the processes to comply with the various regulations that affect the company and/or its group.**

All the processes and controls that are essential to ensuring compliance with the various regulations that significantly affect the group have been implemented. The processes are set out in detail in the Regulations of the General Shareholders Meeting, the Regulations of the Board of Directors and the Internal Code of Conduct, about which comments have been made in Section B of this report. At the close of this report, no incidents had been detected.

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**GENERAL SHAREHOLDERS MEETING**

**E.1 State, and if applicable describe, whether the quorum required to hold a General Shareholders' Meeting differs in any way to the provisions set out in the Limited Companies Act (LSA).**

YES

x NO

	Difference in % of the quorum compared to Art. 102 of the LSA for general budget meetings	Difference in % of the quorum compared to Art. 103 of the LAS for special budget meetings
Quorum required for the 1 <sup>st</sup> call	N/A	N/A
Quorum required for the 2 <sup>nd</sup> call	N/A	N/A

Description of differences
NOT APPLICABLE

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**E.2 Explain the system for adopting corporate resolutions. Describe any differences with regard to the system provided for in the Limited Companies Act (LSA):**

YES

X NO

Describe how the system differs to that in the LSA.

	Different supermajority to that provided for in Art. 103.2 of the LSA	Other instances of a supermajority
% established by the organisation for adopting agreements		
Describe the differences		

**E.3 List any of the shareholders' rights at general meetings that are different to those provided for in the LSA.**

N/A

**E.4 If applicable, state the measures adopted to encourage shareholders to attend the general meetings.**

N/A

**E.5 State whether the post of chairman for the General Shareholders' Meeting is held by the Chairman of the Board of Directors. If applicable, provide details about the measures in place to insure the objectivity and smooth running of the General Meeting:**

X YES

NO

Describe the measures
<p>According to Article 16 of the Regulations of the General Shareholders' Meeting, it shall be chaired by the chairman of the Board of Directors or, in his absence, by the Vice-chairman, and in the absences of both, by a member of the Board of Directors that the General Meeting designates.</p> <p>Measures for guaranteeing the objectivity and smooth running of the General Meeting:</p> <p>The Regulations of the General Shareholders' Meeting were approved at the meeting held on September 5<sup>th</sup> 2007. A set of measures were included in these regulations to ensure the objectivity and smooth running of General Meetings. These Regulations are available on the Company's website.</p>

**E.6 Describe, if any, the amendments made over the year to the regulations that govern General Shareholders' Meetings.**

At the Annual General Meeting held on 5 June 2009, articles 12 and 24 of the Regulations of the Annual General Meeting were amended. Their wording now stands as follows:

'Article 12: Voting by proxy



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Notwithstanding the attendance of legal shareholder entities through a proxy, all shareholders who are entitled to attend may be represented at the Annual General Meeting by any individual, whether a Company shareholder or not. Proxies may be revoked at any time and the attendance in person of a represented individual shall be deemed as the revocation of the proxy. As a general rule, and providing there is a reliable record of the date, the last action taken by a shareholder prior to the Annual General Meeting shall be taken as valid. Should there be no such record, the shareholder's vote shall take precedence over that of the proxy. In any event, the attendance in person of a represented individual shall be deemed as the revocation of the proxy.

Representation by proxy must be specifically granted for each General Shareholders Meeting, either in writing or through distance means of communication that have been expressly provided for by the governing body in the call to the meeting, providing the set requirements of each call are met and, in any event, the identities of the represented individual and the proxy must be duly proven.

Notwithstanding the provisions of article 108 of the Limited Companies Act, voting by proxy must be specifically granted in writing for each General Meeting.

Distance communication may be made by post, providing the Company is sent an attendance card issued by the organisation or organisations responsible for recording the entry of shares in the corresponding registers duly filled in and signed by the shareholder. Other written means may be used that have been approved by the Board of Directors, and providing prior permission to do so has been obtained. If such other means are used, it must be possible to check the identity of the shareholder who votes by proxy in this way.

In order to be valid, voting by proxy granted by post must reach the Company at least twenty-four hours before the first call of the Annual General Meeting is due to be held. The Board of Directors may set a shorter deadline pursuant to the provisions of the Articles of Association.

Likewise, the documents certifying proxy votes that are submitted to the General Meeting must contain the following information:

- (i) Date of the General Meeting and its agenda.
- (ii) The identity of the person represented and the proxy. In the event that no proxy is specified, it shall be understood that voting rights have been granted to either the Chairman of the Board of Directors, the Managing Director or the Secretary of the Board of Directors, or any other member of the governing body who has been specifically assigned for each call.
- (iii) The number of shares held by the shareholder who votes by proxy.
- (iv) The instructions as to how the proxy should vote for each of the items on the agenda.

The Chairman of the General Meeting, or the individuals acting on his behalf, shall be understood to have the powers to determine the validity of the representation granted and the performance of the General Meeting's attendance requirements.

The provisions set out in the above paragraphs shall not apply if the proxy is the spouse, ascendant or descendant of the individual represented. The same shall apply if the proxy is appointed by means of a public instrument that grants powers to administer all of the represented individual's assets in the national territory.

#### Article 24: Voting by means of distance communication

Shareholders who are entitled to attend any class of General Meeting may cast their vote on the proposals contained on the agenda by post, providing the Company is sent an attendance and vote card issued by the organisation or organisations responsible for recording the entry of shares in the corresponding registers duly filled in and signed by the shareholder. Other written means may be used that have been approved by the Board of Directors, and providing prior permission to do so has been obtained. If such other means are used, it must be possible to check the identity of the shareholder who votes by proxy in this way.

Votes cast by post shall only be valid if they reach the Company at least twenty-four hours before the first call of the Annual General Meeting is due to be held. Notwithstanding the foregoing, the Board of Directors may set a shorter deadline for the reception of distance votes.

Shareholders who cast distance votes under the terms set out in this article shall be deemed to be attendees for the purposes of the General Meeting in question. Therefore, previously appointed proxies shall be deemed to be revoked and those subsequently appointed shall be understood to be null and void.

The distance votes cast as described in this article shall be deemed null and void under the following circumstances:

- (i) The subsequent express revocation of the vote via the same means used to cast it, providing it reaches the Company within the set deadlines.
- (ii) The shareholder who casts a distance vote attends the General Meeting in person.
- (iii) The sale of shares with voting rights about which the Company has been notified at least five days before the date on which the General Meeting is due to be held.

The Board of Directors shall have the powers to put the above provisions in place and to establish the proper rules, means and procedures to cast votes and to delegate voting rights by post, in compliance with any legal rules that may apply under this system and with the provisions in the Articles of Association and these Regulations. Such means and procedures must be posted on the Company's website. The Board of Directors shall adopt the measures required to ensure that whomever casts a vote or delegates voting rights by post is duly entitled to do so as provided for in the Articles of Association and these Regulations.

The addition of postal voters to the list of attendees shall be carried out by combining the electronic data file on which they are registered with the file that contains the rest of the list. Should the list be drawn up by means of an

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

attendance card file, the addition of voters shall take place by generating a document on paper in which the same information as appears on the card is shown for each of the shareholders who have voted by post, notwithstanding the right to store the electronic data file through which the vote was cast as a permanent record.

**E.7 Provide attendance figures for the general meetings held over the year to which this report refers:**

	Attendance figures				
Date of General Meeting	% physically present	% by proxy	% Distance voting		Total
			Electronic votes	Other	
2.06.2010	8.553%	73,420	0	0	81,973

N/A

**E.8 Give a brief description of the agreements adopted at the general shareholders' meetings held over the year to which this report refers and the percentage of votes cast for the adoption of each vote.**

At the Annual General Meeting held on 2nd June 2010 the following resolutions were passed:

**First Point:** The examination and approval (if applicable) of the annual accounts and the directors' report for both the Company and its consolidated group of companies, corresponding to the business year ending 31st December 2009. Votes in favour: 90,389,763 - 100%.

**Second Point:** Application of the result of the business year ending 31st December 2009. Votes in favour: 90,389,763 - 100%.

**Third Point:** The examination and approval (if applicable) of the management carried out by the Board of Directors during business year 2009. Votes in favour: 90,384,785 - 99.994 %.

**Fourth Point:** Re-election or appointment of the accounting auditor of both the Company and its consolidated group of companies. Votes in favour: 90,389,763 - 100%.

**Fifth Point:** Presentation of the Report on the Policy for the Remuneration of Directors. Votes in favour: 88,976,648 - 98.437%.

**Sixth Point:** Establishment of an incentive scheme based on shares for the executives of Grupo Fluidra, S.A. Votes in favour: 87,909,754 - 97.256 %.

**Seventh Point:** Authorization for the Company to proceed with the derivative acquisition of own shares, directly or through Group Companies, with the express power to reduce share capital in order to redeem own shares, delegating to the Board of Directors the powers necessary for the implementation of the resolutions adopted by the General Meeting regarding this matter (leaving the previous authorisation ineffective) and authorisation to (if applicable) apply the portfolio of own shares to cover the execution or coverage of payment systems. Votes in favour: 90,030,449 - 99.602%.

**Eighth Point:** Approval of the take-over merger of Fluidra Services, S.A.U. by Fluidra, S.A. and approval of the merger balance sheets. Votes in favour: 90,389,763 - 100%.

**Ninth Point:** Delegation of powers to formalise, interpret, complement, develop, correct and execute the resolutions adopted by the General Meeting of Shareholders. Votes in favour: 90,389,763 - 100%.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**E.9 State whether any of the articles of association set out a minimum number of shares as a requirement to attend the General Shareholders' Meeting:**

Negative reply

No. of shares required to attend a General Meeting	Minimum of one share
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**E.10 Describe and justify the policies followed by the Company with regard to voting by proxy at the General Shareholders' Meeting.**

All shareholders who are entitled to attend General Meetings may vote by a proxy, who does not necessarily have to be a shareholder, at the General Meetings. Votes cast by proxy must be done so in accordance with the requisites and formalities set out in the act, in Article 29 of the Articles of Association and in Article 12 of the Regulations of the General Shareholders' Meeting.

All votes cast by proxy shall be certified by means of an attendance card or a letter, which in both cases must bear the original signature of the person represented. The document that certifies voting by proxy must contain the following information: the date of the General Meeting and its agenda; the identity of the person represented and the proxy, although in the event that no proxy is specified, it shall be understood that voting rights have been granted to either the chairman of the Board of Directors, the managing director or the secretary of the Board of Directors; the number of shares the shareholder has and instructions as to how the proxy should vote for each of the items that are on the agenda.

Should public requests be made to be represented by proxy, in addition to the items mentioned in the paragraph above, the document that designates the proxy must contain an indication as to how the proxy should vote if precise instructions are not provided.

Voting by proxy may also be granted by post providing the Company is sent an attendance and vote card that must have been obtained from and issued by the organisation or organisations responsible for recording the entry of shares in the corresponding register. Other written means may be used that have been approved by the Board of Directors, and providing prior permission to do so has been obtained. If other such means are used, it must be possible to check the identity of the shareholder who votes by proxy in this way.

**E. 11 State whether or not the Company is aware any policies of institutional investors to participate or in Company decisions:**

Negative reply

**E.12 State the address and access route to the contents the corporate governance regulations of your Website.**

[www.fluidra.com](http://www.fluidra.com)

Go to the SHAREHOLDERS AND INVESTORS section and a CORPORATE GOVERNANCE submenu will appear.

<b>F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS</b>
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Indicate the company's degree of compliance with the recommendations given in the unified code of good governance.

In the event of failure to comply with any such recommendations, explain the recommendations, standards, practices or criteria applied by the company.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

1. The articles of association of listed companies should not limit the maximum number of votes that can be issued by the same shareholder or contain other restrictions that prevent the company from being taken over through the purchase of its shares on the market.

See epigraphs: A.9 , B.1.22, B.1.23 and E.1, E.2.

Complies x Explain ☐

2. When the parent company and the subsidiary are listed, they must both publicly define the following in detail:

a) Their respective activity areas and possible business relations between them, as well as those of the listed subsidiary with the other companies in the group;

b) The mechanisms laid down to solve possible conflicts of interests as they arise.

See epigraphs: C.4 and C.7

Complies ☐ Complies partially ☐ Explain ☐ Not applicable x

3. Although it is not expressly required in mercantile legislation, they should submit the transactions that involve a modification to the company's structure for approval by the General Shareholders Meeting, especially the following:

a) The change of listed companies into holding companies through "subsidiarisation" or the incorporation into entities dependent on essential activities carried out until then by the company itself, even though the said company maintains full control over them;

b) The acquisition or transfer of essential operating assets when there is an actual modification of the corporate purpose;

c) The transactions whose effect is equivalent to that of the company's liquidation.

Complies x Complies partially ☐ Explain ☐

4. The detailed proposals of the agreements to be adopted by the General Shareholders Meeting, including the information referred to in recommendation 28, should be published with the publication of the announcement of the call to the meeting.

Complies x Explain ☐

5. In the General Shareholders Meeting, the matters that are substantially independent must be voted separately so that shareholders can exercise their voting preferences separately. And the said rule should be applied, in particular:

a) On the appointment or ratification of the members of the board, which should be voted individually;

b) In the case of modifications to the articles of association, each article or group of articles that is substantially independent.

See epigraph: E.8

Complies x Complies partially ☐ Explain ☐

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

6. The companies should allow the division of the vote so that the financial brokers legitimated as shareholders but acting on behalf of different clients can issue their votes in accordance with the instructions given by the said clients.

See epigraph: E.4

Complies x Explain ☐

7. The board should carry out its functions on the basis of a unified purpose and independence, giving the same treatment to all the shareholders and following the company's interest, understood as maximising the company's economic value in a sustained manner.

It should also ensure that, in its relations with the stakeholders, the company observes legislation and regulations; fulfils its duties and contracts in good faith; observes the uses and good practices of the sectors and territories in which it operates; and observes the additional principles of corporate liability it has voluntarily accepted.

Complies x Complies partially ☐ Explain ☐

8. As the core of its mission, the board should adopt the company's strategy and the organisation required for its implementation, as well as supervising and controlling the management's fulfilment of targets and observance of the company's corporate interest and purpose. Accordingly, in its plenary session, the board reserves the power to adopt the following:

a) The company's general strategies and policies, in particular:

i) The strategic or business plan, as well as management targets and annual budgets;

ii) The investment and finance policy;

iii) The definition of the structure of the group of companies;

iv) The corporate governance policy;

v) The corporate liability policy;

vi) The salary policy and appraisal of senior management performance;

vii) The risk management and control policy, as well as the regular monitoring of internal information and control systems.

viii) The dividend policy, as well as the treasury stock policy and, in particular, its limits.

See epigraphs: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their severance clauses.

See epigraph: B.1.14.

ii) The salaries for the members of the board, as well as, in the case of executives, the additional payment for their executive functions and other conditions to be observed in their contracts.

See epigraph: B.1.14.

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iii) The financial information which, due to its status as a listed company, it has to publish on a regular basis.

iv) The investments or transactions of all kinds which, owing to their high amount or special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders Meeting;

v) The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.

c) The transactions completed by the company with members of the board, important shareholders or shareholders represented on the board or with related individuals ("related transactions").

However, this authorisation by the board should not be considered necessary for the related transactions that meet the following three conditions:

1. They are carried out by virtue of contracts whose terms and conditions are standardised and applied generally to many clients;
2. They are carried out at prices or rates generally established by the person acting as the supplier of the good or service in question;
3. Their amount does not exceed 1% of the company's annual revenue.

It is recommended that the board should approve the related transactions after a favourable report has been issued by the Audit Committee or, where applicable, any other party to which that function has been commissioned; and, besides not exercising or delegating their right to vote, the members of the board who are affected should leave the meeting room while the board deliberates and votes on the matter.

It is recommended that it should not be possible to delegate the powers attributed to the board here, except for those mentioned in paragraphs b) and c), which may be adopted in emergencies by the Delegate Commission and subsequently ratified by the board in its plenary session.

See epigraphs: C.1 and C.6

Complies x      Complies partially ☐      Explain ☐

9. The board should have the necessary size for effective, participatory operation, which means that it should not have fewer than five or more than fifteen members.

See epigraph: B.1.1

Complies x      Explain ☐

10. The external directors representing controlling shareholders and independent directors should represent a broad majority of the Board and the number of executive directors should be the required minimum, taking into account the complexity of the corporate group and the percentage of interest of the executive directors in the company's capital.

See epigraphs: A.2, A.3, B.1.3 and B.1.14.

Complies x      Complies partially ☐      Explain ☐

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

11. If there is an external director who cannot be considered as either an external director representing controlling shareholders or an independent director, the company should explain the said circumstance and his association either with the company or its managers, as well as with its shareholders.

See epigraph: B.1.3

Complies x Explain ☐ Not applicable ☐

12. Among the external directors, the ratio between the number of external directors representing controlling shareholders and the independent directors should reflect the proportion between the company's share capital represented by the external directors representing controlling shareholders and the rest of the share capital.

This criterion of strict proportionality could be reduced as the weight of the external directors representing controlling shareholders is greater than that which would correspond to the total percentage of the share capital they represent:

1. In companies with a high level of capitalisation, when the shares that are legally considered as significant are zero or low-level, but where shareholders exist, with blocks of shares of high absolute value.

2. When it is a question of companies in which there is a plurality of shareholders represented on the Board who are not related between them.

See epigraphs: B.1.3, A.2 and A.3

Complies x Explain ☐

13. The number of independent directors should represent at least one third of the total number of directors.

See epigraph: B.1.3

Complies Explain ☐ The number of independent directors are 3 of the total 10 members of the Board of Directors.

14. The nature of each director must be explained by the Board before the General Shareholders Meeting that is to carry out or ratify his appointment, which should be confirmed or reviewed annually, as appropriate, in the annual report on corporate governance, with prior confirmation by the Appointments Committee. The said report should also explain the reasons why external directors representing controlling shareholders have been appointed at the request of shareholders whose holding is less than 5% of the share capital; and reasons should be given for the rejection, where applicable, of formal requests for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose request external directors representing controlling shareholders have been appointed.

See epigraphs: B.1.3 and B.1.4

Complies x Complies partially ☐ Explain ☐

15. When the number of female directors is zero or almost zero, the board should explain the reasons and the initiatives adopted to correct the said situation; in particular, the Appointments Committee should ensure that, when new vacancies arise:

a) The selection process does not involve implicit bias that prevents the selection of female directors

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**b) The company should deliberately look for and include among potential candidates women that comply with the professional profile being sought.**

**See epigraphs: B.1.2, B.1.27 and B.2.3.**

Complies x    Complies partially    Explain ☐    Not applicable ☐

No gender discrimination practices are carried out. The directors are chosen according to the opportunities that arise among external directors representing controlling shareholders and according to professional experience in the case of independent shareholders. It has been planned to deal with this issue in 2008.

**16. As the person responsible for the effective operation of the Board, the Chairman should ensure that the directors receive sufficient information beforehand; stimulate debate and the active participation of the directors during the board's sessions, safeguarding his free standpoint and opinion; and organise and coordinate with the chairmen of the relevant commissions the regular assessment of the board, as well as that of the CEO or chief executive, where applicable.**

**See epigraph: B.1 42**

Complies x    Complies partially ☐    Explain ☐

**17. When the Chairman of the Board is also the company's chief executive, one of the independent directors should be empowered to request the call to meeting of the Board or the inclusion of new matters on the agenda; coordinate and echo the concerns of the external directors; and direct the Board's assessment of its Chairman.**

**See epigraph: B.1.21**

Complies ☐    Complies partially ☐    Explain ☐    Not applicable x

**18. The Secretary of the Board should make sure, in particular, that the board's actions:**

- a) Comply with the content and spirit of legislation and the corresponding regulations, including those adopted by the regulating bodies;**
- b) Comply with the company's articles of association and with the regulations of the General Shareholders Meeting, the Board and other company regulations;**
- c) Take into account the recommendations on good governance laid down in the unified code accepted by the company.**

And, in order to safeguard the Secretary's independence, impartiality and professionalism, his appointment and removal must be reported by the Appointments Committee and approved by the Board in its plenary session; and the said appointment and dismissal procedure must be laid down in the Board regulations.

**See epigraph: B.1.34**

Complies x    Complies partially ☐    Explain ☐

**19. The board should meet as regularly as necessary to carry out its functions effectively, following the schedule of dates and business laid down at the beginning of the year, where each director may propose other business for the agenda not considered initially.**

**See epigraph: B.1.29**



Complies x      Complies partially ☐      Explain ☐

20. The non-attendance of the directors should be reduced to essential cases and quantified in the annual corporate governance report. And if representation is essential, it must be designated with instructions.

See epigraphs:      B.1.28 and B.1.30

Complies x      Complies partially ☐      Explain ☐

21. When the directors or the Secretary express concern for any proposal or, in the case of the directors, for the company's progress and the said concern is not resolved by the board, it should be recorded in the minutes of the meeting at the request of the person expressing the said concern.

Complies x      Complies partially ☐      Explain ☐      Not applicable ☐

22. In its plenary session, the board should assess the following once a year:

- a) The quality and efficiency of the board's operations;
- b) Based on the report issued by the Appointments Committee, the functions carried out by the Chairman of the Board and the company's chief executive;
- c) The running of its Committees, based on the reports they issue.

See epigraph:      B.1.19

Complies x      Complies partially ☐      Explain ☐

23. All the directors should be able to exercise the right to compile any additional information they consider necessary on business that falls within the remit of the Board. And, unless the articles of association or the regulations of the board lay down otherwise, they should address their requirement to the chairman or secretary of the board.

See epigraph:      B.1.42

Complies x      Explain ☐

24. All the directors have the right to obtain the advice they need for the fulfilment of their functions from the company. The company should lay down the appropriate ways of exercising this right, which, under special circumstances, could include external advisory services on the company's account.

See epigraph:      B.1.41

Complies x      Explain ☐

25. The company should establish a guidance programme to provide new directors with rapid and sufficient knowledge of the company, as well as its rules on corporate governance. They should also offer directors programmes for updating their knowledge when circumstances so recommend.

Complies x      Complies partially ☐      Explain ☐

26. The company should require the directors to devote the time and effort necessary for carrying out their function effectively and, consequently:

- a) The directors should report to the Appointments Committee on their other other professional duties in case they interfere with the required devotion;

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- b) The companies should lay down rules on the number of boards on which their directors can sit.

See epigraphs: B.1.8, B.1.9 and B.1.17

Complies x      Complies partially ☐      Explain ☐

27. The proposal for the appointment or re-election of directors raised by the Board to the General Shareholders Meeting, as well as their provisional appointment by co-optation, should be approved by the board:

- a) At the proposal of the Appointments Committee, in the case of independent directors.  
b) After a report issued by the Appointments Committee, in the case of the other directors.

See epigraph: B.1.2

Complies x      Complies partially ☐      Explain ☐

28. The companies should publish the following information about their directors on their website and keep the said information up-to-date:

- a) Professional and biographical profile  
b) Other boards on which they sit, whether the companies are listed or not;  
c) Indication of the category of director to which they belong, where applicable, indicating, in the case of the external directors representing controlling shareholders, the shareholder they represent or with whom they are related.  
d) Date of their first appointment as a director of the company, as well as of the subsequent appointments; and  
e) The shares they own in the company and the stock options over the said shares.

x Complies ☐ Explain

29. The independent directors should not remain as such for a continued term of more than 12 years.

See epigraph: B.1.2

Complies x      Explain ☐

30. The external directors representing controlling shareholders should present their resignation when the shareholder they represent sells all his shares in the company. They should also present their resignation, in the corresponding number, when the said shareholder lowers his shares in the company to a level that requires a reduction in the number of his external directors representing controlling shareholders.

See epigraphs: A.2, A.3 and B.1.2

Complies x      Complies partially ☐      Explain ☐

31. The Board of Directors should not propose the removal of any independent director before the fulfilment of the statutory term for which he has been appointed, except when there is just cause, understood as such by the Board after a report issued by the Appointments Committee. In particular, just cause shall be understood as applicable when the director is in breach of the duties inherent to his post or has entered into any of the circumstances laid down in epigraph 5 of section III on definitions in this code.

The removal of independent directors resulting from takeover bids, mergers or other similar corporate transactions that represent a change to the company's share capital structure could be proposed when the said changes to the structure of the board are brought about by the criterion of proportionality indicated in Recommendation 12.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

See epigraphs: B.1.2, B.1.5 and B.1.26

Complies ☒ Explain ☐

32. The company should establish rules that oblige the directors to report and, where applicable, resign in cases that can damage the company's reputation and credit and, in particular, oblige them to inform the board of the criminal cases in which they appear as an accused party, as well as their subsequent procedural events.

If a director is tried or a sentence is issued against him for the commencement of a hearing for any of the crimes laid down in article 124 of the Spanish Public Limited Companies Act, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not it is fitting for the director to continue in his post. And, the Board should give a reasoned account of all the events in the Annual Corporate Governance report.

See epigraphs: B.1.43, B.1.44

Complies ☒ Complies partially ☐ Explain ☐

33. All the directors should clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the company's interests. And this should apply especially to the independent directors and other directors not affected by the potential conflict of interest in the case of decisions that may damage the shareholders not represented on the Board.

When the Board adopts significant or reiterated decisions on which the director has formulated serious reservations, the said director should draw the corresponding conclusions and, if he decides to resign, explain the reasons in the letter referred to in the following recommendation.

The scope of this recommendation also includes the Secretary of the Board, even though he does not have the status of director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

34. When, either due to resignation or any other reason, a director abandons his post before the end of his mandate, he should explain the reasons in a letter sent to all the members of the Board. And, without prejudice to the said resignation being notified as a relevant event, the reason for the resignation should be accounted for in the Annual Corporate Governance report.

See epigraph: B.1.5

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒ X

According to internal standards, there is no obligation to include the reason for the resignation in the Annual Report.

35. The salary policy approved by the Board should indicate at least the following:

a) The amount of the fixed components, with a breakdown, where applicable, of the expenses for participation in the board and its commissions and an estimate of the annual fixed salary resulting therefrom;

b) Variable salary concepts, including, in particular:

i) Classes of directors to which they are applied, as well as an explanation of the relative importance of the variable salary concepts with regard to the fixed salary concepts.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

ii) **Results assessment criteria on which any right to payment in shares, stock options or any variable component is based;**

iii) **Fundamental parameters and basis of any annual premium system (bonus) or other benefits not paid in cash; and**

iv) **An estimate of the absolute amount of the variable salary payments arising from the proposed salary plan in accordance with the level of fulfilment of the hypotheses or objectives taken as reference.**

c) **Main characteristics of the company pension plans (e.g. top-up schemes, life insurance policies and similar), with an estimate of their amount or equivalent annual cost.**

d) **Conditions to be observed in the contracts of those who exercise senior management functions as executive directors including:**

i) **Term;**

ii) **Terms of notice; and**

iii) **Any other clauses related to contracting premiums, such as severance payments or golden parachutes for early termination or cancellation of the contractual relations between the company and the executive director.**

See epigraph: **B.1.15**

Complies x      Complies partially ☐      Explain ☐

36. **The payments made through shares in the company or companies in the group, stock options or instruments referenced to the value of the share, variable payments associated with the company's performance or company pension plans should be limited to the executive directors.**

**This recommendation will not cover the provision of shares when it is conditioned to the directors maintaining them until their resignation as a director.**

See epigraphs: **A.3, B.1.3**

Complies x      Explain ☐

37. **The salary payments of the external directors must be the amount necessary for compensating the devotion, qualification and responsibility required by the post; but not so high as to compromise their independence.**

Complies x      Explain ☐

38. **The salary payments related to the company's results should take into account the possible exceptions included in the external auditor's report, which may reduce the said results.**

Complies ☐      Explain ☐      Not applicable X

39. **In the case of variable salary payments, the salary policies should incorporate the necessary technical precautionary measures to ensure that the said salary payments are related to the professional devotion of the beneficiaries and do not result simply from the general evolution of the markets or the company's activity sector or other similar circumstances.**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Complies ☐ Explain ☐ Not applicable ☒ X

40. The Board should submit a report on the directors' salary policy to vote at the General Shareholders Meeting, as a separate, consultative matter on the agenda. The said report should be made available to the shareholders either separately or in any other way the company considers appropriate.

The said report should focus particularly on the salary policy approved by the Board for the present year, as well as, where applicable, the policies anticipated for future years. It shall include all the matters referred to in Recommendation 35, except for circumstances that may suppose the revelation of sensitive commercial information. It shall underline the most significant changes in the said policies with regard to that applied during the past year to which the General Shareholders Meeting refers. It shall also include an overall summary of how the salary policy was applied during the past year.

The Board should also report on the role played by the Remunerations Committee in the preparation of the salary policy and, if external consultancy services are used, on the identity of the external consultants providing the service.

See epigraph: B.1.16

Complies ☐ Complies partially ☐ Explain ☒ X

Not applicable last year. Applicable this year.

41. The Report should give details of the individual salaries paid to directors during the year and include:

a) The individualised breakdown of the salary of each director, which shall include, where applicable:

- i) The allowances for attendance or other fixed payments as a director;
- ii) The additional remuneration as chairman or member of one of the board's committees;
- iii) Any payments for profit sharing or premiums and the reason why they were made;
- iv) Contributions in the director's favour to fixed-contribution pension schemes; or the increase of the director's consolidated rights in the case of contributions to fixed-benefit plans;
- v) Any severance payments agreed or paid in the case of the termination of his functions;
- vi) The payments received as a director of other companies in the group;
- vii) Payments for carrying out the senior-management functions of the executive directors;
- viii) Any other salary concepts other than the above, regardless of their nature or the entity of the group making the payment, especially when they are considered as related transactions or their omission distorts the fair view of the total salary payments received by the director.

b) The individualised breakdown of the shares, stock options or any other instrument referenced to the value of the share eventually awarded to directors, with details on the following:

- i) Number of shares or options awarded during the year and the terms and conditions of their exercise;
- ii) Number of options exercised during the year, indicating the number of shares affected and the price of the exercise;

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

iii) Number of pending options at the end of the year, indicating their price, date and other exercise requirements;

iv) Whatsoever modification during the year to the conditions for exercising the options already awarded.

c) Information about the ratio during the said past year between the salary obtained by the executive directors and the results or other measurements of the company's performance.

Complies x      Complies partially ☐      Explain

Not applicable last year. Applicable this year.

42. When there is a Delegate or Executive Committee (hereinafter called "Delegate Committee"), the participation structure of the various categories of directors should be similar to that of the Board itself and its secretary should be the Secretary of the Board.

See epigraphs:      B.2.1 and B.2.6

Complies x      Complies partially ☐      Explain ☐      Not applicable ☐

The Vice-secretary of the Board performs the duties of Secretary on the Delegate Committee.

43. The Board should always be aware of the matters dealt with and the decisions adopted by the Delegate Committee and all the members of the Board should receive a copy of the minutes of the meetings of the Delegate Committee.

Complies x      Explain ☐      Not applicable ☐

44. The Board of Directors should constitute not only the Audit Committee required by the Stock Exchange Act, but also one or two separate Committees: the Appointments Committee and the Remuneration Committee.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remuneration Committee or Committees should be recorded in the regulations of the Board and include the following:

a) The board should appoint the members of these Committees, bearing in mind the know-how, skills and experience of the directors and the missions of each Committee; it should deliberate on its proposals and report; and it should report on its activities and respond for the work carried out during the first plenary session of the Board after its meetings.

b) The said Committees should be made up exclusively of a minimum of three external directors. The above is understood as without prejudice to the attendance of executive directors or senior managers when so agreed expressly by the members of the Committee.

Their Chairmen should be independent directors.

d) They should be able to seek external consultancy services when they consider it necessary for their functions.

e) Minutes should be recorded of their meetings and a copy of the said minutes should be sent to all the members of the Board.

See epigraphs:      B.2.1 and B.2.3

Complies x      Complies partially ☐      Explain ☐

**45. The supervision of compliance with the internal code of conduct and the rules of corporate governance should be the responsibility of the Audit Committee, the Appointments Committee or, if they exist separately, the Corporate Governance or Fulfilment Committees.**

☒ Complies      ☐ Explain

**46. The members of the Audit Committee and, in particular, its chairman should be appointed on the basis of their know-how and experience in bookkeeping, audits and risk management.**

☒ Complies      ☐ Explain

**47. The listed companies should have an internal audit function which, under the supervision of the Audit Committee, should monitor the correct functioning of the internal control and information systems.**

☒ Complies      ☐ Explain

**48. The person responsible for the internal audit function should present his annual work plan to the Audit Committee; he should inform it directly of the incidents occurring during its development; and, at the end of each year, submit an activities report.**

☒ Complies      ☐ Complies partially      ☐ Explain

**49. The risk management and control policies should identify at least:**

**a) The different types of risk (operative, technological, financial, legal, reputational, etc.) facing the company, where the financial or economic risks should include the contingent liabilities and other off-balance-sheet risks.**

**b) The level of risk considered acceptable by the company;**

**c) The measures laid down to reduce the impact of the risks that are identified should they occur;**

**d) The internal control and information systems that will be used to control and process the said risks, including the contingent liabilities or off-balance-sheet risks.**

See epigraph: D

☐ Complies      ☒ Complies partially      ☐ Explain

The Company has updated its analysis of the identification and assessment of the group's business risks related to its activities and current environment as well as the controls associated with each of them, focusing particularly on the risks classified as high risk and / or those with weak controls.

A schedule was agreed on with the Management for continuing work on the project during the business years 2010 and 2011. It is important for the Company to identify improvements to these measures and these controls in order to make the risk management practices more effective and more efficient.

**5. The Audit Committee should be responsible for the following:**

**1. In relation to the internal control and information systems:**

**a) Supervising the preparation process and integrity of the financial information related to the company and, where applicable, the group, reviewing compliance with the standard requirements, the appropriate definition of the consolidation perimeter and the correct application of the bookkeeping criteria.**

**b) Regularly reviewing the internal control and risk management systems so that the main risks can be identified, processed and appropriately publicised.**

**c) Ensuring the independence and effectiveness of the function of the internal audit; proposing the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget of the service; receiving regular information on its activities; and ensuring that senior management takes into account the conclusions and recommendations put forward in its report.**

**d) Setting up and supervising a mechanism that enables employees to communicate any significant irregularities, especially those related to finance and bookkeeping, and to do so in a confidential manner.**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**2. In relation to the external auditor:**

- a) Raising the selection, appointment, re-election and substitution proposals concerning the external auditor to the Board, as well as the terms and conditions of his contract.
- b) Regularly receiving information from the external auditor on the audit plan and the results of its implementation and ensuring that senior management takes into account the corresponding recommendations.
- c) Guaranteeing the independence of the external auditor and, accordingly:
  - i) The company should report the change of auditor to the Spanish National Securities Market Commission as a relevant event and accompany the said report with the declaration on the existence of disagreements with the departing auditor and, where applicable, the corresponding content.
  - ii) It should be ensured that the company and the auditor observe current standards on the provision of services other than auditing services, the limits to the auditor's business concentration and, in general, the other standards established to guarantee the independence of auditors;
  - iii) In the case of the resignation of the external auditor, it should examine the circumstances leading to the said resignation.
- d) In the case of groups, it should favour the group's auditor assuming the responsibility for the audits of the companies in the group.

See epigraphs: B.1.35, B.2.2, B.2.3 and D.3

☐ Complies      ☒ Complies partially      ☐ Explain

The point that was not put into practice in the 2008 tax year and that will be applied in 2009 is as follows:

In the 2008 tax year, the external auditor was appointed for a one-year term by virtue of the agreement adopted by the General Shareholders Meeting on 30/05/08. With regard to 2009, the Audit Committee will be informed so that is able to make recommendations to the Board on the selection, appointment, re-election and replacement of the external auditor, and the terms and conditions of the latter's contract.

**51. The Audit Committee should be able to call any of the company's employee or manager and also have them appear without the presence of any other manager.**

☒ Complies      ☐ Explain

**52. The Audit Committee should report to the Board before the Board adopts the corresponding decisions on the following matters indicated in Recommendation 8:**

- a) The financial information which, due to its status as a listed company, must be published by the company on a regular basis. The committee should ensure that the interim accounts are prepared under the same bookkeeping criteria as the annual accounts and, accordingly, consider the appropriateness of a limited review by the external auditor.
- b) The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.
- c) The related transactions, unless the preliminary report function has been attributed to another control and supervision Committee.

See epigraphs: B.2.2 and B.2.3

☒ Complies      ☐ Complies partially      ☐ Explain

**53. The Board of Directors should seek to present the accounts to the General Shareholders Meeting without any reservations or qualifications in the audit report and, in whatsoever exceptional case, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of the said reservations or qualifications.**

See epigraph: B.1.38

☒ Complies      ☐ Complies partially      ☐ Explain

Historically, we have had consolidated audit reports without reservations or qualifications. The external auditors stand before the Audit Committee before the presentation of the Annual Accounts to the Board of Directors to explain the conclusions drawn from their audit.



(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**54. Most of the members of the Appointments Committee (or the Appointments and Remuneration Committee, if there is only one Committee) should be independent directors.**

See epigraph: **B.2.1**

Complies x Explain ☐ Not applicable ☐

**55. Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Appointments Committee:**

- a) Assessing the skills, know-how and experience required of the Board and, consequently, defining the functions and skills required of the candidates to cover each vacancy; and assessing the time and devotion necessary for them to carry out their task correctly.
- b) Examining or organising, as considered appropriate, the succession of the Chairman and the chief executive and, where applicable, making proposals to the Board so that the said succession occurs in an orderly and well-planned manner.
- c) Reporting the appointments and resignations of senior executives as proposed to the Board by the chief executive.
- d) Reporting to the Board on matters of gender diversity as per Recommendation 14 of this code.

See epigraph: **B.2.3**

Complies x Complies partially ☐ Explain ☐ Not applicable ☐

**56. The Appointments Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors.**

And any director should be able to ask the Appointments Committee to consider potential candidates for the vacancy of director if they consider them to be ideal.

Complies x Complies partially ☐ Explain ☐ Not applicable ☐

**57. Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Remuneration Committee:**

- a) Proposing to the Board of Directors:
  - i) The salary policy for directors and senior managers;
  - ii) The individual salaries of the executive directors and the other terms and conditions of their contracts.
  - iii) The basic terms and conditions of the senior managers' contracts.
- b) Ensuring the observance of the salary policy laid down by the company.

See epigraphs: **B.1.14, B.2.3**

Complies x Complies partially ☐ Explain ☐ Not applicable ☐

**58. The Remuneration Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors.**

Complies x Explains ☐ Not applicable ☐

FLUIDRA, S.A.

Directors' Report

2010

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**G. OTHER INFORMATION OF INTEREST**

If you consider that there is any important principle or aspect regarding the corporate governance practices applied by your company which have not been covered in this report, please explain below.

Negative reply.

More specifically, indicate whether your company is subject to any corporate governance legislation other than Spanish law, and if so, include any information that is mandatory and different from that requested herein.

Negative reply.

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**Binding definition of independent director:**

Indicate whether or not any of the independent directors has or has had any relationship with the company, its significant shareholders or managers which, if sufficiently significant or important, would have meant that the director could not be considered as independent in accordance with the definition laid down in section 5 of the unified code of good governance:

Negative reply.

This Annual Report was approved at the meeting held on March 28<sup>th</sup> 2011 by the Board of Directors.

FLUIDRA, S.A.

Notes to the Annual Accounts

2010

On 28 March 2011 the board of directors of Fluidra, S.A. prepared the annual accounts in accordance with the new Spanish Chart of Accounts approved by Royal Decree 1514/2007, comprising the balance sheet, income statement, statement of recognised income and expenses, statement changes in equity, statement of cash flows, notes to the annual accounts and directors' report for the year ended 31 December 2010. All the members of the board of directors sign this sheet as a sign of conformity and the non-executive Secretary to the Board Mr Albert Collado Armengol has signed each of the pages of the aforementioned documents for identification purposes.

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Mr Juan Planes Vila (signed)

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Bansabadell Inversió Desenvolupament, S.A.  
Mr Carlos Ventura Santamans (signed)

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Mr Eloy Planes Corts (signed)

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Mr Richard Cathcart (signed)

---

Mr Bernat Garrigós Castro (signed)

---

Mr Kam Son Leong (signed)

---

Mr Oscar Serra Duffo (signed)

---

Mr Juan Ignacio Acha-Orbea Echevarría (signed)

---

Mr Bernat Corbera Serra (signed)

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Grupo Corporativo Empresarial de la Caja de Ahorros y  
Monte de Piedad de Navarra, S.A.U.  
Mr Eduardo López Milagro (signed)

## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Euros									
% ownership			Capital				Total equity		Carrying amount of investment
Name	Dir	Ind	and share capital		Reserves	Interim dividend	Profit/(Loss) for the year	2010	2010
<u>Details of subsidiaries</u>									
<u>Fluidra Commercial, S.A.U. and subsidiaries</u>									
FLUIDRA COMMERCIAL, S.A.U.	100%		70,537,545		20,597,054	-	8,834,242	99,968,840	128,587,393
FLUIDRA ESPAÑA, S.A.U.		100%	1,202,072		20,587,414	-	(258,591)	21,530,895	
SCI 11 RUE DENFERT ROCHEREAU		50%	150,000		(39,868)	-	(23,407)	86,725	
ASTRAL POOL BELGIQUE, S.R.L.		100%	18,600		146,707	-	248,530	413,837	
ASTRAL UK LIMITED		100%	51,603		1,512,200	-	521,538	2,085,342	
FLUIDRA DEUTSCHLAND GmbH		100%	4,017,807		(372,425)	-	(1,824,620)	1,820,762	
ASTRAL ITALIA, S.P.A.		100%	620,000		5,369,895	-	60,455	6,050,350	
FLUIDRA SERVICES ITALIA, S.R.L.		100%	10,400		136,997	-	(85,757)	61,640	
ASTRAL POOL SWITZERLAND, S.A.		100%	647,478		(469,708)	-	14,734	192,504	
ASTRAL EXPORT, S.A.		95%	601,000		639,503	-	1,329,466	2,569,969	
YA SHI TU (Ningbo) Water Treatment Equipment, Ltd.		95%	58,612		59,531	-	(3,822)	114,321	
FLUIDRA MIDDLE EAST FZE		100%	211,231		3,899,117	-	2,854,353	6,964,702	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS		51%	168,796		1,819,163	-	1,007,340	2,995,299	
FLUIDRA MAROC, S.A.R.L.		96%	311,143		976,933	-	325,956	1,614,032	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%	71,395		2,011,739	-	901,778	2,984,913	
ASTRAL SCANDINAVIA AS		100%	63,652		1,087,307	-	39,633	1,190,592	
ZAO ASTRAL SNG		70%	194,936		513,858	-	(93,953)	614,841	
FLUIDRA MAGYARORSZÁG Kft.		90%	140,941		667,464	-	37,066	845,471	
FLUIDRA CHILE S.A.		99%	2,131,863		207,718	-	(270,200)	2,069,382	
FLUIDRA POLSKA, SP. Z.O.O.		95%	99,293		559,006	-	182,958	841,257	

## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Name	Euros					
	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year
	Dir	Ind				
					Total equity 2010	Carrying amount of investment 2010
ASTRAL INDIA Pvt. Ltd.		85%	94.696	587.191	-	747.974
FLUIDRA PORTUGAL, LDA.		91%	920.641	5.198.475	-	287.786
FLUIDRA HELLAS, S.A.		80%	841.250	251.111	-	128.518
FLUIDRA USA, INC.		100%	5.052.800	(4.437.702)	-	(697.233)
ASTRAL POOL MEXICO, S.A. DE C.V.		94%	2.864.608	(2.064.462)	-	(735.093)
CATPOOL S.A. de C.V.		93%	447.472	(68.805)	-	(3.431)
POOL SUPPLIER, S.L.U.		100%	3.100	515.336	-	386.388
TURCAT POLYESTER SANAYI VE TICARET A.S.		50%	79.200	264.459	-	9.319
ASTRAL HOLDINGS AUSTRALIA PTY LTD (3)		100%	145.450	8.729.541	-	2.516.221
ASTRAL HONG KONG CO. Ltd.		100%	994	97.784	-	214.702
FLUIDRA SINGAPORE PTE. LTD		100%	217.350	180.943	-	281.624
SSA FLUIDRA ÖSTERREICH PRIVATE GmbH (4)		95%-100%	1.158.434	2.085.385	-	962.064
FLUIDRA MEXICO S.A. DE CV		100%	3.093	(729)	-	(65.000)
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%	32.611	2.431	-	(83.203)
W.I.T. EGYPT, Egyptian Limited Liability Company		100%	32.436	(1.209)-	-	6.442
SPLASH WATER TRADERS PRIVATE LTD		85%	1.673	0	-	(5.465)
FLUIDRA BALKANS JSC		67%	69.025	343.733	-	38.254
FLUIDRA CYPRUS, LTD		80%	200.000	382.178	-	93.050
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co. Ltd.		100%	85.183	195.897	-	307.277
MTH-Moderne Wassertechnik AG		100%	103.000	215.355	-	(14.257)
ASTRAMATIC, S.A.		100%	180.300	675.277	-	(150.709)
FLUIDRA SOUTH AFRICA (Pty), Ltd.		100%	103.040	(57.424)	-	(9.555)
WAY FIT, S.L.		70%	35.000	156.348	-	320.702
						512.050

## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Name	Euros						
	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year	Total equity
	Dir	Ind					
ASTRAL POOL (THAILAND) CO, Ltd.		99%	80.740	145.004	-	258.626	484.371
FLUIDRA (THAILAND) CO, Ltd.		100%	4.570	(412)	-	2.569	6.726
PROCEPEX, S.R.L.		100%	363.843	130.595	-	3.234	497.672
CEPEX ITALIA S.R.L.		79%	101.490	2.551.885	-	500.030	3.153.405
CEPEX USA INC.		90%	350.447	(277.388)	-	21.016	94.075
CEPEX MEXICO, S.A. DE C.V.		100%	633.090	566.825	-	37.234	1.237.149
AGROCEPEX, S.A.L.L.		56%	8.938	(10.988)	-	9.822	7.773
CERTIKIN MIDDLE EAST FZE		100%	414.015	118.470	-	(171.499)	360.986
INQUIDE ITALIA, S.R.L.		85%	520.000	1.376.160	-	1.698.517	3.594.677
<b><u>Fluidra Industry, S.A.U. and subsidiaries</u></b>							
FLUIDRA INDUSTRY, S.A.U.	100%		25.242.000	13.369.042	-	(5.147.846)	33.457.952
METALAST, S.A.U.	100%		601.056	11.478.536	-	2.962.194	15.041.068
POLTANK, S.A.U.	100%		601.010	3.585.584	-	1.144.353	5.330.947
SACOPA, S.A.U.	100%		601.000	7.296.034	-	5.237.885	13.133.905
UNISTRAL RECAMBIO, S.A.U.	100%		60.110	701.140	-	712.729	1.473.979
TALLERES DEL AGUA, S.L.	100%		3.756	1.674.970	-	78.434	1.757.160
MABER PLAST, S.L.	100%		12.020	1.109.759	-	171.955	1.293.733
TOGAMA, S.A.	100%		1.875.710	(788.869)	-	(498.050)	588.780
LLIERCA NAUS, S.A.	100%		60.110	304.116	-	182.924	547.151
PRODUCTES ELASTOMERS, S.A.	70%		60.200	21.547	-	52.328	134.075
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.	100%		1.114.323	875.040	-	963.422	2.952.785
TURCAT POLYESTER SANAYI VE TICARET A.S.	50%		79.200	264.459	-	9.319	352.978
							54.377.685

## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Name	Euros						
	% ownership		Capital		Total equity		Carrying amount of investment
	Dir	Ind	and share capital	Reserves	Profit/(Loss) for the year	2010	
ROTOPLASTICS, S.L.		100%	100.000	(149.606)	-	(9.204)	(58.810)
AQUANT TRADING CO, Ltd.		100%	491.992	(96.340)	-	(88.137)	307.514
NINGBO DONGCHUAN SWIMMINGPOOL		70%	905.369	935.245	-	928.037	2.768.651
I.D. ELECTROQUÍMICA, S.L.		60%	3.720	2.739.567	-	947.522	3.690.809
PACIFIC INDUSTRIES, S.A.S.		100%	167.694	2.528.367	-	768.289	3.464.350
CEPEX S.A.U.		100%	60.200	15.712.030	-	4.014.541	19.785.103
INQUIDE, S.A.U.		100%	2.303.732	(74.307)	-	(710.569)	1.518.197
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	60.110	1.043.118	-	795.470	1.898.698
LOITECH (NINGBO) HEATING EQUIPMENT CO. Ltd.		80%	655.125	171.691	-	361.619	1.188.435
SERVAQUA, S.A.		100%	420.720	3.163.867	-	(171.317)	3.413.270
SCI LA CERISAY		100%	1.524	-	-	(54.383)	(52.859)
APLICACIONES TÉCNICAS HIDRÁULICAS, S.L. (4)		80%-100%	120.202	4.967.787	-	295.036	5.383.025
<b>Swimco Corp. S.L.U. and subsidiaries</b>							
SWIMCO CORP., S.L.	100%		33.509.182	22.529.092	-	4.166.185	60.204.459
MANUFACTURAS GRE, S.A.		100%	445.343	5.953.620	-	2.923.729	9.322.692
PISCIWELLNESS DOMICILIARIO, S.L.U.		100%	3.010	(364)	-	2.646	5.292
CERTIKIN ITALIA, S.p.A. (4)		90%-95%	581.772	1.112.065	-	4.110	1.697.947
ME 2000, S.R.L.		100%	10.000	60.185	-	(6.301)	61.884
CERTIKIN INTERNATIONAL, LTD.		100%	1.500.003	3.195.946	-	1.264.624	5.960.573
HYDROSWIM International, S.A.S.		100%	1.652.500	(1.987.881)	-	83.124	(252.257)
CERTIKIN POOL IBERICA, S.L.		100%	203.100	3.196.659	-	277.342	3.677.102

## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Euros											
	% ownership		Capital and share capital			Reserves	Interim dividend	Profit/(Loss) for the year	Total equity		Carrying amount of investment
	Dir	Ind			2010				2010		
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	128.341	69.424	-	132.142	329.907				
CALDERERÍA PLÁSTICA DEL NORTE, S.L. (4)		80%-100%	48.081	641.301	-	406.918	1.096.300				
AQUAAMBIENTE, S.A.		80%	450.000	642.391	-	443.371	1.535.762				
<u>Fluidra France, S.A.S. and subsidiaries</u>											
FLUIDRA SERVICES FRANCE, S.A.S.	100%		21.920.200	4.871	-	(4.891.636)	17.033.435			21.920.166	
ASTRAL PISCINE, S.A.S.		100%	4.777.889	2.800.414	-	1.403.446	8.981.749				
BLUE WATER PARTS, S.A.S.		100%	300.000	(434.334)	-	27.212	(107.122)				
EUROPEENNE DE COUVERTEURS AUTOMATIQUES S.A.R.L.		100%	100.000	337.839	-	(142.121)	295.717				
IRRIGARONNE, S.A.S.		100%	969.419	3.349.697	-	135.732	4.454.848				
CERTIKIN FRANCE, S.A.R.L.		100%	1.456.000	(442.541)	-	(1.332.496)	(319.037)				
<u>Inmobiliaria Swim 38, S.L.U. and subsidiaries</u>											
INMOBILIARIA SWIM 38, S.L.	100%		3.100	152.436	-	(25.640)	129.896			3.100	
A.P. IMMOBILIERE		100%	10.000	430.996	-	113.041	554.037				
TRACE LOGISTICS, S.A.	100%		4.509.000	(3.748)	-	167.566	4.672.818			4.417.167	
ACCENT GRAPHIC, S.L.	100%		72.120	427.919	-	316.555	816.594			144.212	
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%		3.100	-	-	(230.775)	(227.675)			0	
FLUIDRA SERVICES PORTUGAL, Unipessoal Lda	100%		5.000	-	-	53.592	58.592			5.000	



## FLUIDRA, S.A.

Information relating group companies  
31 December 2010

Name	Euros						Carrying amount of investment	
	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year		Total equity
	Dir	Ind						
<u>Details of associates</u>								
INQUEVAP ENERGIA, S.L.		30%		323.224	(21.221)	-	143.225	445.228
ASTRAL NIGERIA, LTD. (1)		25%		8.772	199.085	-	130.844	338.700
<u>Details of other companies</u>								
DISCOVERPOOLS COM, INC. (2)		11%		84.000	-	-	-	84.000

(1) Companies belonging to the subgroup Fluidra Commercial, S.A. and subsidiaries.

(2) Companies belonging to the subgroup Fluidra Commercial, S.A. and subsidiaries and to the subgroup Fluidra Industry, S.A. and subsidiaries.

(3) Astral Holdings Australia Pty Ltd are a group of companies in which the parent holds 100% of the capital of Astral Pool Australia Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Pty Ltd and Hendy Manufacturing Pty Ltd.

(4) Companies in which there is a put option on part or all the % ownership.

## FLUIDRA, S.A.

Information relating group companies  
31 December 2009

Name	Euros						
	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year	Total equity
	Direct	Indirect					
Details of subsidiaries							
Fluidra Commercial, S.A.U. and subsidiaries							
FLUIDRA COMMERCIAL, S.A.U.	100%		70,537,545	28,919,832	(9,000,000)	2,734,184	93,191,561
FLUIDRA ESPAÑA, S.A.U.			1,202,072	23,599,627	-	(2,601,301)	22,200,398
SCI 11 RUE DENFERT ROCHEREAU	50%		150,000	(60,363)	-	20,495	110,132
ASTRAL POOL BELGIQUE, S.R.L.	100%		18,600	29,967	-	116,740	165,307
ASTRAL UK LIMITED	100%		51,603	1,573,561	-	435,876	1,895,791
ASTRAL POOL DEUTSCHLAND GmbH	100%		4,017,807	(599,865)	-	190,651	3,608,593
ASTRAL ITALIA, S.P.A.	100%		620,000	5,189,603	-	600,973	6,410,576
FLUIDRA SERVICES ITALIA, S.R.L.	100%		10,400	154,550	-	(17,553)	147,397
ASTRAL POOL SWITZERLAND, S.A.	100%		647,478	(527,095)	-	27,515	148,639
ASTRAL EXPORT, S.A.	95%		601,000	639,503	-	964,056	2,204,559
YA SHI TU (Ningbo) Water Treatment Equipment, Ltd.	95%		58,612	20,148	-	21,957	106,016
ASTRAL MIDDLE EAST FZE	100%		211,231	4,480,876	-	1,960,732	5,886,574
ASTRAL HAVUZ EQUIPMANLARI S.V.T.A.	51%		168,796	2,058,809	-	812,624	2,425,526
MAGHREBINE DES EQUIPEMENTS D'EAU, S.A.R.L.	96%		311,143	891,294	-	101,011	1,317,580
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	85%		71,395	2,023,689	-	891,002	3,549,398
ASTRAL SCANDINAVIA AS	100%		63,652	1,063,947	-	36,527	1,114,721
ZAO "ASTRAL SNG"	70%		194,936	904,660	-	(151,959)	669,156
MAGYAR ASTRAL POOL Kft.	90%		141,187	703,441	-	35,952	831,358
FLUIDRA CHILE S.A.	99%		2,131,863	(315,009)	-	(41,609)	2,018,539
ASTRAL POOL POLSKA, SP. Z.O.O.	85%		99,293	556,520	-	177,808	806,351
ASTRAL INDIA Pvt. Ltd.	85%		94,696	269,521	-	806,512	1,128,831
MARAZUL, L.D.A.	100%		500,000	2,267,206	-	422,538	3,189,744
ASTRAL POOL HELLAS, S.A.	80%		841,250	75,149	-	175,962	1,092,361
ASTRAL PRODUCTS, INC.	97%		5,052,800	(4,096,049)	-	(941,584)	(172,797)
ASTRAL POOL MEXICO, S.A. DE C.V.	94%		2,864,608	(160,409)	-	(776,058)	1,641,738
CATPOOL S.A. de C.V.	93%		447,472	(591)	-	(11,943)	331,180
POOL SUPPLIER, S.L.U.	100%		3,100	662,602	-	(147,266)	518,436
FLUIDRA COMMERCIAL SERVICES, S.L.U.	100%		449,110	100,516	-	(1,932,785)	(1,383,159)
TURCAT POLYESTER SANAYI VE TICARET A.S.	50%		79,200	233,056	-	53,470	330,357
ASTRAL POOL AUSTRALIA PTY LTD (3)	100%		145,450	5,413,527	-	1,684,515	7,735,928
ASTRAL HONG KONG CO. Ltd.	100%		994	76,453	-	148,670	224,782

## FLUIDRA, S.A.

Information relating group companies  
31 December 2009

Euros								
Name	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year	Total equity	Carrying amount of investment
	Direct	Indirect						
ASTRAL SINGAPORE PTE. LTD		100%	103.597	31.016	-	94.912	227.640	
ASTRALPOOL BALKANS JSC		67%	69.025	325.169	-	18.564	412.759	
ASTRALPOOL CYPRUS, LTD		80%	200.000	258.308	-	123.870	582.178	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co. Ltd.		100%	85.183	38.533	-	121.212	248.827	
IMTH-Moderne Wassertechnik AG		100%	103.000	486.183	-	(270.828)	318.355	
ADBE CARTERA, S.A.U.		100%	300.510	16.840	-	1.067.957	1.385.307	
ASTRAMATIC, S.A.		100%	180.300	699.965	-	(24.689)	855.577	
ASTRAL SOUTH AFRICA (Pty) Ltd.		100%	103.040	-	-	(93.166)	38.615	
WAY FIT, S.L.		70%	35.000	13.171	-	143.177	191.348	
ASTRAL POOL (THAILAND) CO. Ltd.		99%	80.740	-	-	107.476	180.096	
FLUIDRA (THAILAND) CO. Ltd.		100%	4.570	-	-	(778)	3.392	
PROCEPEX, S.R.L.		100%	363.843	(47.524)	-	197.141	487.196	
NINGBO XI PEI VALVES AND FITTINGS		100%	202.979	(1.117)	-	9.410	212.025	
CEPEX PORTUGAL, LD		80%	312.290	2.521.998	-	95.084	2.929.372	
CEPEX ITALIA S.R.L.		79%	101.490	2.551.885	-	504.651	3.158.026	
CEPEX USA INC.		90%	350.448	(239.721)	-	(54.670)	67.992	
CEPEX MEXICO, S.A. DE C.V.		100%	633.090	476.616	-	88.288	1.049.010	
AGROCEPEX, S.A.L.L.		56%	8.938	(18.878)	-	8.439	(2.015)	
CEPEX GMBH		100%	469.951	(448.555)	-	15.394	36.789	
CEPEX MIDDLE EAST FZE		100%	414.015	24.894	-	271.819	681.694	
CTX CHEMICALS, S.R.L.		85%	520.000	1.196.551	-	179.608	1.896.160	
Fluidra Industry, S.A.U. and subsidiaries								
FLUIDRA INDUSTRY, S.A.U.	100%		25.242.000	13.902.686	-	2.203.419	41.348.085	54.377.685
METALAST S.A.U.		100%	601.056	10.889.347	-	1.472.975	12.963.378	
POLTANK, S.A.U.		100%	601.010	4.192.660	-	(607.076)	4.186.594	
SACOPA, S.A.U.		100%	601.000	7.296.034	-	3.038.383	10.935.417	
UNISTRAL RECAMBIOS, S.A.U.		100%	60.110	467.305	-	467.689	995.084	
TALLERES DEL AGUA, S.L.		100%	3.756	1.562.519	-	112.451	1.678.727	
MABER PLAST, S.L.		100%	12.020	1.063.928	-	25.831	1.121.779	
TOGAMA, S.A.		100%	1.875.710	(669.851)	-	(1.519.017)	(313.157)	
LLIERCA NAUS, S.A		100%	60.110	304.116	-	165.677	529.903	
FLUIDRA INDUSTRY SERVICES, S.L.U.		100%	54.090	542.155	-	789.405	1.385.649	
PRODUCTES ELASTOMERS, S.A.		70%	60.200	109.886	-	(88.339)	81.747	

## FLUIDRA, S.A.

Information relating group companies  
31 December 2009

Name	% ownership		Euros					Carrying amount of investment
	Direct	Indirect	Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year	Total equity	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.		100%	911,344	361,787	-	-	1,573,893	
TURCAT POLYESTER SANAYI VE TICARET A.S.		50%	79,200	233,056	-	53,470	330,357	
ROTOPLASTICS, S.L.		100%	100,000	(72,109)	-	(77,496)	(49,605)	
AQUANT TRADING CO. Ltd.		100%	491,992	(211,426)	-	72,094	355,846	
NINGBO DONGCHUAN SWIMMINGPOOL		70%	905,369	555,444	-	354,013	1,844,415	
IDEGIS, S.L.		60%	3,720	2,324,081	-	830,974	3,158,775	
PACIFIC INDUSTRIES, S.A.S.		80%	167,694	2,046,454	-	481,913	2,696,061	
CEPEX S.A.U.		100%	60,200	10,217,386	-	132,794	10,410,380	
VALVULES I RACORDS CANOVELLES, S.A.		100%	60,105	5,433,647	-	562,642	6,056,394	
INQUIDE, S.A.U.		100%	2,303,732	3,387,705	-	(5,897,013)	(205,575)	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	60,110	1,043,118	-	656,997	1,760,225	
LOITECH (NINGBO) HEATING EQUIPMENT CO. Ltd.		80%	655,125	-	-	131,693	737,769	
SERVAQUA, S.A.		100%	420,720	1,861,487	-	1,302,379	3,584,587	
SCI LA CERISAY		99%	1,524	-	-	25,540	27,064	
APLICACIONES TÉCNICAS HIDRÁULICAS, S.L.		80%	120,202	4,893,003	-	149,569	5,162,774	
<u>Swimco Corp. S.L.U. and subsidiaries</u>								
SWIMCO CORP., S.L.	100%		33,509,182	24,222,466	-	(1,693,374)	56,038,274	60,437,786
MEIP INTERNACIONAL S.L.		100%	420,700	1,018,448	-	471,173	1,910,321	
MANUFACTURAS GRE, S.A.		100%	445,343	5,953,620	-	1,924,187	8,323,150	
GRE, AQUA AND POOL S.L.		100%	3,010	(364)	-	0	2,646	
CERTIKIN ITALIA, S.p.A.		90%	300,000	812,741	-	299,324	1,412,065	
ME 2000, S.R.L.		100%	10,000	59,645	-	540	70,185	
CERTIKIN INTERNATIONAL, LTD.		100%	1,500,003	3,967,837	-	882,271	5,053,826	
HYDROSWIM International, S.A.S.		100%	1,652,500	(524,241)	-	(1,463,639)	(935,381)	
CERTIKIN POOL IBERICA, S.L.		100%	203,100	3,441,107	-	(244,447)	3,399,759	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	128,341	(5,808)	-	59,379	175,297	
CALDERERÍA PLÁSTICA DEL NORTE, S.L.		80%	48,081	641,301	-	452,637	1,142,019	
AQUAAMBIENTE, S.A.		80%	450,000	1,167,606	-	(525,215)	1,092,391	
<u>Fluidra France, S.A.S. and subsidiaries</u>								
FLUIDRA FRANCE, S.A.S.	100%		37,000	3,163	-	1,708	41,871	37,000
ASTRAL PISCINE, S.A.S.		100%	4,777,889	1,608,887	-	1,191,527	7,578,304	
BLUE WATER PARTS, S.A.S.		100%	300,000	(460,290)	-	25,957	(134,334)	
EUROPEENNE DE COUVERTEURS AUTOMATIQUES S.A.R.L.		100%	100,000	813,412	-	(1,575,573)	(662,161)	
IRRIGARONNE, S.A.S.		100%	969,419	2,977,525	-	614,968	4,561,912	
SENTEX S.A.R.L.		100%	1,000,000	(442,469)	-	(1,544,072)	(986,540)	

## FLUIDRA, S.A.

Information relating group companies  
31 December 2009

Name	Euros						
	% ownership		Capital and share capital	Reserves	Interim dividend	Profit/(Loss) for the year	Total equity
	Direct	Indirect					
<u>Immobiliaria Swim 38, S.L.U. and subsidiaries</u>							
INMOBILIARIA SWIM 38, S.L.	100%	99.9%	3.100	91.938	-	60.497	155.536
A.P. IMMOBILIERE			10.000	324.225	-	106.771	440.996
TRACE LOGISTICS, S.A.	100%		4.509.000	(30.288)	-	(23.459)	4.455.252
ACCENT GRAPHIC, S.L.	100%		72.120	354.361	-	73.561	500.042
FLUIDRA SERVICES, S.A.U.	100%		300.000	210.479	-	(1.284.972)	(774.494)
DISPREAU, GIE	100%		-	-	-	-	-
-FLUIDRA SERVICES ESPAÑA, S.L.U.	100%						4.367.167
FLUIDRA SERVICES PORTUGAL, Unipessoal Lda	100%						144.212
							-
							3.100
							5.000
<u>Details of associates</u>							
INQUEVAP, A.I.E. (1)	30%		323.224	(321.389)	-	302.003	303.838
ASTRAL NIGERIA, LTD. (1)	25%		8.772	174.220	-	79.865	262.857
<u>Details of joint ventures</u>							
SCHWIMMBAD-SAUNA-AUSSTATTUNGS GmbH (1)	95%		1.158.434	2.176.335	-	786.638	4.121.407
<u>Details of other companies</u>							
DISCOVERPOOLS COM, INC. (2)	11%		84.000	-	-	-	84.000

(1) Companies belonging to the subgroup Fluidra Commercial, S.A. and subsidiaries.

(2) Companies belonging to the subgroup Fluidra Commercial, S.A. and subsidiaries and to the subgroup Fluidra Industry, S.A. and subsidiaries.

(3) Astral Pool Australia Pty Ltd is a group of companies in which the parent holds 100% of the capital of Astral Pool Holdings Pty Ltd, Huricon Staffing Pty Ltd, Huricon Investments Pty Ltd, Huricon Research Pty Ltd, Rolachem Australia Pty Ltd and Hendy Manufacturing Pty Ltd.



## FLUIDRA, S.A.

Details of the statutory activity  
of subsidiaries, associates  
and jointly controlled entities in which the Group holds direct and indirect interests

31 december 2010

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U. (merged with Fluidra Commercial Services, S.L.U. and ADBE Cartera, S.A.U.), with registered offices in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Fluidra España, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.
- SCI 11 Rue Denfert Rochereau, with registered offices in Saint Dennis (France), operates in the real estate sector.
- Astral Piscine, S.A.S., with registered offices in Perpignan (France), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astral Pool Belgique, S.R.L. with registered offices in Carcelles (Belgium), the statutory activity of which is the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool- related products.
- Astral UK, Ltd., with registered offices in Hants (England), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Deutschland, GMBH (before named Astral Pool Deutschland, GMBH – merged with Cepex GmbH), with registered offices in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astral Italia, S.P.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Services Italia, S.R.L. with registered offices in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.
- Astral Pool Switzerland, S.A., with registered offices in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.
- Astral Export, S.A., with registered offices in Sabadell (Spain) is dedicated to trading all type of products and goods on both domestic and foreign markets, whilst its principal activity involves the commercialisation of swimming pool-related products, basically acquired from related companies.
- Fluidra Middle East, Fze. (before named Astral Middle East, Fze.), with registered offices in Jebel Ali (Dubai), dedicated to the commercialisation of equipment for swimming pools and water treatment and related accessories.
- Fluidra Tr Su Ve Havuz Ekipmanlari AS (before named Astral Havuz Ekipmanlari, S.V.T.A.), with registered offices in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.

## FLUIDRA, S.A.

Details of the statutory activity  
of subsidiaries, associates  
and jointly controlled entities in which the Group holds direct and indirect interests

31 december 2010

- Fluidra Maroc, S.A.R.L. (before named Maghrebine Des Equipements d'Eau, S.A.R.L.), with registered offices in Casablanca (Morocco), the statutory activity of which is the import, export, manufacture, commercialisation, sale and distribution of parts for swimming pools, irrigation and water treatment systems.
- Astral Bazénové Příslušenství Spol, S.R.O., with registered offices in Praha-Východ (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Astral Scandinavia, A/S, with registered offices in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.
- Zao "Astral Sng", with registered offices in Moscow (Russia), the principal activity of which is the purchase of swimming pool-related materials for their subsequent sale on the domestic market.
- Fluidra Magyarország, kft. (before named Magyar Astral Pool, Kft.), with registered offices in Budapest (Hungary), the principal activity of which is the commercialisation and assembly of machinery and accessories for swimming pools, irrigation and water treatment and purification systems.
- Fluidra Polska SP, Z.o.o. (before named Astral Pool Polska SP, Z.o.o.), with registered offices in Wrocław (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Fluidra Chile, S.A., with registered offices in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of products for swimming pools, irrigation and water treatment and purification systems.
- Astral Pool México, S.A. de C.V., with registered offices in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra USA, Inc. (before named Astral Products, Inc.), with registered offices in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.
- Astral India PVT LTD, with registered offices in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra Portugal, LDA (before named Marazul Importação, Exportação, Comércio e Indústria Limitada), with registered offices in São Domingo da Rana (Portugal), dedicated to the manufacture, sale and purchase, distribution commercialisation, export and import of all types of swimming pool-related products.
- Pool Supplier, S.L.U., with registered offices in Polinyà (Barcelona), dedicated to the sale and purchase of swimming pool-related products and the distribution of these products among group companies.
- Fluidra Hellas, S.A. (before named Astral Pool Hellas, S.A.), with registered offices in Aspropyrgos (Greece), the principal activity of which is the distribution of swimming pool-related materials.
- Ya Shi Tu (Ningbo Water Treatment Equipment, LTD), with registered offices in Donquiao Town (China), the principal activity of which is the commercialisation of swimming pool-related products.
- Catpool SA de C.V., with registered offices in Mexico DF (Mexico), the principal activity of which is the purchase, sale and distribution of chemical products related with the maintenance of swimming pools and water systems.



## FLUIDRA, S.A.

Details of the statutory activity  
of subsidiaries, associates  
and jointly controlled entities in which the Group holds direct and indirect interests

31 december 2010

- Astral Holdings Australia PTY LTD, with registered offices in Melbourne (Australia), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems.
- Astral Pool Hongkong CO. LTD, with registered offices in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Singapore PTE LTD (before named Astral Pool Singapore PTE LTD), with registered offices in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Balkans JSK (before named Astral Pool Balkans JSK), with registered offices in Plovdiv (Bulgaria), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co. Ltd., with registered offices in Tower E, Building 18, num. 238, Nandandong Road, Xu Hui District (Shanghai), the principal activity of which is the commercialisation of swimming pool products.
- MTH Moderne Wassertechnik AG, with registered offices in Gilching (Germany), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems.
- Blue Water Parts, S.A.S., with registered offices in Villeurbanne (France), mainly dedicated to selling replacement materials for swimming pools.
- Fluidra Cyprus LTD (before named Astral Pool Cyprus LTD), with registered offices in Limassol (Cyprus), the principal activity of which is the distribution of swimming pool-related products.
- Metalast, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture of metal products, piping and street furniture, and the wholesale of accessories.
- Poltank, S.A.U., with registered offices in Tortellà (Girona), the statutory activity of which involves the manufacture and commercialisation of swimming pool filters by injection-moulding, projection or lamination.
- Sacopa, S.A.U., with registered offices in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation and commercialisation of plastic materials.
- Unistral Recambios, S.A.U., with registered offices in Massanet de la Selva (Girona), the statutory activity of which involves the manufacture, sale and purchase and distribution of machinery, accessories, spare parts, components and specific products for the treatment and purification of water.
- Talleres del Agua, S.L., with registered offices in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), the statutory activity of which involves the construction, sale, installation, conditioning and maintenance of swimming pools, as well as the manufacture, sale and purchase, import and export of all types of swimming pool-related tools.
- Maber Plast, S.L., with registered offices in Sant Joan les Fonts (Girona), the principal activity of which is the transformation of plastic materials.
- Togama, S.A., with registered offices in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.
- Llierca Naus, S.A., with registered offices in Sant Jaume de Llierca (Girona), rents its industrial buildings to several group companies.

## FLUIDRA, S.A.

Details of the statutory activity  
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- Fluidra Industry, S.A.U. (merged with Fluidra Industry Services, S.L.), with registered offices in Polinyà (Barcelona), dedicated to the holding and use of shares and advising, managing and administrating the companies in which it has an interest.
- Productes Elastomers, S.A. with registered offices in Sant Joan Les Fonts (Girona) is dedicated to the manufacture of rubber moulded parts and all kinds of natural rubber and synthetic products; the development of techniques for the maintenance of pressure cylinders; their repair and modification and in general, the preparation, manufacture and transformation of all kinds of rubber and plastic products.
- Ningbo Linya Swimming Pool & Water Treatment Co. (merged with Ningbo Xipei Valves and Fittings), with registered offices in Ningbo (China), the statutory activity of which is the design, research and development and manufacture of equipment for swimming pools and water disinfection, pumps, dehumidifiers, metallic products, plastic products and vitreous linings.
- Turcat Polyester Sanayi Ve Ticaret A.S., with registered offices in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.
- Europeenne de Couverteurs Automatiques, S.A.R.L., with registered offices in Perpignan (France), the statutory activity of which is the manufacture of motorised swimming pool covers.
- Rotoplastics, S.L., with registered offices in Saint Antonin Noble Val (France), the statutory activity of which is the manufacture of material for swimming pools and water treatment.
- Aquant Trading Co. LTD, with registered offices in Shanghai (China), the statutory activity of which is the commercialisation, import and export of swimming pool equipment, accessories and other swimming pool sector-related components, together with the rendering of services related to its statutory activity.
- Ningbo Dongchuan Swimmingpool, with registered offices in Ningbo (China), the statutory activity of which is the manufacture and installation of swimming pool equipment, brushes, plastic and aluminium products, industrial thermometers, water disinfection equipment and water testing equipment. It also imports and exports technology for its own use or as an agent
- ID Electroquímica, S.L., with registered offices in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.
- Pacific Industries, S.A.S. with registered offices in Boulazac (France), the statutory activity of which is the manufacture and warehousing of material for water treatment, filtering equipment and domestic and industrial accessories.
- Swimco Corp., S.L., with registered offices in Munguia (Vizcaya) the statutory activity of which involves the holding and use of shares, securities and other interests and advising, managing and administrating the companies in which it has an interest.
- Manufacturas Gre, S.A. (merged with Meip Internacional, S.L.), with registered offices in Munguia (Vizcaya), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.
- Pisciswellness Domiciliarío, S.L.U. (before named Gre, Aqua and Pool, S.L.), with registered offices in Munguia, Vizcaya (Spain). The principal activity of this company is based on the statutory activity which consists of the distribution and sale of swimming pools and spas.
- Certikin Italia, S.p.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

## FLUIDRA, S.A.

Details of the statutory activity  
of subsidiaries, associates  
and jointly controlled entities in which the Group holds direct and indirect interests

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- Me 2000, S.R.L., with registered offices in Brescia (Italy), the statutory activity of which is the development and lease of buildings.
- Certikin Internacional, Ltd., with registered offices in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.
- Hydrosim International, S.A.S. (formerly MMC, S.A.S.), with registered offices in La Chevroliere (France), the principal activity of which involves the manufacture and commercialisation of swimming pool filters and pumps.
- Industrias Mecánicas Lago, S.A., with registered offices in Sant Julià de Ramis (Girona), the statutory activity of which involves the manufacture and commercialisation of water pumps, swimming pools and associated accessories.
- Certikin Pool Ibérica S.L., with registered offices in Palafolls (Barcelona), the principal activity of which is the commercialisation of swimming pool-related products.
- Certikin Swimming Pool Products India Private Limited, with registered offices in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.
- Cepex, S.A.U. (merged with Vàcules i Racords Canovelles, S.A.), with registered offices in Granollers, Barcelona (Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.
- Pro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex S.R.L., with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex USA Inc., with registered offices in Jacksonville, Florida (USA), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex Mexico, S.A. de CV., with registered offices in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.
- Agro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Certikin Middle East, F.Z.E. (before named Cepex Middle East, F.Z.E.), with registered offices in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.
- Irrigaronne, with registered offices in Zone Industriekke 47550, 47000 Agen (France), the activity of which is the assembly and repair of hydraulic installations for irrigation, agricultural hydraulics and mechanised agriculture.
- Inquide, S.A., with registered offices in Polinyà (Barcelona), the principal activity of which is the manufacture of products and chemical specialties in general, with the exclusion of pharmaceuticals.
- Certikin France, S.R.L. (before named SENTEX, S.A.R.L.), with registered offices in Perpignan (France), the principal activity of which is the commercialisation of chemical water disinfection products.
- Inquide Italia, S.R.L. (before named CTX Chemicals, S.R.L.), with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.

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- Aquambiente, S.A., with registered offices in Estrada Nacional 249 – Parque Industrial Cabra Figa, Lote 15 Cabra Figa (Portugal), the principal activity of which is the commercialisation of chemical water disinfection products.
- Servaqua, S.A.U., with registered offices in C/Industria S/N P. Ind La Coromina, Balsareny (Spain), the principal activity of which is the commercialisation and manufacture of water treatment filters and accessories.
- Astramatic, S.A.U., with registered offices in C/ Mogoda 75, P. Industrial Can Salvatella, Barberà del Vallès (Spain), the principal activity of which is the commercialisation and manufacture of industrial water treatment equipment and items to be applied in the water sector.
- S. C.I. Cerisay, with registered offices in Avenue Maurice Bellonte, Perpignan, (France), the principal activity of which is the holding of real estate securities.
- ATH Aplicaciones Técnicas Hidráulicas, S.L., with registered offices in Cervelló, Calle Joan Torruella I Urbina, 31, Barcelona (Spain), the activity of which is the wholesale and retail sale of machinery, materials, tools and accessories for water installations and treatment systems.
- Calderería Plástica del Norte, S.L., with registered offices in Rentería (Guipúzcoa), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.
- Trace Logistics, S.A., with registered offices in Massanet de la Selva (Girona), the statutory activities of which is the consignment of goods in its warehouses and premises for storage, control and distribution to third parties upon request of the consigner; storage, loading and unloading and other supplementary services required to manage the distribution of these goods upon instruction of the consigner, as well as transport hiring and management.
- AP Immobiliere, with registered offices in Perpignan (France), the statutory activity of which is the development and rental of real estate.
- Accent Graphic, S.L., with registered offices in Santa Perpètua de Mogoda (Spain), dedicated to rendering all types of advertising and graphic design services. Responsible for the corporate image of the Astral Group by designing price lists, catalogues, etc.
- Inmobiliaria Swim 38, S.L.U., with registered offices in Sabadell (Barcelona), the statutory activity of which is the development and rental of real estate.
- Fluidra Services France, S.A.S. (before named Fluidra France, S.A.S.) with registered offices in Perpignan (France), the principal activity of which involves rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Fluidra South Africa (Pty) Ltd. (before named Astral South Africa (Pty) Ltd.), with registered offices in Brooklyn (Pretoria), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.
- Way Fit, S.L., with registered offices in the Barros industrial estate, Corrales de Buelna (Cantabria), the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.
- Loitech (Ningbo) Heating Equipment, Co, Ltd., with registered offices in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.

## FLUIDRA, S.A.

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- Astral Pool (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), dedicated to the holding and use of stocks and shares.
- Fluidra Services España, S.L.U., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Fluidra Services Portugal, Unipessoal Lda., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Fluidra México, S.A. DE CV. with registered offices in Ciudad de México DF (México), the statutory activity of which is the sale, import, export, manufacture, commercialisation and distribution of parts for swimming pools, irrigation and water treatment systems.
- Fluidra Egypt, with registered offices in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.
- W.I.T. Egypt, with registered offices in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.
- SSA Fluidra Österreich GMBH (before named Schwimmbad-Sauna-Ausstattungs, GMBH), with registered offices in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products. This company is jointly managed with Mr. Helmut Brabenetz and Mr Walter Brabenetz.
- Splash Water Traders Private Limited, with registered offices in Chennai (India), the principal activity of which is the commercialisation of swimming pool accessories.

Equity accounted associates

- Astral Nigeria, Ltd, with registered offices in Surulere-Lagos (Nigeria), the principal activity of which is the commercialisation of swimming pool-related products.
- Inquevap, A.I.E, with registered offices in Monzón (Huesca), mainly engaged in energy cogeneration activities.

## FLUIDRA, S.A.

Details of the statutory activity  
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Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U., with registered offices in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Fluidra España, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.
- SCI 11 Rue Denfert Rochereau, with registered offices in Saint Dennis (France), operates in the real estate sector.
- Astral Piscine, S.A.S., with registered offices in Perpignan (France), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

Astral Pool Belgique, S.R.L. with registered offices in Carcelles (Belgium), the statutory activity of which is the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Astral UK, Ltd., with registered offices in Hants (England), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astral Pool Deutschland, GMBH, with registered offices in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astral Italia, S.P.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Services Italia, S.R.L. (formerly Astral Service, S.R.L.) with registered offices in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.
- Astral Pool Switzerland, S.A., with registered offices in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.
- Astral Export, S.A., with registered offices in Barberà de Vallès (Spain) is dedicated to trading all type of products and goods on both domestic and foreign markets, whilst its principal activity involves the commercialisation of swimming pool-related products, basically acquired from related companies.
- Astral Middle East, Fze., with registered offices in Jebel Ali (Dubai), dedicated to the commercialisation of equipment for swimming pools and water treatment and related accessories.
- Astral Havuz Ekipmanlari, S.V.T.A., with registered offices in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.
- Maghrebine Des Equipements d'Eau, S.A.R.L., with registered offices in Casablanca (Morocco), the statutory activity of which is the import, export, manufacture, commercialisation, sale and distribution of parts for swimming pools, irrigation and water treatment systems.

## FLUIDRA, S.A.

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- Astral Bazénové Příslušenství Spol. S.R.O., with registered offices in Prague (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Astral Scandinavia, A/S, with registered offices in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.
- Zao "Astral Sng", with registered offices in Moscow (Russia), the principal activity of which is the purchase of swimming pool-related materials for their subsequent sale on the domestic market.
- Magyar Astral Pool, Kft., with registered offices in Budapest (Hungary), the principal activity of which is the commercialisation and assembly of machinery and accessories for swimming pools, irrigation and water treatment and purification systems.

Astral Pool Polska SP. Z.o.o., with registered offices in Wrocław (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.

- Astral Pool Chile, S.A., with registered offices in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of products for swimming pools, irrigation and water treatment and purification systems.
- Astral Pool México, S.A. de C.V., with registered offices in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.

Astral Products, Inc., with registered offices in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.

- Astral India PVT LTD, with registered offices in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.
- Marazul Importação, Exportação, Comércio e Indústria Limitada, with registered offices in São Domingo da Rana (Portugal), dedicated to the manufacture, sale and purchase, distribution commercialisation, export and import of all types of swimming pool-related products.
- Pool Supplier, S.L.U., with registered offices in Polinyà (Barcelona), dedicated to the sale and purchase of swimming pool-related products and the distribution of these products among group companies.
- Fluidra Commercial Services, S.L.U., with registered offices in Sabadell (Spain), the statutory activity of which involves economic support by rendering administration services, providing legal, financial and accounting advisory services, managing and training personnel, and providing IT, R&D and marketing services.

Astral Pool Hellas, S.A., with registered offices in Aspropyrgos (Greece), the principal activity of which is the distribution of swimming pool-related materials.

- Ya Shi Tu (Ningbo Water Treatment Equipment, LTD)., with registered offices in Donquiao Town (China), the principal activity of which is the commercialisation of swimming pool-related products.
- Catpool SA de C.V., with registered offices in Mexico DF (Mexico), the principal activity of which is the purchase, sale and distribution of chemical products related with the maintenance of swimming pools and water systems.
- Astral Pool Australia PTY LTD, with registered offices in Melbourne (Australia), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems.
- Astral Pool Hongkong CO. LTD, with registered offices in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.

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- Astral Pool Singapore PTE LTD, with registered offices in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.
- Astral Pool Balkans JSK, with registered offices in Plovdiv (Bulgaria), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co. Ltd., with registered offices in Tower E, Building 18, num. 238, Nandandong Road, Xu Hui District (Shanghai), the principal activity of which is the commercialisation of swimming pool products.
- MTH Moderne Wassertechnik AG, with registered offices in Gilching (Germany), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems.
- Blue Water Parts, S.A.S., with registered offices in Villeurbanne (France), mainly dedicated to selling replacement materials for swimming pools.

Astral Pool Cyprus LTD, with registered offices in Limassol (Cyprus), the principal activity of which is the distribution of swimming pool-related products.

- Metalast, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture of metal products, piping and street furniture, and the wholesale of accessories.
- Poltank, S.A.U., with registered offices in Tortellà (Girona), the statutory activity of which involves the manufacture and commercialisation of swimming pool filters by injection-moulding, projection or lamination.
- Sacopa, S.A.U., with registered offices in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation and commercialisation of plastic materials.
- Unistral Recambios, S.A.U., with registered offices in Massanet de la Selva (Girona), the statutory activity of which involves the manufacture, sale and purchase and distribution of machinery, accessories, spare parts, components and specific products for the treatment and purification of water.
- Talleres del Agua, S.L., with registered offices in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), the statutory activity of which involves the construction, sale, installation, conditioning and maintenance of swimming pools, as well as the manufacture, sale and purchase, import and export of all types of swimming pool-related tools.
- Maber Plast, S.L., with registered offices in Sant Joan les Fonts (Girona), the principal activity of which is the transformation of plastic materials.

Togama, S.A., with registered offices in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.

- Llierca Naus, S.A., with registered offices in Sant Jaume de Llierca (Girona), rents its industrial buildings to several group companies.
- Exex Pool, S.L., with registered offices in Polinyà (Barcelona), the statutory activity of which involves rendering administration services, providing legal, financial and accounting advisory services, managing and training personnel, and providing IT, R&D and marketing services.
- Fluidra Industry, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the holding and use of shares and advising, managing and administrating the companies in which it has an interest.



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- Productes Elastomers, S.A. with registered offices in Sant Joan Les Fonts (Girona) is dedicated to the manufacture of rubber moulded parts and all kinds of natural rubber and synthetic products; the development of techniques for the maintenance of pressure cylinders; their repair and modification and in general, the preparation, manufacture and transformation of all kinds of rubber and plastic products.
- Ningbo Linya Swimming Pool & Water Treatment Co. Ningbo Linya Swimming Pool & Water Treatment Co. Ltd., with registered offices in Ningbo (China), the statutory activity of which is the design, research and development and manufacture of equipment for swimming pools and water disinfection, pumps, dehumidifiers, metallic products, plastic products and vitreous linings.
- Turcat Polyester Sanayi Ve Ticaret A.S., with registered offices in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.
- Europeenne de Couverteurs Automatiques, S.A.R.L., with registered offices in Perpignan (France), the statutory activity of which is the manufacture of motorised swimming pool covers.
- Rotoplastics, S.L., with registered offices in Saint Antonin Noble Val (France), the statutory activity of which is the manufacture of material for swimming pools and water treatment.
- Aquant Trading Co. LTD, with registered offices in Shanghai (China), the statutory activity of which is the commercialisation, import and export of swimming pool equipment, accessories and other swimming pool sector-related components, together with the rendering of services related to its statutory activity.
- Ningbo Dongchuan Swimmingpool, with registered offices in Ningbo (China), the statutory activity of which is the manufacture and installation of swimming pool equipment, brushes, plastic and aluminium products, industrial thermometers, water disinfection equipment and water testing equipment. It also imports and exports technology for its own use or as an agent
- ID Electroquimica, S.L., with registered offices in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.
- Pacific Industries, S.A.S. with registered offices in Boulazac (France), the statutory activity of which is the manufacture and warehousing of material for water treatment, filtering equipment and domestic and industrial accessories.
- Swimco Corp., S.L., with registered offices in Munguia (Vizcaya) the statutory activity of which involves the holding and use of shares, securities and other interests and advising, managing and administrating the companies in which it has an interest.
- Meip Internacional, S.L., with registered offices in Barberà del Vallès (Barcelona), dedicated to the sale of swimming pool-related products, materials and accessories.
- Manufacturas Gre, S.A., with registered offices in Munguia (Vizcaya), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.
- Gre, Aqua and Pool, S.L., with registered offices in Munguia, Vizcaya (Spain). The principal activity of this company is based on the statutory activity which consists of the distribution and sale of swimming pools and spas.
- Certikin Italia, S.p.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Me 2000, S.R.L., with registered offices in Brescia (Italy), the statutory activity of which is the development and lease of buildings.

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- Certikin Internacional, Ltd., with registered offices in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.
- Hydrosxim International, S.A.S. (formerly MMC, S.A.S.), with registered offices in La Chevroliere (France), the principal activity of which involves the manufacture and commercialisation of swimming pool filters and pumps.
- Industrias Mecánicas Lago, S.A., with registered offices in Sant Julià de Ramis (Girona), the statutory activity of which involves the manufacture and commercialisation of water pumps, swimming pools and associated accessories.
- Certikin Pool Ibérica S.L., with registered offices in Palafolls (Barcelona), the principal activity of which is the commercialisation of swimming pool-related products.
- Certikin Swimming Pool Products India Private Limited, with registered offices in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.
- Cepex, S.A.U., with registered offices in Granollers, Barcelona (Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.
- Valvules i Racods Canovelles, S.A., with registered offices in La Garriga, Barcelona (Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.
- Pro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Ningbo Xi Pei Valves and Fittings, with registered offices in Beilun, Ningbo (China), the principal activity of which is the manufacture and assembly of valves, accessories and moulds and their commercialisation and after-sales service.
- Cepex Portugal, with registered offices in Quinta Do Anjo (Portugal), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex S.R.L., with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex USA Inc., with registered offices in Jacksonville, Florida (USA), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex Mexico, S.A. de CV., with registered offices in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.
- Agro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex GmbH, with registered offices in Munich (Germany), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex Middle East, F.Z.E., with registered offices in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.
- Irrigaronne, with registered offices in Zone Industriekke 47550, 47000 Agen (France), the activity of which is the assembly and repair of hydraulic installations for irrigation, agricultural hydraulics and mechanised agriculture.
- Inquide, S.A., with registered offices in Polinyà (Barcelona), the principal activity of which is the manufacture of products and chemical specialties in general, with the exclusion of pharmaceuticals.

## FLUIDRA, S.A.

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- SENTEX, S.A.R.L., with registered offices in Perpignan (France), the principal activity of which is the commercialisation of chemical water disinfection products.
  - CTX Chemicals, S.R.L., with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.
  - Aquambiente, S.A., with registered offices in Estrada Nacional 249 – Parque Industrial Cabra Figa, Lote 15 Cabra Figa (Portugal), the principal activity of which is the commercialisation of chemical water disinfection products.
  - Servaqua, S.A.U., with registered offices in C/Industria S/N P. Ind La Coromina, Balsareny (Spain), the principal activity of which is the commercialisation and manufacture of water treatment filters and accessories.
  - Astramatic, S.A.U., with registered offices in C/ Mogoda 75, P. Industrial Can Salvatella, Barberà del Vallès (Spain), the principal activity of which is the commercialisation and manufacture of industrial water treatment equipment and items to be applied in the water sector.
  - S. C.I. Cerisay, with registered offices in Avenue Maurice Bellonte, Perpignan, (France), the principal activity of which is the holding of real estate securities.
  - ATH Aplicaciones Técnicas Hidráulicas, S.L., with registered offices in Cervelló, Calle Joan Torruella I Urbina, 31, Barcelona (Spain), the activity of which is the wholesale and retail sale of machinery, materials, tools and accessories for water installations and treatment systems.
- Calderería Plástica del Norte, S.L., with registered offices in Rentería (Guipúzcoa), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.
- Trace Logistics, S.A., with registered offices in Massanet de la Selva (Girona), the statutory activities of which is the consignment of goods in its warehouses and premises for storage, control and distribution to third parties upon request of the consigner; storage, loading and unloading and other supplementary services required to manage the distribution of these goods upon instruction of the consigner, as well as transport hiring and management.
- AP Immobiliere, with registered offices in Perpignan (France), the statutory activity of which is the development and rental of real estate.
- ADBE Cartera, S.A.U., with registered offices Sabadell (Spain), the principal activity of which is the rendering of administrative, legal, fiscal and financial advisory services.
  - Dispreau, G.I.E., with registered offices in Perpignan (France), the principal activity of which is the rendering of administrative, legal, fiscal, financial advisory services, management, personnel training and IT services.
  - Fluidra Services, S.A.U., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Accent Graphic, S.L., with registered offices in Santa Perpètua de Mogoda (Spain), dedicated to rendering all types of advertising and graphic design services. Responsible for the corporate image of the Astral Group by designing price lists, catalogues, etc.
- Inmobiliaria Swim 38, S.L.U., with registered offices in Sabadell (Barcelona), the statutory activity of which is the development and rental of real estate.
  - Fluidra France, S.A.S. with registered offices in Perpignan (France), the principal activity of which involves rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

## FLUIDRA, S.A.

Details of the statutory activity  
of subsidiaries, associates  
and jointly controlled entities in which the Group holds direct and indirect interests

31 december 2009

- Astral South Africa (Pty) Ltd., with registered offices in Brooklyn (Pretoria), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.
- Way Fit, S.L., with registered offices in the Barros industrial estate, Corrales de Buelna (Cantabria), the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.
- Loitech (Ningbo) Heating Equipment, Co, Ltd., with registered offices in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.

Astral Pool (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), dedicated to the holding and use of stocks and shares.
- Fluidra Services España, S.L.U., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Fluidra Services Portugal, Unipessoal Lda., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

Equity accounted associates

- Astral Nigeria, Ltd, with registered offices in Surulere-Lagos (Nigeria), the principal activity of which is the commercialisation of swimming pool-related products.
- Inquevap, A.I.E, with registered offices in Monzón (Huesca), mainly engaged in energy cogeneration activities.

Proportionally consolidated jointly-controlled companies

- Schwimmbad-Sauna-Ausstattungs, GMBH, with registered offices in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products. This company is jointly managed with Mr. Helmut Brabenetz and Mr Walter Brabenetz.

FLUIDRA, S.A.

Details of investments and positions held by the directors in other companies  
31 December 2010

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Name	Company	Position held	Ownership %	Number of shares
Eloy Planes Corts	Astral Nigeria, Ltd.	Director	---	---
	Astral Italia, S.P.A.	Sole director	---	---
	Astral Bazenove Prislusentsvi, S.R.O.	Joint and several director	---	---
	Astral India Private, Limited	Director	---	---
	Fluidra Singapore, Pte Ltd.	Director	---	---
	Certikin International, Limited	Director	---	---
	AP Immobiliere	Sole director	---	---
	Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Director	---	---
	Cepex USA, Inc.	Director	---	---
	Zao Astral, SNG	Director	---	---
	Fluidra Polska, S.A.	Director	---	---
	Astral Pool México, S.A. de C.V.	Director	---	---
	Astral Scandinavia AS/	Director	---	---
	Fluidra Magyarország Kft.	Joint and several director	---	---
	Fluidra USA, Inc.	Director	---	---
	Fluidra Chile, Sociedad Anónima Cerrada	Director	---	---
	Fluidra Deutschland GmbH	Joint and several director	---	---
	Fluidra Hellas	Director	---	---
	Fluidra Balkans JSC	Director	---	---
	Moderne Wassertechnik AG (MTH)	Director	---	---
	Catpool, S.A. de C.V.	Director	---	---
	Astral pool UK, Limited	Director	---	---
	Fluidra Tr Sv Ve Havuz Equipmanlari AS	Director	---	---
	Fluidra Industry, S.A.U.	Representative of the sole director Fluidra, S.A.	---	---
	Fluidra Commercial, S.A.U.	Representative of the sole director Fluidra, S.A.	---	---
	Inmobiliaria Swim 38, S.L.U.	Representative of the sole director Fluidra, S.A.	---	---
	Swimco Corp, S.L.U.	Representative of the sole director Fluidra, S.A.	---	---
	Fluidra Cyprus, Ltd	Director	---	---
	Inquide Italia, SRL	Director	---	---
	Cepex, S.R.L.	Director	---	---
	Certikin Italia, Spa	Director	---	---
	Astral Pool Thailand, Co., Ltd	Joint and several director	---	---
	Fluidra Thailand, Co., Ltd	Joint and several director	---	---
	Fluidra South Africa, Pty, Ltd	Joint and several director	---	---
	Astral Pool Switzerland, S.A.	Proxy	---	---
	DISPUR, S.L. <sup>(1)</sup>	Board member	10,00%	12.194,00

This Appendix forms an integral part of note 31 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2010 and 2009 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

FLUIDRA, S.A.  
Detalle de participaciones y cargos en otras sociedades de los Administradores  
31 de diciembre de 2009

Name or company name of shareholder	Company	% ownership	Position held
D. Juan Planes Vila	Dispur, S.L. (*) Preblau, S.R.L. (indirectly through Dispur)	51,34% 95%	Chairman
D. Oscar Serra Duffo			
D. Bernardo Corbera Serra			
D. Bernat Garrigós Castro			
BanSabadell Inversió Desenvolupament, S.A.			
Sr. Juan Ignacio Acha-Orbea Echevarría			
D. Kam Son Leong			
D. Richard J. Cathcart			
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U.			

(\*) Statutory activity of holding company "Holding of all kinds of Enterprises and Companies" (section "d" of the statutory activity of Fluidra, S.A.)