

Fluidra, S.A. and subsidiaries

Consolidated Annual Accounts
31 December 2014

Consolidated Directors' report
2014

(With Independent Auditor's Report
Thereon)

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

Independent Auditor's Report on the Consolidated 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.

Report on the consolidated annual accounts

We have audited the accompanying consolidated annual accounts of Fluidra, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Fluidra, S.A. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control that they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's Directors' preparation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2014 and of their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other applicable provisions of the financial reporting framework in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 contains such explanations as the Directors of Fluidra, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2014. Our work as auditors is limited to the verification of the consolidated 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 Fluidra, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Manuel Blanco Vera

27 March 2015

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2014

SUMMARY

- **Consolidated Financial Statements**
 - Consolidated Statements of Financial Position
 - Consolidated Income Statements
 - Consolidated Statements of Comprehensive Income
 - Consolidated Statements of Changes in Equity
 - Consolidated Statements of Cash Flows
- **Notes**
 1. Nature, Principal Activities and Group Composition
 2. Basis of Presentation
 3. Significant Accounting Principles
 4. Segment Reporting
 5. Business Combinations
 6. Property, Plant and Equipment
 7. Goodwill and other Intangible Assets
 8. Investment Property
 9. Equity-accounted Investees
 10. Current and Non-current Financial Assets
 11. Derivative Financial Instruments
 12. Inventories
 13. Trade and Other Receivables
 14. Cash and Cash Equivalents
 15. Equity
 16. Earnings per Share
 17. Provisions
 18. Loans and Borrowings
 19. Trade and Other Payables
 20. Other Non-current Liabilities
 21. Risk Management
 22. Purchase Costs and Changes in Inventories
 23. Services Rendered
 24. Personnel Expenses
 25. Other Operating Expenses
 26. Operating Leases
 27. Finance Income and Costs
 28. Deferred Tax and Income Tax
 29. Related Party Balances and Transactions
 30. Environmental Information
 31. Other Commitments and Contingencies
 32. Fees of the Auditor and the Auditor's Group and Related Companies
 33. Late Payments to Suppliers
 34. EBITDA
 35. Events after the Reporting Period
- **Consolidated Directors' Report**
- **Appendices**
 - **APPENDIX I** Details of the statutory activity of subsidiaries, associates and jointly controlled entities in which the Group holds direct and indirect interests
 - **APPENDICES II & III** Details of results by segment
Details of assets and liabilities by segment

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Financial Position

31 December 2014 and 2013

(Expressed in thousands of Euros)

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

<u>Assets</u>	<u>Notes</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Property, plant and equipment	6	104,136	109,362
Investment property	8	1,073	1,122
Goodwill	7	182,796	183,135
Other intangible assets	7	37,265	47,158
Equity-accounted investments	9	96	88
Non-current financial assets	10	5,432	4,408
Derivative financial instruments	11	16	39
Other receivables	13	1,974	2,012
Deferred tax assets	28	33,283	31,521
Total non-current assets		366,071	378,845
Inventories	12	137,937	134,426
Trade and other receivables	13	135,857	145,743
Other current financial assets	10	2,559	2,485
Derivative financial instruments	11	492	21
Cash and cash equivalents	14	54,665	59,850
Total current assets		331,510	342,525
TOTAL ASSETS		<u>697,581</u>	<u>721,370</u>
<u>Equity</u>			
Capital		112,629	112,629
Share premium		92,831	92,831
Retained earnings and other reserves		97,587	92,076
Treasury shares		(665)	(697)
Other comprehensive income		3,214	(6,740)
Equity attributable to shareholders of the Parent	15	305,596	290,099
Non-controlling interests		15,457	13,002
Total equity		<u>321,053</u>	<u>303,101</u>
<u>Liabilities</u>			
Loans and borrowings	18	117,664	147,964
Derivative financial instruments	11	1,207	1,442
Deferred tax liabilities	28	22,581	26,585
Provisions	17	8,014	6,627
Government grants		1,158	1,185
Other non-current liabilities	20	26,422	27,431
Total non-current liabilities		177,046	211,234
Loans and borrowings	18	95,814	103,112
Trade and other payables	19	99,842	99,656
Provisions	17	3,711	3,189
Derivative financial instruments	11	115	1,078
Total current liabilities		199,482	207,035
TOTAL EQUITY AND LIABILITIES		<u>697,581</u>	<u>721,370</u>

Fluidra, S.A. and Subsidiaries

Consolidated Income Statements

31 December 2014 and 2013

(Expressed in thousands of Euros)

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

	Notes	31/12/2014	31/12/2013
Operating income			
Sale of merchandise and finished goods		593,804	592,678
Services rendered	23	11,334	11,495
Self-constructed assets		4,779	5,400
Profit on sale of fixed assets	5 & 6	5,469	-
Total operating income		<u>615,386</u>	<u>609,573</u>
Operating expenses			
Changes in inventories of finished goods and work in progress and raw material supplies	22	(291,608)	(301,397)
Personnel expenses	24	(137,023)	(142,700)
Depreciation and amortisation and impairment	6, 7, 8 & 10	(41,022)	(39,851)
Other operating expenses	25	(124,304)	(123,783)
Total operating expenses		<u>(593,957)</u>	<u>(607,731)</u>
Operating profit		<u>21,429</u>	<u>1,842</u>
Finance costs/income			
Finance income		10,138	8,512
Finance costs		(18,382)	(23,624)
Exchange losses		(1,149)	(2,551)
Net finance cost	27	<u>(9,393)</u>	<u>(17,663)</u>
Share in profit/(loss) for the year of equity accounted investments	9	39	40
Profit/(loss) before income tax		<u>12,075</u>	<u>(15,781)</u>
Income tax expense	28	(3,543)	4,199
Profit/(loss) after income tax		<u>8,532</u>	<u>(11,582)</u>
Profit/(loss) attributable to non-controlling interests		1,890	(1,345)
Profit/(loss) attributable to shareholders of the Parent		<u>6,642</u>	<u>(10,237)</u>
EBITDA	34	<u>65,673</u>	<u>47,702</u>
Basic and diluted earnings per share (expressed in Euros)	16	<u>0,05911</u>	<u>(0,09114)</u>

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2014.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Comprehensive Income
for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

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

	<u>31/12/2014</u>	<u>31/12/2013</u>
Profit/(loss) for the year	8,532	(11,582)
Other comprehensive income:		
Amounts that will be reclassified to profit or loss		
Recalculation of defined benefit plans	(32)	-
Tax effect	8	-
Amounts that will be reclassified to profit or loss		
Cash flow hedges	(72)	553
Translation differences of financial statements of foreign operations	10,588	(9,530)
Tax effect	<u>(39)</u>	<u>(165)</u>
	<u>10,453</u>	<u>(9,142)</u>
Other comprehensive income for the year, net of income tax	<u>18,985</u>	<u>(20,724)</u>
Total comprehensive income for the year		
Total comprehensive income attributable to:		
Shareholders of the Parent	16,596	(18,874)
Non-controlling interests	<u>2,389</u>	<u>(1,850)</u>
	<u>18,985</u>	<u>(20,724)</u>

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2014.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Changes in Equity
for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

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

	Equity attributable to shareholders of the Parent									
	Capital	Share premium	Legal reserve	Retained earnings	Treasury shares	Other comprehensive income		Total	Non-controlling interests	Total equity
						Translation differences	Other			
Balance at 1 January 2013	112,629	92,831	10,604	104,772	(1,037)	3,172	(1,293)	321,678	10,862	332,540
Profit/(loss) for the year	-	-	-	(10,237)	-	-	-	(10,237)	(1,345)	(11,582)
Other comprehensive income	-	-	-	-	-	(9,025)	388	(8,637)	(505)	(9,142)
Total comprehensive income for the year	-	-	-	(10,237)	-	(9,025)	388	(18,874)	(1,850)	(20,724)
Changes in investments	-	-	-	(5,133)	-	-	-	(5,133)	5,133	-
Treasury shares	-	-	-	(136)	340	-	-	204	-	204
Share-based payments	-	-	-	343	-	-	-	343	-	343
Other	-	-	35	(172)	-	18	-	(119)	-	(119)
Dividend	-	-	-	(8,000)	-	-	-	(8,000)	(1,143)	(9,143)
Balance at 31 December 2013	<u>112,629</u>	<u>92,831</u>	<u>10,639</u>	<u>81,437</u>	<u>(697)</u>	<u>(5,835)</u>	<u>(905)</u>	<u>290,099</u>	<u>13,002</u>	<u>303,101</u>
Profit/(loss) for the year	-	-	-	6,642	-	-	-	6,642	1,890	8,532
Other comprehensive income	-	-	-	-	-	10,090	(136)	9,954	499	10,453
Total comprehensive income for the year	-	-	-	6,642	-	10,090	(136)	16,596	2,389	18,985
Disposal of entities	-	-	-	-	-	-	-	-	(8)	(8)
Changes in investments	-	-	-	(1,168)	-	-	-	(1,168)	1,168	-
Treasury shares	-	-	-	(240)	32	-	-	(208)	-	(208)
Share-based payments	-	-	-	313	-	-	-	313	-	313
Other	-	-	469	(505)	-	-	-	(36)	(7)	(41)
Dividend	-	-	-	-	-	-	-	-	(1,087)	(1,087)
Balance at 31 December 2014	<u>112,629</u>	<u>92,831</u>	<u>11,108</u>	<u>86,479</u>	<u>(665)</u>	<u>4,255</u>	<u>(1,041)</u>	<u>305,596</u>	<u>15,457</u>	<u>321,053</u>

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2014.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Cash Flows
for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

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

	Note	2014	2013
<u>Cash flows from operating activities</u>			
Profit for the year before tax		12.075	(15.781)
<i>Adjustments for:</i>			
Amortisation and depreciation	6, 7 and 8	37.452	34.646
Provision for bad debts	13	8.897	11.117
Provision/(reversal) for/of impairment losses of assets	6 and 7	3.569	5.206
Provision/(reversal) for/of impairment losses of financial assets	27	536	1.248
Provision/(reversal) for/of losses on liabilities and charges	17	1.406	1.487
Provision/(reversal) for of losses on inventories)	22	(368)	(1.851)
Proceeds from financial assets	27	(955)	(6.066)
Finance costs	27	17.802	22.186
Profit/(Losses) on sale of associates	27	-	190
Exchange (gains)/losses		3.198	(551)
Share of (profit)/loss of equity accounted associates	9	(39)	(40)
(Profit)/loss on sale of property, plant and equipment and other intangible assets		(3.291)	(207)
(Profit)/loss on sale of subsidiaries		(2.178)	(584)
Government grants recognised in profit and loss		(159)	(202)
Share-based payment costs		313	343
Adjustments to consideration given against gains/losses on business combinations	27	(7.901)	(2.208)
(Gains)/losses from derivative financial instruments at fair value through profit or loss	11	(1.087)	(455)
Operating profit before changes in working capital		69.270	48.477
Changes in working capital, excluding effects of acquisitions and translation differences			
Increase/(decrease) in trade and other receivables		(7.727)	(1.550)
Increase/(decrease) in inventories	22	(7.349)	3.503
Increase/(decrease) in trade and other payables		11.861	1.977
Application of provisions	17	(319)	(554)
Cash from operating activities		65.736	51.853
Interest paid		(11.821)	(18.523)
Interest received		955	6.066
Income tax paid		(7.773)	(5.705)
Net cash from operating activities		47.097	33.691
<u>Cash flows from investing activities</u>			
Proceeds from sale of property, plant and equipment		4.850	787
Proceeds from sale of other intangible assets		1	12
Proceeds from sale of financial assets		538	3.151
Dividends received		31	77
Sale of subsidiaries, net of cash drawn down		6.645	
Acquisition of property, plant and equipment		(12.130)	(12.508)
Acquisition of intangible assets		(7.389)	(8.707)
Acquisition of other financial assets		(2.595)	(1.513)
Payments for acquisition of subsidiaries, net of cash and cash equivalents	5	-	(1.132)
Payments for acquisitions of subsidiaries in prior years	5	(2.334)	(8.952)
Net cash used in investing activities		(12.383)	(28.785)
<u>Cash flows from financing activities</u>			
Payments for surrender of treasury shares		(1.218)	(541)
Proceeds from sale of treasury shares		1.346	745
Proceeds from grants received		87	466
Proceeds from bank borrowings		20.233	42.446
Payments for loans and borrowings and finance leases		(61.095)	(29.354)
Dividends paid		(1.087)	(9.142)
Net cash from/(used in) financing activities		(41.734)	4.620
Net increase (decrease) in cash and cash equivalents		(7.020)	9.526
Cash and cash equivalents at 1 January		59.850	51.566
Effect of exchange differences on cash flows		1.835	(1.243)
Cash and cash equivalents 31 December		54.665	59.849

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2014.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

1. **Nature, Principal Activities and Group Composition**

Fluidra, S.A. (hereinafter the Company) was incorporated in Girona with limited liability under Spanish law on 3 October 2002 under the name Aquaria de Inv. Corp., S.L., adopting the current name 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 administrating companies in which it holds an interest.

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

The Group's activity 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, which are detailed in the same Appendix. Group companies have been consolidated on the basis of the financial statements or annual accounts prepared/authorised for issue by their respective management bodies.

On 31 October 2007 Fluidra, S.A. (the Company) was floated on the stock market. This process was conducted through the public offering of 44,082,943 ordinary shares of Euro 1 par value each.

These shares, representing the Company's share capital, are listed on the Barcelona and Madrid stock exchanges and on the electronic stock market.

2. **Basis of Presentation**

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Fluidra, S.A. and of the Group entities. The consolidated annual accounts for 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2014 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

a) **Basis of preparation of the consolidated annual accounts**

These consolidated annual accounts are prepared on the historical cost basis, except for derivative financial instruments, financial instruments measured at fair value through profit or loss, and other available-for-sale financial assets, which are recognised at their fair value.

b) **Comparative information**

The accompanying consolidated annual accounts for 2014 also include for each individual caption of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and disclosures in the notes to the consolidated accounts, comparative consolidated figures from the annual accounts for 2014, approved by the shareholders at their general meeting on 04 June 2014.

The Group's accounting policies, described in note 3, have been consistently applied to the year ended 31 December 2014 and to the accompanying comparative information at 31 December 2013.

All mandatory accounting principles that have a significant effect on the preparation of the consolidated annual accounts have been applied.

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Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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The directors of the Parent consider that the consolidated annual accounts for 2014, authorised for issue on 26 March 2015, will be approved with no changes by the shareholders at their annual general meeting.

c) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The preparation of annual accounts in accordance with IFRS-EU requires Group management to make judgements, estimates and assumptions that affect the application of standards and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The Group's consolidated annual accounts for 2014 include estimates on the value of assets, liabilities, income, expenses and commitments recognised, which were subsequently ratified by the board of directors. These estimates mainly comprise:

- The useful life and fair value of customer portfolios and other intangible assets (see note 7).
- Assumptions used to calculate the value in use of various Cash Generating Units (CGU) or groups of CGU to measure the possible impairment of goodwill or other assets (see note 7).
- Evaluation of the recoverability of deferred tax assets.
- Evaluation of the technical and commercial viability of development projects underway,
- Estimate of the provisions for bad debts and inventory obsolescence.
- Fair value of financial instruments and certain unquoted financial assets (see notes 10 and 11).
- Assumptions used to determine the fair value of the assets, liabilities and contingent liabilities related with the Aqua business combination (see note 20).
- The fair value of the Company's share ownership obligations with management.
- Estimates and judgements in relation to the provisions for litigation.
- Evaluation of the recoverability of tax credits, including prior years' tax losses and entitlements to deductions. Deferred tax assets are recognised when taxable profits will be available against which temporary differences can be utilised, based on management assumptions in relation to the amount and timing of payments of future taxable profits. Furthermore, in the case of deferred tax assets relating to investments in Group companies, for capitalisation consideration is given to whether they will be reversed in the foreseeable future (see notes 4 r and 28).

Although estimates were based on the best information available at 31 December 2014, future events may require these estimates to be modified (increased or decreased) in subsequent periods or years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

In addition, the main judgements made by Company management when identifying and selecting criteria applicable to the measurement and classification of the principal figures shown in the consolidated financial statements are as follows:

- Reasons justifying the transfer of risks and rewards in leases or the derecognition of financial assets or financial liabilities,
- Reasons justifying the classification of assets as investment property (see notes 3 e) and 8).
- Criteria for testing for impairment of financial assets (see notes 3 h) vii) and 10) and,
- Reasons justifying the capitalisation of development projects (see notes 3 d) ii) and 7).

d) Changes to IFRS-EU in 2014

The following accounting standards (IFRS) and interpretations (IFRIC) became effective in the accounting period beginning 01 January 2014 but have not had a significant impact on the Group or

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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have not been applied by the Group to these consolidated annual accounts:

- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 1 January 2014.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 1 January 2014.
- IAS 32 Financial Instruments: Presentation: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to annual periods starting on or after 1 January 2014.
- Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transaction. Effective for annual periods beginning on or after 1 January 2014.
- Amendment to IAS 39: Novation of derivatives and continuation of hedge accounting. Effective for annual periods beginning on or after 1 January 2014.
- Investment entities. Effective for annual periods beginning on or after 1 January 2014.
- Recoverable amount disclosures for non-financial assets. Effective for annual periods beginning on or after 1 January 2014.

These consolidated annual accounts have been prepared without considering the IFRS-EU, amendments thereto and interpretations thereof issued effective for periods beginning on or after 1 January 2015 detailed below:

- IFRIC 21 Levies. Effective for annual periods beginning on or after 17 June 2014.
- Defined benefit plans: Employee contributions. Effective for annual periods beginning on or after 1 February 2015.
- Improvements to IFRS (2010-2012) Effective for annual periods beginning on or after 1 February 2015.
- Improvements to IFRS (2011-2013) Effective for annual periods beginning on or after 1 January 2015.

The Group has not applied any standards or interpretations issued and adopted by the EU prior to their entry into force and is currently analysing their impact. Nevertheless, the Company's directors do not expect that the impact of applying these standards and interpretations in future consolidated annual accounts, insofar as they are applicable, will be significant.

3. **Significant Accounting Principles**

A summary of the most significant principles is as follows:

a) **Consolidation principles**

j) Subsidiaries and business combinations

Subsidiaries are entities, including structured entities, over which the Group, either directly or indirectly through subsidiaries, exercises control.

The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance. (IFRS 10.6, 10 & 15).

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is when the Group takes control, until the date that control ceases.

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 January 2005, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles and criteria prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Business combinations carried out prior to 1 January 2010

The cost of the business combinations carried out prior to 1 January 2010 was measured as the aggregate of the fair values at the date of acquisition of the assets contributed, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the entity acquired, including any additional costs directly attributable to the acquisition. Adjustments to the cost of a business combination contingent on future events are included in the cost of the combination provided that the amount of this adjustment is probable and can be measured reliably.

The cost of the business combination is distributed between the fair values of the assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) of the acquired entity. This criterion is not applicable to non-current assets or disposal groups classified as held-for-sale, which are stated at fair value, less selling costs.

Any excess of cost of the business combination over the Group's interest in the net fair value of the identifiable assets of the acquiree is recognised as goodwill, whilst the shortfall, after having taken into consideration the cost of the business combination and the net fair value of assets acquired, is recognised in results.

The cost of the business combination includes contingent considerations if at the date of acquisition they are probable and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Business combinations carried out after 1 January 2010

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the business acquired.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date, the Group recognises the assets acquired and liabilities assumed at fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall ,after

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

evaluating the consideration given the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss, provided that they do not arise from an adjustment of the measurement period. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for in equity. Contingent consideration classified as a provision is subsequently recognised at fair value through profit or loss.

Transactions and balances and unrealised profit or loss with Group companies have been eliminated in the consolidation process. Where applicable, unrealised losses on the transfer of assets between Group companies have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

ii) Non-controlling interests

Non-controlling interests in the subsidiary are recognised at the proportional part of the fair value of identifiable net assets acquired and are presented under equity separately from equity attributable to the shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss and consolidated comprehensive income for the year is also disclosed separately in the consolidated income statement and in the consolidated statement of comprehensive income, respectively.

The consolidated profit or loss for the year (consolidated total comprehensive income for the year) and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to shareholders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained by the Group in subsequent years are allocated to equity attributable to shareholders of the Parent until the non-controlling interest's share in prior years' losses is recovered.

As of 1 January 2010, profit and loss and each component of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Transactions with non-controlling interests.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests. When a Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets.

Put options extended prior to 1 January 2010

The Group recognises put options on interests in subsidiaries extended to non-controlling interests at the date of acquisition of a business combination as an advance purchase of the interests, recognising a liability at the present value of the best estimate of the payable, which forms part of the cost of the business combination.

In subsequent years any variation in the liability due to the effect of the discount is recognised as a finance cost in profit or loss, while the remainder is recognised as an adjustment to the cost of the business combination. Any dividends paid to non-controlling interests before options are exercised are also recognised as adjustments to the cost of the business combination. If the options are ultimately not exercised, the transaction is recognised as a sale to non-controlling interests.

Put options extended after 1 January 2010

The Group recognises put options on interests in subsidiaries extended to non-controlling interests at the date of acquisition of a business combination as an advance purchase of the interests, recognising a financial liability at the present value of the best estimate of the payable, which forms part of the consideration given.

In subsequent years any variation in the financial liability is recognised as finance income or a finance cost in profit or loss. Any discretionary dividends paid to non-controlling interests before the exercise date of the options are recognised as a distribution of profit. If the dividends are predetermined or incorporated in the measurement of the financial liability, their payment is discounted from the carrying amount of the financial liability.

If the options are ultimately not exercised, the transaction is recognised as a sale of interests to non-controlling interests.

iii) Associates

Associates are entities 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.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases.

Acquisitions of associates are recognised using the acquisition method, as described for subsidiaries. Goodwill, net of accumulated impairment, is included in the carrying amount of the equity-accounted investment.

iv) Impairment

The Group applies the criteria for impairment described in IAS 39 Financial instruments: Recognition and Measurement to determine whether additional impairment losses to those already recognised in the net investment in the associate, or in any other financial asset held as a result of applying the equity method, should be recognised.

b) Foreign currency

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

i) Functional currency and presentation currency

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

ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency 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. Exchange gains and losses arising on the settlement of foreign currency transactions and the translation at the closing rate of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the approximate exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents held.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

iii) Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

For presentation of the consolidated statement of cash flows, cash flows of foreign subsidiaries, including comparative balances, are translated into Euros applying the exchange rates prevailing at the transaction date.

Translation differences relating to foreign operations recognised under equity are recognised in the consolidated income statement jointly and are released into the income statement upon disposal.

c) Property, plant and equipment***i) Assets for own use***

Property, plant and equipment is recognised at cost, less accumulated depreciation and any impairment losses. The cost of self-constructed assets is determined using the same principles as for an acquired asset, while also considering the principles applicable to production costs of inventories. Capitalised production costs are recognised as self-constructed non-current assets in the consolidated income statement.

The cost of an item of property, plant and equipment comprises the purchase price, less any trade

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

discounts and rebates, plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors, and where applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs as a consequence of having used the item for purposes other than to produce inventories.

Where parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

ii) Leased properties

Non-current investments in property leased from third parties are measured using the same criteria as for property, plant and equipment. Assets are depreciated over the shorter of the lease term and their useful life. For this purpose the term of the lease is consistent with that established for its classification. Should there be any doubt as to the timely execution of the lease contract, a provision is made for the estimated carrying amount of non-recoverable investments. If applicable, the cost of these investments includes the estimated cost of dismantling and removing the related assets and the rehabilitation of the site on which they were located, for which they Group will be responsible once the contract expires, recognising a provision for the present value of the estimated costs to be incurred.

iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the consolidated income statement as an expense as incurred.

iv) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount, which is the acquisition cost less residual value, on a straight-line basis over its useful life. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Land is not depreciated. Property, plant and equipment are depreciated using the following criteria:

	<u>Estimated years of useful life</u>
Buildings	33
Technical installations and machinery	3-10
Other installations, equipment and furniture	3-10
Information technology equipment	2-5
Motor vehicles	3-8
Other property, plant and equipment	4-10

The Group reassesses the residual value, useful lives and depreciation method at least at the end of each financial year. Changes to initially established criteria are accounted for as a change in accounting estimates.

v) Impairment

The Group measures and determines, where applicable, impairment to be recognised or reversed based on the criteria in note 3 f).

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

d) Intangible assets***i) Goodwill***

Goodwill is determined using the criteria shown in note 3 a) i) for subsidiaries and business combinations.

Goodwill is not amortised, but is tested annually for impairment or more frequently where events indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs, which are expected to benefit from the synergies of the business combination and the criteria described in note 3 f) are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill relating to business combinations prior to 1 January 2005 was included at the carrying amount as presented in the annual accounts published at 31 December 2004, considering this value as deemed cost.

Internally generated goodwill is not recognised as an asset.

ii) Internally generated intangible assets

Expenditure on research is recognised as an expense when it is incurred. Costs associated with development activities relating to certain products are capitalised to the extent that:

- The Group has technical studies that demonstrate the feasibility of the production process.
- The Group has undertaken a commitment to complete production of the asset, to make it available for sale;
- The asset will generate sufficient future economic benefits through future sales in the markets in which the Group operates;
- The Group has sufficient technical and financial (or other) resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

The cost of internally generated assets is calculated using the same criteria established for determining production costs of inventories. The production cost is capitalised by allocating the costs attributable to the asset to self-constructed non-current assets in the consolidated income statement.

Expenditure on activities that contribute to increasing the value of the different businesses in which the Group as a whole operates is recognised as expenses when incurred.

Replacements or subsequent costs incurred on intangible assets are generally recognised in profit or loss, unless they increase the expected future economic benefits attributable to the intangible asset.

iii) Intangible assets acquired in business combinations

Since 1 January 2005 identifiable intangible assets acquired in business combinations are measured at fair value at acquisition date, provided that this value can be fairly measured. Subsequent costs relating to research and development projects are recognised in accordance with the criteria for internally generated intangible assets.

Customer portfolios acquired mainly relate to the value of the relationship between the corresponding company and its clients, which is based on a contractual foundation and, therefore, its status as an intangible asset is based on contractual-legal criteria. In addition, the patents acquired include the value of the technology required to manufacture certain products, which are based on contractual-legal criteria.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

These items are measured using the market value obtained from commonly accepted measurement criteria based on discounted future cash flows. Finite useful lives have been calculated based on historical evidence of the continued renewal of the relationship with these clients and based on the time remaining to use these patents, bearing in mind the expected technological obsolescence.

iv) Other intangible assets

Other intangible assets are carried at cost, less accumulated amortisation and impairment losses.

v) Useful life and amortisation rates

The Group 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.

Intangible assets with indefinite useful lives are not subject to amortisation but are tested for impairment at least on a yearly basis.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset over its useful life, by applying the following criteria:

	Amortisation method	Estimated years of useful life
Development expenses	Straight line	3-4
Industrial property and patents	Straight line	5-10
Computer software	Straight line	3-5
Customer portfolio	Straight line	3-15
Other intangible assets	Straight line	5-10

The depreciable amount is the cost of an asset, less its residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

vi) Impairment

The Group measures and determines impairment of intangible assets to be recognised or reversed based on the criteria described in note 3 (f)

e) Investment property

Investment property is property, which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services. Investment property is initially recognised at cost, including transaction costs.

After initial recognition, investment property is measured using the cost criteria applicable to property, plant and equipment. Details of the depreciation methods and useful lives are provided in that note.

f) Impairment of non-financial assets

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation, including that relating to equity accounted entities, to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of assets is the higher of their fair value less costs to sell and value in use. An asset's value in use is measured based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

Negative differences arising from comparison of carrying amounts of assets with their recoverable amounts are recognised in consolidated profit and loss.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses for cash-generating units are allocated first to reduce, where applicable, the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets 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 the consolidated income statement. The increased 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.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

g) Leases

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

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

i) Finance leases

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Group by virtue of finance lease contracts are the same as those set out in note 3 c).

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

ii) 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.

h) Financial instruments**i) Classification 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 economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

For the purpose of measurement, financial instruments are classified as financial assets and financial liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and financial liabilities carried at amortised cost. This classification depends on the nature of the financial instrument and the purpose for which it was acquired.

Regular-way purchases or sales of financial assets are recognised at the trade date (the date at which the Group commits to purchase or sell an asset).

ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are those classified as held for trading or those which upon initial recognition are designated by the Group at 1 January 2005 and as of that date as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

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

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

After initial recognition, they are recognised at fair value through profit or loss.

iv) Loans and receivables

Loans and receivables are non-derivative financial assets 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 initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

v) Available-for-sale financial assets

The Group recognises as available-for-sale financial assets the acquisition of non-derivative financial assets that are either designated specifically to this category or do not comply with requirements for classification in the above categories.

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

After initial recognition, available-for-sale financial assets are measured at their fair values, recognising gains and losses in other comprehensive income, except for impairment. Fair value is not reduced by transaction costs incurred on sale or disposal. On disposal of the financial assets, amounts recognised in other comprehensive income or the impairment loss are reclassified to profit or loss. However, interest calculated using the effective interest method and dividends are recognised in profit or loss using the policy described in note 3 p) (income recognition).

Investments in equity instruments for which fair value cannot be reliably estimated, are carried at cost. Nonetheless, if the financial assets can subsequently be reliably measured, they are accounted for at fair value and any gain or loss is recognised in accordance with their classification.

For investments in equity instruments carried at cost, the Group recognises income from the investment only to the extent that it receives distributions from the retained earnings of the investee arising after the date of acquisition. Dividends received in excess of such gains are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

vi) Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition, minus principal repayments, plus or minus 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. When the variable to which the fees, points paid or received, transaction costs, premiums or discounts relate is repriced to market rates before the expected maturity of the instrument, the amortisation period is the period to the next such repricing date.

Effective cash flows are estimated considering all contractual terms of the financial instrument, but do not consider future credit losses. The calculation includes the fees and points paid or received between parties to the contract, as well as the transaction costs and all other premiums or discounts. In those cases where the Group is unable to reliably estimate the cash flows or expected life of a financial instrument, contractual cash flows over the full term of the contract are used.

vii) Impairment and uncollectibility of financial assets

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

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

recognition of the asset and the 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.

The Group recognises impairment losses and uncollectibility of loans and other receivables by recognising an allowance account for financial assets. When impairment and uncollectibility are considered irreversible, their carrying amount is eliminated against the allowance account. Reversals of impairment are also recognised against the allowance account.

▪ *Impairment of financial assets carried at amortised cost*

In the case of financial assets carried at amortised cost, the impairment loss is measured as the difference between the financial 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. The 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. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

▪ *Impairment of financial assets carried at cost*

In the case of financial assets carried at cost, 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 discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed and are therefore recognised directly against the value of the asset and not as an allowance account.

▪ *Impairment of available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other consolidated comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The impairment loss recognised in profit or loss is calculated as the difference between the acquisition cost, net of any reimbursements or repayment of the principal, and the present fair value, less any impairment loss previously recognised in consolidated profit or loss for the year.

Impairment losses for investments in equity instruments are not reversed through profit or loss.

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 or loss up to the amount of the previously recognised impairment loss and any excess is accounted for in other comprehensive income.

viii) 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.

ix) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Where the Group retains the contractual rights to receive cash flows, it only derecognises financial assets when it has assumed a contractual obligation to pay the cash flows to one or more

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

recipients and if the following requirements are met:

- Payment of the cash flows is conditional on their prior collection.
- The Group is unable to sell or pledge the financial asset.
- The cash flows collected on behalf of the eventual recipients are remitted without material delay and the Group is not entitled to reinvest the cash flows. This criterion is not applicable to investments in cash or cash equivalents made by the Group during the settlement period from the collection date to the date of required remittance to the eventual recipients, provided that interest earned on such investments is passed on to the eventual recipients.

If the Group transfers a financial asset in its entirety but retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract.

If, as a result of a transfer, a financial asset is derecognised in its entirety, the new financial asset, financial liability or servicing liability are recognised at fair value.

If the transferred asset is part of a larger financial asset, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, including servicing assets, based on the relative fair values of those parts on the date of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in other comprehensive income, is recognised in profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case:

- If the Group has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.
- If the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement therein and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the consideration received is recognised in equity. Transaction costs are recognised in profit or loss using the effective interest method.

i) Derivatives and hedge accounting

The Group uses derivative financial instruments to hedge exposure to currency and interest rate risks arising from its activities. In accordance with its treasury policy, the Group 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 and are measured as financial assets and financial liabilities at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value.

The Group hedges interest rate risk in cash flows. At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedging 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 actual effectiveness, which can be reliably measured, is within a range of

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

80%-125% (retrospective analysis).

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

The Group 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 other consolidated comprehensive income. 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 with a debit or credit to finance costs or finance income.

The separate component of consolidated equity associated with the hedge item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge or the cumulative change in fair value (present value) of the expected future cash flows on the hedged item from inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it reclassifies into finance income or finance costs 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 liability, the associated gains and losses that were recognised in other comprehensive income are reclassified 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 consolidated income statement.

The Group prospectively discontinues the accounting of fair value hedges when the hedging instrument expires, is sold, or the hedge no longer meets the criteria for hedge accounting. In these cases, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income is not recorded in profit or loss until the forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in other comprehensive income is reclassified to finance income or finance costs.

If the Group revokes the designation for hedges of a forecast transaction, the cumulative gain in consolidated equity is recognised in profit and loss when the transaction occurs or is no longer expected to occur.

j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in the conversion process. The allocation of fixed indirect overheads is based on the higher of normal production capacity or actual production.

The cost of raw materials and other supplies, the cost of merchandise and costs of conversion are allocated to each inventory unit based on the weighted average price method.

The Group uses the same cost formula for all inventories having the same nature and similar use to the Group.

Volume discounts granted by suppliers are recognised as a reduction in cost of inventories when it is probable that the discount conditions will be met. Purchase discounts for prompt payment are recognised as a reduction in the cost of the inventories acquired.

When the cost of inventories exceeds net realisable value, materials are adjusted against profit or loss .

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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For this purpose, net realisable value is as follows:

- For raw materials and other supplies, replacement cost. Nevertheless, raw materials and other supplies are not written down below cost if the finished goods into which they will be incorporated are expected to be sold at or above cost of production.
- For merchandise and finished goods, estimated selling price less costs to sell;
- For work in progress, estimated selling price of the related finished goods, less the estimated costs of completion and the estimated costs necessary to make the sale.

The previously recognised write-down is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the write-down is limited to the lower of the cost and the revised net realisable value of the inventories.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which have a short maturity of three months or less from the date of acquisition.

In the consolidated statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents and are recognised as loans and borrowings under financial liabilities on the consolidated statement of financial position.

The Group classifies cash flows relating to interest received and paid as operating activities, except for interest collected relating to loans received for reasons other than the normal activity of the Group. Dividends received from associates are classified as investment activities and dividends paid by the Company are recognised as financing activities.

l) Equity instruments

Equity instruments acquired by the Group are shown separately at cost of acquisition as a reduction in consolidated capital and reserves in the consolidated statement of financial position. Any gains or losses on transactions with own equity instruments are not recognised in consolidated profit or loss.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a reduction in reserves, net of any tax effect.

The subsequent redemption of the Parent shares entails a capital reduction equivalent to the par value of the shares. Any positive or negative difference between the purchase price and the par value of the shares is debited or credited to retained earnings.

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

m) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached.

i) Capital grants

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Capital grants awarded as monetary assets are recognised under government grants in the consolidated statement of financial position and allocated to other income in line with the amortisation or depreciation of the assets for which the grants have been received.

ii) Operating grants

Operating grants are recognised as a reduction in the expenses that they are used to finance.

Operating grants received to offset expenses or losses already incurred, or to provide immediate financial support not related to future disbursements, are recognised as other income.

iii) Interest rate grants

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.

n) Employee benefits**i) Termination benefits**

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect

With regard to termination benefits for involuntary redundancies, it is considered that the Group may no longer withdraw the offer when it has informed the affected employees or the trade union representatives of the plan and when the actions required to implement the redundancy would not suggest any significant deviations from the plan, which stipulates the number of employees to be terminated, their professional category or functions, place of employment, expected termination date and termination benefits that they will receive in sufficient detail for them to determine the type and amount of the remuneration they will receive when they are dismissed.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the liability is discounted by reference to market yields on high quality corporate bonds.

ii) Restructuring-related termination benefits

Restructuring-related termination benefits are recognised when the Group has a constructive obligation; that is, when it has a detailed formal plan for the restructuring process (which identifies, as a minimum, the business activities (or part thereof) and main locations affected, the location, function and approximate number of employees whose services are to be terminated, the termination benefits to be paid, and the dates on which the plan will be implemented) and there is valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

iii) Other long-term employee benefits

The Group has assumed the payment to its employees of obligations arising from the collective labour agreements to which certain Spanish Group companies adhere. Based on this collective labour

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

agreement personnel with at least 25 or 40 years of service to the Company will receive 45 days or 75 days, respectively, of the last fixed salary. The Group has recognised the estimated liability for this commitment under provisions on the consolidated statement of financial position.

In addition, in accordance with prevailing legislation in each country, certain foreign Group companies have retirement premium obligations with personnel, recognising the liability under the aforementioned caption. Based on these, when personnel retire they will receive an amount which has been constituted throughout their working life with the Company. This is based on an accrued annual amount calculated by applying a coefficient to the worker's total annual remuneration for each year, with the amount established at the start of the year being subject the accumulated accrued liability to rises in the cost of living. Some of these commitments are financed by paying insurance premiums.

The liability for long-term benefits recognised in the consolidated statement of financial position reflects the present value of the obligations assumed at the reporting date.

In the case of externalised commitments, defined benefit liabilities recognised in the consolidated statement of financial position reflect the present value of defined benefit obligations at the reporting date, minus the fair value at that date of plan assets.

The Group recognises the net current service cost, the net interest cost, the remeasurement of the net liability for long-term employee benefits, the cost of any reimbursement and the effect of any curtailment or settlement of the commitments undertaken as an expense or income accrued in respect of long-term benefits.

The present value of obligations at year end and the related current service cost are calculated on a regular basis by independent actuaries using the Projected Unit Credit Method. The discount rate is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

The Group only recognises its right to reimbursement provided that it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

iv) Short-term employee benefits

The Group recognises the expected cost of short-term employee benefits in the form of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. In the case of non-accumulating compensated absences, the expense is recognised when the absences occur.

The Group recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

for which future cash flows associated with the provision have not been adjusted.

The financial effect of provisions is recognised as a finance cost in profit or loss. The tax effect and disposal of assets are not taken into account in measuring a provision.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement caption in which the related expense was recognised, and any surplus is accounted for in other income.

p) Share-based payment transactions

The Group recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. It recognises an increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability with a balancing entry in the consolidated income statement or assets if the goods or services were acquired in a cash-settled share-based payment transaction.

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

Equity-settled payment transactions are recognised as follows:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised in full, with a corresponding increase in equity;
- If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a corresponding increase in equity.

The Group determines the fair value of the instruments granted to employees at the grant date.

Market vesting conditions and non-vesting conditions are taken into account when estimating the fair value of the instrument. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Group recognises the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, although any necessary reclassifications in equity may be made.

q) Recognition of income

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts are recognised as a reduction in revenues if considered probable at the date of recognition of revenue.

i) Sale of goods

The Group recognises revenue from the sale of goods when:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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- It has transferred to the buyer the significant risks and rewards of ownership of the goods;
- It retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue and the costs incurred or to be incurred can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The incurred costs or to be incurred in respect of the transaction could be reasonably measured.

The Group sells certain assets with the right for the buyers to return the goods. In these cases, the sale of the goods is recognised when the above conditions are met and it is possible to estimate future returns reliably based on experience and other relevant factors. Estimated returns are recognised against revenue and with a credit to the provision for sales returns. The estimated cost of returned goods is recognised as inventories on consignment, net of the effect of any reduction in value.

ii) Services rendered

Revenues associated with the rendering of service transactions are recognised by reference to the stage of completion at the reporting date when the outcome of the transaction can be estimated reliably. The outcome of a transaction can be estimated when the revenue, stage of completion and costs incurred or to be incurred can be measured reliably and it is probable that economic benefits from the rendering of the service will be obtained.

iii) Dividend income

Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them.

r) Income taxes

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

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for a period. Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, whereas deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses, and unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

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 from a business combination.

Income tax deductions granted by public entities are recognised as a reduction in the income tax expense when there is reasonable assurance that the Group will comply with the conditions attached to the right to deduction.

The Spanish taxation authorities have granted a consolidated tax regime to Fluidra, S.A. and a number of other subsidiaries of the Company. This regime establishes that the taxable income calculated individually for the companies included in Appendix I (except for non-resident companies in Spain and resident companies out of the Basque country, that file individual tax returns: Productes Elastòmers,

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

S.A. and ID Electroquímica, S.L.) is included in the consolidated taxable income of Fluidra, S.A. which is considered the Parent of the consolidated tax group. Likewise, the Basque Country taxation authorities have granted a consolidated tax regime to Swimco Corp, S.L. and its consolidated subsidiaries (except for non-resident companies in the Basque Country). Likewise, out of Spain some subsidiaries of the Group have a consolidated tax regime, the groups are as follows:

- The French taxation authorities have granted a consolidated tax regime to Fluidra Services France, S.A.S. and its consolidated subsidiaries a consolidated tax regime (except for non-resident companies in France and resident companies which file individual tax returns such as Pacific Industries, S.A.S., A.P. Immobiliere and Hydrosim International, S.A.S.).
- The American taxation authorities have granted to U.S. Pool Holdings Inc. and its consolidated subsidiaries (Aqua Products, Inc., Fluidra Projects USA and Fluidra USA, LLC) a consolidated tax regime.
- The Italian taxation authorities have granted Fluidra Services Italia, S.R.L. and its consolidated subsidiaries (Fluidra Commerciale Italia, S.p.a. and Inquide Italia, S.R.L.) a consolidated tax regime.

i) Taxable temporary differences

Deferred tax liabilities are recognised in all cases, except where:

- 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 income.
- They relate to taxable temporary differences associated with investments in subsidiaries and joint ventures over which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

ii) Deductible temporary differences

Deferred tax assets are recognised provided that:

- It is probable that sufficient taxable income 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 income.
- The deductible temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Group intends to use these opportunities or it is probable that they will be utilised.

iii) 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 have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets which do not meet the above conditions are not recognised in the consolidated statement of financial position. At year end the Group re-assesses whether conditions are met for recognising previously unrecognised deferred tax assets.

iv) Offset and classification

The Group only offsets current tax assets and current tax liabilities if it has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

s) Offsetting of assets and liabilities, income and expenses

Liabilities cannot be offset by assets, nor expenses by income, unless permitted by a relevant standard or interpretation.

t) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the statement of financial position 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 Group'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 date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Group'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 date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting date, 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 date and before the consolidated annual accounts are authorised for issue.
- Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

v) Environmental issues

The Group takes measures to prevent, reduce or repair damage caused to the environment by its

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

activities.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are accrued.

Non-current assets used by the Group to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section (c) of this note.

The Group makes provision for environmental activity when expenses incurred during the year or in prior years become known and are clearly specified as being of an environmental nature. These provisions are made based on the criteria included in section (o) Provisions of this note. Compensation receivable by the Group in relation to the origin of environmental obligations is recognised as a receivable under assets, when it is assured that this reimbursement will be received, and without exceeding the amount of the obligation recognised.

4. Segment Reporting

Since 2013, Group has been organised into three divisions, two of which encompass the Group's sales and distribution activity, with a geographical approach, while the third area covers the Group's operations and logistics chain. All of the divisions are established and managed centrally by the Group's management committee.

The commercial divisions are the Europe division and the Expansion division. The objectives of this structure are to heighten the focus on each of the markets, as well as streamlining the supply chain by grouping buying, production, storage and logistics under the same management. Furthermore, the Europe division, which is focused on markets with moderate growth rates, aims to increase the efficiency of its processes, while the Expansion division, focused on markets with higher expected growth rates, aims to increase our presence in such markets. These divisions are transversally divided into the following business units: swimming pools, water treatment, irrigation, fluid conduction and projects. These units market their products to the residential, sales, agricultural and industrial segments. This structure, which was already established within the Group, will allow for a more direct approach to each business and market segment, while enabling operating synergies such as sharing the extensive distribution networks in each country.

The Industrial division (called Operations since 2013), located mainly in Spain, France, Israel and China aims to increase cost efficiency by streamlining production plant structure and optimising industrial assets.

This organisational structure, adopted in 2013, affected the identification of the Group's cash generating units (CGUs - see note 7) and segment reporting.

As the financial information used by Fluidra Group management is based on this organisational structure in 2013, the business segments defined in prior years (South-west Europe (SWE), North-east Europe, Middle East and Africa (NEEMEA), America, Asia and Pacific (AAP)) were substituted by the new aforementioned segments: Europe and Expansion. The Industry division is now called Operations.

The segment reporting reflects the information used by Fluidra Group management in accordance with the amendments to IFRS 8.

Holding, real estate and service companies are not operating segments (they do not generate significant third-party revenue or these revenues are complementary to the Group's activity). These companies have been grouped under shared services.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Inter-segment sales prices are established based on the normal terms and conditions with unrelated third parties.

The difference between the aggregate figures of the different business segments and the total disclosed in the consolidated income statement reflects shared services and inter-segment consolidation adjustments, mainly sales between the industrial division and the sales divisions, and the related adjustment to the margin on inventories, as well as other adjustments deriving from business combinations and consolidation.

Therefore, assets and liabilities have not been allocated to any of the above business segments, primarily financial assets and financial liabilities (unallocated column). The difference between the figures for the various segments and the unallocated column and the total assets and liabilities in the consolidated statement of financial position essentially corresponds to inter-segment consolidation adjustments, eliminations between investments and equity of investments in Group companies and other adjustments arising from business combinations and consolidation.

No single customer represents sales to third parties amounting to more than 10% of total sales.

Details of financial information by the Group's business segments for 2014 and 2013 are shown in Appendices II and III of these consolidated annual accounts.

5. **Business Combinations and Sales of Group Companies**

Details of operations involving the most significant business combinations during 2014 and 2013 are as follows:

2014

No business combinations have arisen during the twelve-month period ended 31 December 2014.

2013

On 22 February 2013 the Group acquired a 87% interest in Veico Com. Br. Indústria e Comércio, Lda, with the aim of reinforcing its presence in the Brazilian market. A fixed price was paid for the acquisition. As a result of this acquisition, the non-controlling shareholder extended a call option on the remaining 13%, expiring on 31 October 2013. At 31 December 2014 and 2013 the Group had recognised current liabilities of Euros 217 thousand and Euros 502 thousand, respectively (see note 19) and has derecognised the carrying amount of non-controlling interests. On 29 January 2015 this call option was finally exercised and settled.

The acquired business generated total consolidated sales of merchandise and finished goods and consolidated profit/loss after tax for the period between the date of acquisition and 31 December 2013 of Euros 2,813 thousand and Euros 23 thousand, respectively.

Had this acquisition taken place on 1 January 2013, sales of the Group's merchandise and finished goods would have been increased by Euros 316 thousand and consolidated profit after tax would have been reduced by Euros 292 thousand.

Details of the consideration given, of the fair value of the net assets acquired and the goodwill generated by business combinations carried out during the twelve-month period ended 31 December 2013 is as follows:

	<u>Thousands of Euros</u>
Consideration given	
Cash paid	1,149
Contingent consideration	<u>887</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Total consideration given	<u>2,036</u>
Fair value of net assets acquired	<u>924</u>
Goodwill (note 7(a))	<u>1,112</u>

Due to the production synergies generated, this acquisition was included in the Expansion CGU.

Intangible assets which have not been recognised separately from goodwill, and which are included as part of goodwill as they do not meet the separability requirements established by IFRS-EU, mainly relate to the distribution networks, workforce and synergies of the business acquired,

The amounts recognised in the consolidated statement of financial position at the acquisition date of assets, liabilities and contingent liabilities in the business acquired in the twelve-month period to 31 December 2013, by significant classes, are as follows:

	Thousands of Euros	
	Fair value	Previous carrying amount
Property, plant and equipment (note 6)	618	415
Other intangible assets (note 7(b))	361	0
Deferred tax assets	133	133
Trade and other receivables	351	351
Inventories	252	252
Cash and cash equivalents	<u>17</u>	<u>17</u>
Total assets	1,732	1,168
Loans and borrowings	321	321
Trade and other payables	263	263
Other non-current liabilities	112	112
Other provisions	<u>112</u>	<u>112</u>
Total liabilities and contingent liabilities	808	808
Total net assets	<u>924</u>	
Cash paid	1,149	
Cash and cash equivalents acquired	<u>17</u>	
Cash outflow for the acquisitions	<u>1,132</u>	

On 26 June 2014 an agreement was reached to sell Irrigaronne, S.A.S., dedicated mainly to agricultural irrigation in France, for Euros 7.1 million. The Descours & Cabaud (D&C) Group, a French company leader in the distribution of construction and irrigation material is the new co-owner of Irrigaronne, S.A.S. and absorbs the whole of its workforce.

The transaction forms part of Fluidra's strategy to disinvest in non-essential activities to concentrate on the Group's core business. The sale of Irrigaronne, S.A.S. has enabled the Company to reduce its debt by approximately Euros 9.2 million as it has eliminated the accounts of its French subsidiary from its balance sheet. In this way, the Company has made progress regarding its financial stability.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

On 31 December 2014 Poleg & Teknik A/S was sold.

Details of the sale of the aforementioned companies during the twelve-month period ended 31 December 2014 are as follows:

	<u>Thousands of Euros</u>
Cash received	6,230
Payments initially held as guarantee	<u>870</u>
Total received	<u>7,100</u>
Total net assets sold	<u>4,922</u>
Profit on the sale	<u>2,178</u>

The amounts derecognised in the consolidated statement of financial position at the sale date of assets, liabilities and contingent liabilities in the business sold in the twelve-month period to 31 December 2014, by significant classes, are as follows:

	<u>Thousands of Euros Fair value</u>
Property, plant and equipment	348
Other intangible assets	3
Goodwill	512
Other non-current financial assets	22
Deferred tax assets	141
Trade and other receivables	9,522
Inventories	4,206
Cash and cash equivalents	<u>455</u>
Total assets	15,209
Loans and borrowings	2,567
Trade and other payables	7,637
Current income tax liabilities	<u>83</u>
Total liabilities and contingent liabilities	10,287
Total net assets	<u>4,922</u>
Total net assets sold	<u>4,922</u>
Cash received	7,100
Cash and cash equivalents acquired	<u>455</u>
Cash flow generated by the sale	<u>6,645</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

In 2014 cash disbursements of Euros 2,334 thousand were made for the acquisition of subsidiaries and non-controlling interests (Euros 10,084 thousand in 2013 for the acquisition of subsidiaries and non-controlling interests).

6. Property, Plant and Equipment

Details of and movement in property, plant and equipment during 2014 and 2013 are as follows:

	Thousands of Euros						Balances at 31/12/2014
	Balances at 31/12/2013	Additions	Disposals	Impairment	Transfers	Translation differences	
Cost							
Land and buildings	79,292	619	(3,654)	-	(291)	239	76,205
Technical installations and machinery	122,277	3,179	(1,679)	(7)	(507)	1,026	124,289
Other installations, equipment and furniture	115,317	4,452	(2,573)	(18)	2,598	811	120,587
Other property, plant and equipment	21,721	1,396	(1,593)	(5)	188	348	22,060
Work in progress	1,718	3,253	(13)	-	(3,358)	15	1,610
	<u>340,325</u>	<u>12,899</u>	<u>(9,512)</u>	<u>(30)</u>	<u>(1,370)</u>	<u>2,439</u>	<u>344,751</u>
Accumulated depreciation							
Buildings	(29,832)	(2,513)	2,372	-	673	(71)	(29,370)
Technical installations and machinery	(95,096)	(6,047)	1,618	-	1,669	(594)	(98,450)
Other installations, equipment and furniture	(89,493)	(6,082)	2,072	-	(1,713)	(452)	(95,668)
Other property, plant and equipment	(16,542)	(1,797)	1,447	(1)	24	(257)	(17,126)
	<u>(230,963)</u>	<u>(16,439)</u>	<u>7,509</u>	<u>(1)</u>	<u>653</u>	<u>(1,374)</u>	<u>(240,615)</u>
Carrying amount	<u>109,362</u>	<u>(3,340)</u>	<u>(2,003)</u>	<u>(31)</u>	<u>(717)</u>	<u>1,065</u>	<u>104,136</u>

	Thousands of Euros							Balances at 31/12/2013
	Balances at 31/12/12	Business combinatio ns	Additions	Disposal s	Impairment	Transfers	Translation differences	
Cost								
Land and buildings	80,932	-	1,496	(35)	-	(2,823)	(278)	79,292
Technical installations and	121,590	1,202	2,888	(3,160)	(33)	1,706	(1,916)	122,277

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

machinery								
Other installations, equipment and furniture	112,035	-	5,703	(1,800)	(217)	(90)	(314)	115,317
Other property, plant and equipment	20,847	-	1,245	(1,881)	(261)	2,229	(458)	21,721
Work in progress	1,527	-	1,661	(18)	-	(1,422)	(30)	1,718
	<u>336,931</u>	<u>1,202</u>	<u>12,993</u>	<u>(6,894)</u>	<u>(511)</u>	<u>(400)</u>	<u>(2,996)</u>	<u>340,325</u>
Accumulated depreciation								
Buildings	(28,195)	-	(3,034)	35	-	1,259	103	(29,832)
Technical installations and machinery	(92,112)	(584)	(6,615)	3,113	-	(127)	1,229	(95,096)
Other installations, equipment and furniture	(86,195)	-	(5,388)	1,773	-	78	239	(89,493)
Other property, plant and equipment	(15,830)	-	(1,953)	1,769	-	(779)	251	(16,542)
	<u>(222,332)</u>	<u>(584)</u>	<u>(16,990)</u>	<u>6,690</u>	<u>-</u>	<u>431</u>	<u>1,822</u>	<u>(230,963)</u>
Carrying amount	<u>114,599</u>	<u>618</u>	<u>(3,997)</u>	<u>(204)</u>	<u>(511)</u>	<u>31</u>	<u>(1,174)</u>	<u>109,362</u>

a) Property, plant and equipment pledged as collateral

At 31 December 2014 and 2013 no items of property, plant and equipment had been mortgaged.

At 31 December 2014 there was no property, plant and equipment pledged as collateral. At 31 December 2013 property, plant and equipment with a carrying amount of Euros 1,696 thousand was pledged to secure a liability with a non-controlling interest.

b) Insurance

The consolidated Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

c) Assets acquired under finance lease

The Group has leased the following types of assets under finance leases at 31 December 2014 and 2013:

	Thousands of Euros	
	2014	2013
Land and buildings	21,882	21,882
Technical installations and machinery	3,141	2,275
Other installations, equipment and furniture	818	818
Other property, plant and equipment	1,360	1,329
	<u>27,200</u>	<u>26,304</u>
Less, accumulated depreciation	<u>(9,277)</u>	<u>(8,545)</u>
Balance at 31 December	<u>17,924</u>	<u>17,759</u>

The main characteristics of the most significant finance lease contracts by subsidiary are as follows:

1) Fluidra Commercial, S.A.U.: property lease with BBVA for the purchase of an industrial building in La Garriga at a cost value of Euros 10,700 thousand. Contract signed on 21 December 2004 and the last instalment falling due on 21 December 2019. Instalments are settled on a monthly basis and the amount due at 31 December 2014 is Euros 5,183 thousand (Euros 6,003 thousand in 2013), with a purchase option of Euros 100 thousand. This property lease accrues interest at a fixed rate of 3.8%

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

until 2014 and a variable interest rate of Euribor plus a 0.5% spread.

2) Certikin Portugal, S.A.: property lease with BPI bank for an industrial building in Portugal at a cost value of Euros 1,674 thousand. Contract signed on 4 November 2015 and the last instalment falling due on 4 November 2020. Instalments are settled on a monthly basis and the amount due at 31 December 2014 is Euros 827 thousand (Euros 936 thousand in 2013), with a purchase option of Euros 167 thousand. This property lease accrues variable interest of Euribor plus a 1% spread.

3) Hydros swim International, S.A.S.: property lease with Fructicom (the Natixis Group) and Natiocredimurs to finance an industrial unit in La Chevrolière (France), at a cost value of Euros 1,900 thousand. Contract signed on 25 May 2007 and the last instalment falling due on 1 July 2019. Instalments are settled on a quarterly basis and the amount due at 31 December 2014 is Euros 884 thousand (Euros 1,039 thousand in 2013), with a purchase option of Euros 1. This property lease accrues interest at a variable rate of Euribor plus a 0.85% spread.

4) Astral Pool Australia Pty Ltd.: property lease with West-Pac Banking Corporation for the acquisition of industrial equipment at a cost value of Euros 868 thousand. Contract signed on 1 July 2010 and expiring on 30 June 2016. Instalments are settled on a monthly basis and the amount due at 31 December 2014 is Euros 243 thousand (Euros 367 thousand in 2013). This property lease accrues fixed interest at a rate of 6.45%.

5) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the acquisition of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 1,923 thousand. Contract signed on 22 November 2001 and maturity date extended to 22 November 2016. Instalments are settled on a monthly basis and the amount due at 31 December 2014 is Euros 907 thousand (Euros 958 thousand in 2013), with a purchase option of Euros 769 thousand. This property lease accrues interest at a variable rate of Euribor plus a 3.20% spread.

6) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the expansion of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 512 thousand. Contract signed on 30 September 2003 and maturity date extended to 20 August 2018. Instalments are settled on a monthly basis and the amount due at 31 December 2014 is Euros 225 thousand (Euros 253 thousand in 2013), with a purchase option of Euros 205 thousand. This property lease accrues interest at a variable rate of Euribor plus a 2.10% spread.

Details of minimum lease payments and the present value of finance lease liabilities, by maturity date, at 31 December 2014 and 2013 are shown in note 18.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

During the year no contingent rent from these contracts has been paid, except for the interest spread resulting from annual variation in Euribor, in accordance with the original terms agreed in these contracts.

In 2014 the Group has acquired property, plant and equipment under finance lease amounting to Euros 786 thousand, financed with a loan for the same amount (Euros 390 thousand financed with a loan for the same amount in 2013).

d) Fully depreciated assets

The cost of fully depreciated property, plant and equipment in use at 31 December 2014 and 2013 is as follows:

Thousands of Euros	
2014	2013

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Cost								
Product development costs	25,378	4,064	184	-	1,341	514	31,481	
Customer/contractual relationships	60,907	-	(24,911)	-	-	2,800	38,796	
Computer software	13,882	1,817	(134)	-	912	119	16,596	
Patents	24,435	180	-	-	113	810	25,538	
Trademarks and other intangible assets	<u>5,102</u>	<u>936</u>	<u>120</u>	<u>-</u>	<u>(630)</u>	<u>52</u>	<u>5,580</u>	
	129,704	6,997	(24,741)	-	1,736	4,295	117,991	
Accumulated amortisation								
Product development costs	(17,473)	(4,370)	(108)	-	(994)	(221)	(23,166)	
Customer/contractual relationships	(40,991)	(10,319)	24,910	-	-	(208)	(26,608)	
Computer software	(8,589)	(2,082)	131	-	2	(95)	(10,633)	
Patents	(12,874)	(2,196)	-	-	(31)	(464)	(15,565)	
Trademarks and other intangible assets	<u>(2,619)</u>	<u>(1,992)</u>	<u>(121)</u>	<u>-</u>	<u>4</u>	<u>(26)</u>	<u>(4,754)</u>	
	<u>(82,546)</u>	<u>(20,959)</u>	<u>24,812</u>	<u>-</u>	<u>(1,019)</u>	<u>(1,014)</u>	<u>(80,726)</u>	
Carrying amount	<u>47,158</u>	<u>(13,962)</u>	<u>71</u>	<u>-</u>	<u>717</u>	<u>3,281</u>	<u>37,265</u>	

Thousands of Euros

	Balances at 31/12/12	Business combinations (Note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31/12/2013
Cost								
Product development costs	23,416	-	4,761	(2,414)	(151)	-	(234)	25,378
Customer/contractual relationships	61,940	361	4	-	-	-	(1,398)	60,907
Computer software	11,078	-	2,845	(65)	-	58	(34)	13,882
Patents	23,281	-	1,218	(120)	-	31	25	24,435
Trademarks and other intangible assets	<u>5,143</u>	<u>-</u>	<u>283</u>	<u>-</u>	<u>-</u>	<u>(165)</u>	<u>(159)</u>	<u>5,102</u>
	124,858	361	9,111	(2,599)	(151)	(76)	(1,800)	129,704
Accumulated amortisation								
Product development costs	(15,720)	-	(4,169)	2,414	-	-	2	(17,473)
Customer/contractual relationships	(31,793)	-	(10,217)	-	-	716	303	(40,991)
Computer software	(7,197)	-	(1,472)	52	-	(3)	31	(8,589)
Patents	(11,113)	-	(1,222)	120	-	(695)	36	(12,874)
Trademarks and other intangible assets	<u>(2,176)</u>	<u>-</u>	<u>(521)</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>51</u>	<u>(2,619)</u>
	<u>(67,999)</u>	<u>-</u>	<u>(17,601)</u>	<u>2,586</u>	<u>-</u>	<u>45</u>	<u>423</u>	<u>(82,546)</u>
Carrying amount	<u>56,859</u>	<u>361</u>	<u>(8,490)</u>	<u>(13)</u>	<u>(151)</u>	<u>(31)</u>	<u>(1,377)</u>	<u>47,158</u>

No intangible assets are pledged as collateral.

Additions of product development costs for 2014 of Euros 4,064 thousand (Euros 4,761 thousand in 2013) comprise self-constructed non-current assets and are included in this category of the consolidated income statement.

The cost of fully amortised intangible assets in use at 31 December 2014 and 2013 is as follows:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

	Thousands of Euros	
	2014	2013
Product development costs	12,351	8,255
Computer software	6,460	3,274
Patents	8,040	5,159
Trademarks and other intangible assets	1,980	653
	<u>28,831</u>	<u>17,341</u>

At 31 December 2014, there are intangible assets located abroad for a carrying amount of Euros 24,534 thousand (33,775 thousand at 31 December 2013).

At 31 December 2014 and 2013 almost all of the carrying amount of customer/contractual relationships relate to the Operations and Aqua Group CGUs.

c) Impairment of goodwill and intangible assets with indefinite useful lives

For impairment testing purposes, goodwill and intangible assets with indefinite useful lives have been allocated to the Group's cash-generating units (CGU) in accordance with the business segment and its CGUs or groups of CGUs.

The allocation of goodwill by CGU or groups of CGUs at 31 December 2014 and 2013 is therefore as follows:

	Segment	Thousands of Euros	
		31/12/2014	31/12/2013
Europe	Europe	22,884	23,387
Expansion	Expansion	45,101	45,090
Operations	Operations	51,205	50,178
Manufacturas Gre, S.A	Europe	19,916	23,416
Certikin Internacional, LTD	Europe	3,739	3,505
SSA Fluidra Österreich, GmbH	Europe	4,991	4,991
Hurlcon Holdings, PTY LTD and subsidiaries	Expansion	7,483	7,195
Aqua Group	Operations	27,477	25,373
Total		<u>182,796</u>	<u>183,185</u>

Movement in goodwill is due to the impairment of the CGUs, as subsequently described, and changes in translation differences relating to goodwill in foreign currency, primarily as a result of fluctuations in exchange rates with Pound Sterling, the Australian Dollar, the Israeli Shekel, the US Dollar and the Chinese Renminbi.

The recoverable amount of each CGU is determined based on calculations of its value in use. These calculations are based on cash flow projections from the financial budgets approved by management over a period of four years. The Group has budgeted revenues/profitability based on historical sales and income, and market expectations and the cost savings plans being implemented. In the case of the more mature markets (Europe) in no case do these projections exceed the sales figures and profits obtained in 2008 (first year in which the crisis took effect in the markets in which the Group operates). Cash flows beyond this four-year period are extrapolated using an estimated growth rate of 2%. The growth rate should not exceed the average long-term growth rate for the businesses in which the CGUs operate. The post-tax discount rates used range from 7.4% -9.5% (9%-10.7% in 2013) and reflect the risks specific to the corresponding segments.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

The discount rates applied to the various CGUs were calculated based on the risk-free rate (sovereign debt yields for each country at 31 December), tax rate, market risk premiums and risk inherent to the CGU and the debt yield spreads of the various markets in which these CGUs operate.

The key assumptions on which cash flow projections are based, on the basis of budgeted data and expected market performance are summarised in the following table for each cash generating unit (CGUs):

CGU	CAGR	CAGR	WACC
	Sales (*)	EBITDA (*)	(**)
	2014-2018	2014-2018	2014
Europe	-0,63%	-0,87%	8,47%
Expansion	0,04%	-0,17%	8,64%
Operations	-0,66%	-1,80%	8,47%
Manufacturas GRE, S.A.U.	2,74%	20,20%	8,60%
Certikin International, LTD	0,94%	0,44%	8,80%
FLUIDRA ÖSTERREICH GmbH "SSA"	0,36%	-0,01%	7,42%
Astral Pool Australia PTY LTD and subsidiaries	0,91%	0,00%	9,54%
Aqua Group	4,46%	26,41%	8,50%

(*) CAGR is the term that represents the compound annual growth rate for the four-year periods used.

(**) Discount rate after tax.

For the Europe, Expansion, Operations, Certikin Internacional Ltd, SSA Fluidra Österreich and Astral Pool Australia, Pty LTD and subsidiaries and Aqua Group CGUs, the value in use determined in accordance with the aforementioned calculation method significantly exceeds the value of the corresponding net assets and goodwill assigned to these CGUs. This excess would still exist even using straight-line projections of the income/yield and in the event of additional changes in the assumptions used to determine value in use, except in the cases of the Aqua Group. For the Aqua Group CGUs, EBITDA CAGRs for 2014-2018 of 12.78% would equal the carrying amount of the net assets and goodwill of this CGUs with its value in use.

In the case of the Manufacturas Gre CGU, value in use is estimated at approximately Euros 28.4 million (Euros 33.6 million in 2013) and does not adequately cover the value of net assets and goodwill assigned to this CGU. Therefore, the Company has recognised impairment of Euros 3.5 million at 31 December 2014.

In the case of the Europe CGU, the estimated value in use was approximately Euros 96.2 million at 31 December 2013. The Group recognised impairment of Euros 4.5 million at 31 December 2013.

Changes in the assumptions used to determine value in use can modify the estimate of impairment. However, the Company's directors consider that there are no significant changes in these assumptions at the date of these consolidated annual accounts.

8. Investment Property

Details of investment property and movement during 2014 and 2013 are as follows:

	Thousands of Euros				
	Balances at 31/12/2013	Additions	Disposals	Transfers	Balances at 31/12/2014
Cost					
Land	996	-	-	-	996

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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Buildings	504	-	-	-	504
	1,500	-	-	-	1,500
Accumulated depreciation					
Buildings	(378)	(49)	-	-	(427)
	(378)	(49)	-	-	(427)
Carrying amount	1,122	(49)	-	-	1,073

Thousands of Euros

	Balances at 31/12/12	Additions	Disposals	Transfers	Balances at 31/12/2013
Cost					
Land	1,115	-	(119)	-	996
Buildings	623	-	(119)	-	504
	1,738	-	(238)	-	1,500
Accumulated depreciation					
Buildings	(364)	(51)	37	-	(378)
	(364)	(51)	37	-	(378)
Carrying amount	1,374	(51)	(201)	-	1,122

The fair value of investment property does not differ substantially from the carrying amount.

9. Equity-accounted Investees

Movement in equity-accounted investees is as follows:

	Thousands of Euros	
	2014	2013
Balance at 1 January	88	269
Share of profits/(loss)	39	40
Dividends received	(31)	(80)
Other	-	(141)
Balance at 31 December	96	88

Details of equity-accounted investees for 2014 and 2013 are as follows:

	2014					
	Thousands of Euros					
Country	Percentage ownership	Assets	Liabilities	Equity	Income	Profit/(loss)

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Astral Nigeria, LTD	Nigeria	25	<u>624</u>	<u>241</u>	<u>383</u>	<u>1,596</u>	<u>155</u>
			<u>624</u>	<u>241</u>	<u>383</u>	<u>1,596</u>	<u>155</u>
2013							
Thousands of Euros							
	<u>Country</u>	<u>Percentage ownership</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Income</u>	<u>Profit</u>
Astral Nigeria, LTD	Nigeria	25	<u>497</u>	<u>143</u>	<u>354</u>	<u>1,374</u>	<u>161</u>
			<u>497</u>	<u>143</u>	<u>354</u>	<u>1,374</u>	<u>161</u>

10. Current and Non-current Financial Assets

Details of other current and non-current financial assets are as follows:

	<u>Note</u>	<u>Thousands of Euros</u>	
		<u>2014</u>	<u>2013</u>
Assets available for sale		753	1,030
Deposits and guarantees		4,679	3,378
Derivative financial instruments	11	<u>16</u>	<u>39</u>
Total non-current		<u>5,448</u>	<u>4,447</u>
Assets available for sale		54	55
Deposits and guarantees		2,505	2,430
Derivative financial instruments	11	<u>492</u>	<u>21</u>
Total current		<u>3,051</u>	<u>2,506</u>

Movement in available-for-sale financial assets is as follows:

	<u>Thousands of Euros</u>	
	<u>2,014</u>	<u>2,013</u>
At 1 January	1,085	3,790

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Disposals	-	(2,162)
Impairment	(234)	(500)
Adjustment to fair value recognised in profit or loss	<u>(44)</u>	<u>(43)</u>
At 31 December	807	1,085
Less: Current portion	<u>(54)</u>	<u>(55)</u>
Total non-current	<u><u>753</u></u>	<u><u>1,030</u></u>

Non-current available-for-sale assets mainly relate to perpetual debt securities quoted on an over-the-counter market and accrue interest at a market rate.

Deposits and guarantees mainly reflect term deposits which accrue interest at market rates and are classified under loans and receivables, as well as deposits and guarantees on lease contracts. These are measured following the criteria for financial assets set out in note 3. The difference between the amount paid and the fair value is classified as a prepayment and recognised in profit or loss over the lease term.

The fair value of the listed securities is determined using the list price at the reporting date of the consolidated annual accounts.

11. Derivative Financial Instruments

Details of derivative financial instruments are as follows:

Amount	2014				
	Notional amount	Thousands of Euros			
		Fair values			
		Assets		Liabilities	
	Non-current	Current	Non-current	Current	
1) Derivatives held for trading					
a) <i>Foreign currency derivatives</i>					
Forward exchange contracts	11,991	-	425	-	75
Options traded on OTC markets	6,071	-	64	-	-
Total derivatives traded on OTC markets		-	489	-	75
b) <i>Interest rate derivatives</i>					
Interest rate swaps	9,111	16	3	-	29
Total derivatives traded on OTC markets		16	3	-	29
Total derivatives held for trading		16	492	-	104
2) Hedging derivatives					
a) <i>Fair value hedges</i>					
Interest rate swaps	72,111	-	-	1,207	11
b) <i>Cash flow hedges</i>					
Foreign currency swaps	-	-	-	-	-
Total hedging derivatives		-	-	1,207	11
Total recognised derivatives		16	492	1,207	115
		(Note 10)	(Note 10)		

2013

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

	Amount Notional amount	Thousands of Euros			
		Fair values			
		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
<i>a) Foreign currency derivatives</i>					
Forward exchange contracts	13,303	-	4	-	336
Options traded on OTC markets	3,626	39	-	-	-
Total derivatives traded on OTC markets		39	4	-	336
<i>b) Interest rate derivatives</i>					
Interest rate swaps	20,355	-	17	298	108
Total derivatives traded on OTC markets		-	17	298	108
Total derivatives held for trading		39	21	298	444
2) Hedging derivatives					
<i>a) Fair value hedges</i>					
Interest rate swaps	88,024	-	-	1,144	7
<i>b) Cash flow hedges</i>					
Foreign currency swaps	9,426	-	-	-	627
Total hedging derivatives		-	-	1,144	634
Total recognised derivatives		39	21	1,442	1,078
		(Note 10)	(Note 10)		

The total change in estimated fair value of derivatives held for trading, using measurement techniques recognised in profit and loss has been income of Euros 1,657 thousand (Euros 373 thousand in 2013).

The total change in estimated fair value of hedging instruments using measurement techniques recognised in consolidated equity, as they relate to effective hedging, has been a decrease of Euros 111 thousand (Euros 388 thousand in 2013).

Total cash flow hedges transferred in 2014 from other comprehensive income in equity to the consolidated income statement (under finance income/costs) amounts to a loss of Euros 666 thousand (losses of Euros 606 thousand in 2013).

b) Interest rate swaps

The Group uses interest rate swaps instruments for variable to fixed rates with or without deactivating barriers, with fixed rates ranging from 1.08% to 3.80% and with a barrier of 5.50%. These derivatives are used to manage interest rate fluctuation exposure, mainly relating to its bank loans. The inception and maturity dates of derivatives at 31 December 2014 are as follows:

Derivatives held for trading 31/12/2014			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
5,111	21/12/2004	21/12/2019	Barrier swap
2,000	02/08/2011	01/10/2015	Fixed-rate swap
2,000	20/09/2012	01/10/2015	Fixed-rate swap
<u>9,111</u>			

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Derivatives held for trading 31.12.13			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
5,936	21/12/2004	21/12/2019	Barrier swap
2,321	16/02/2008	20/02/2014	Fixed-rate swap
822	03/05/2007	03/05/2014	Fixed-rate swap
822	26/03/2009	03/05/2014	Fixed-rate swap
426	13/03/2009	24/10/2014	Fixed-rate swap
1,547	13/03/2009	30/03/2014	Fixed-rate swap
481	13/03/2009	13/10/2014	Fixed-rate swap
4,000	02/08/2011	01/10/2015	Fixed-rate swap
4,000	20/09/2012	01/10/2015	Fixed-rate swap
<u>20,355</u>			

The Group does not apply hedge accounting on these derivatives and, although the Group's exposure to interest rate fluctuations is hedged, these derivatives are recognised as though they are held for trading.

Hedge derivatives 31/12/2014			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
398	02/06/2010	25/06/2015	Fixed-rate swap
282	02/06/2010	25/06/2015	Fixed-rate swap
259	02/06/2010	25/06/2015	Fixed-rate swap
432	02/06/2010	25/06/2015	Fixed-rate swap
224	02/06/2010	25/06/2015	Fixed-rate swap
4,516	21/12/2011	19/04/2016	Fixed-rate swap
7,200	20/09/2012	27/07/2017	Fixed-rate swap
9,000	20/09/2012	27/07/2017	Fixed-rate swap
12,600	20/09/2012	27/07/2017	Fixed-rate swap
11,400	20/09/2012	27/07/2017	Fixed-rate swap
10,200	20/09/2012	27/07/2017	Fixed-rate swap
6,000	20/09/2012	27/07/2017	Fixed-rate swap
4,200	20/09/2012	27/07/2017	Fixed-rate swap
3,600	20/09/2012	27/07/2017	Fixed-rate swap
1,800	20/09/2012	27/07/2017	Fixed-rate swap
<u>72,111</u>			

Hedge derivatives 31/12/2013			
Notional amount in thousands of Euros	Start date	End date	Type of derivative

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

GBP / EUR	3,325	2,525
ILS / USD	6,071	8,701
EUR / USD	4,118	14,502
EUR / ILS	2,900	627
	18,062	26,355

At 31 December 2014 there are no exchange rate derivatives. At 31 December 2013 the notional amount of Euros 8,701 thousand of ILS/USD exchange rate derivatives includes a total of Euros 5,076 thousand of hedging derivatives. In addition, at 31 December 2013 the notional amount of Euros 14,502 thousand of EUR/USD exchange rate derivatives includes a total of Euros 4,351 thousand of hedging derivatives.

Disclosure by notional amount and residual maturity of forward contracts is as follows:

	Thousands of Euros	
	2014	2013
Less than one year	18,062	22,730
One to five years	-	3,626
	18,062	26,355

The fair values of these forward contracts have been estimated using discounted cash flows based on forward exchange rates available from public data at reporting date (measurement method level 2 in accordance with IFRS 13).

Losses and gains on measuring or settling these contracts have been taken to profit or loss during the year.

12. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2014	2013
Raw materials and other supplies	34,710	33,026
Merchandise, finished goods and work in progress	103,227	101,400
	137,937	134,426

At 31 December 2014 and 2013 the Group does not have any inventories, the recovery period of which is estimated to be greater than 12 months from the consolidated reporting date.

As a result of the business combinations that took place in 2013, inventories of Euros 252 thousand were included.

Consolidated Group companies have taken out insurance policies to cover the risk of damage to their inventories. The coverage of these policies is considered sufficient.

There are no relevant commitments to purchase or sell goods.

During 2014 the Group has impaired inventories to adjust them to their net realisable value amounting to

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Euros 368 thousand (Euros 1,851 thousand in 2013) (see note 22).

13. Trade and Other Receivables

Details of this caption of the consolidated statement of financial position are as follows:

	Thousands of Euros	
	2014	2013
<u>Non-current</u>		
Other non-current receivables	1,974	2,012
<u>Current</u>		
Trade receivables	155,852	163,077
Other receivables and prepayments	6,212	5,920
Public entities	9,831	11,987
Current income tax assets	4,438	3,979
Provisions for impairment and uncollectibility	(40,476)	(39,220)
Total current	<u>135,857</u>	<u>145,743</u>

Other non-current receivables include Euros 1,138 thousand (Euros 1,365 thousand at 31 December 2013) corresponding to reimbursement commitments with shareholders arising from their contribution of securities in the increase in capital, as detailed in note 28.

Fair values of trade and other receivables do not differ significantly from their carrying amounts.

As the Group has a large number of customers, there is no significant concentration of credit risk with regard to trade receivables in any of its segments.

The most significant balances in foreign currencies at 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
US Dollars	14,214	10,810
United Arab Emirates Dirhams	11,822	11,974
Australian Dollars	11,632	10,298
Pounds Sterling	8,423	7,067
Moroccan Dirhams	5,194	4,469
Brazilian Reals	4,858	1,747
Thai Bahts	3,371	2,766
Turkish Lira	2,596	2,645
Mexican Pesos	1,932	1,895
Chilean Pesos	1,554	1,321
	<u>65,597</u>	<u>54,992</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Receivables from public entities primarily comprise VAT recoverable.

Movement in valuation allowances for impairment and uncollectibility for 2014 and 2013 is as follows:

	<u>Thousands of Euros</u>
Balance at 31 December 2012	36,601
Business combinations	223
Charge for the year	14,620
Recoveries	(3,503)
Translation differences	(604)
Write-offs	<u>(8,117)</u>
Balance at 31 December 2013	<u>39,220</u>
Charge for the year	13,260
Recoveries	(4,363)
Translation differences	577
Write-offs	<u>(8,218)</u>
Balance at 31 December 2014	<u><u>40,476</u></u>

14. Cash and Cash Equivalents

Cash and cash equivalents mainly reflect cash and bank balances.

15. Equity

Details of consolidated equity and movement during the year are shown in the statement of changes in consolidated equity.

- Share capital

At 31 December 2014 the share capital of Fluidra, S.A. is represented by 112,629,070 ordinary shares of Euros 1 par value each, which are fully paid. These shares are represented by book entries which are recognised in the corresponding accounting record. All shares have the same voting and profit-sharing rights.

On 31 October 2007 Fluidra, S.A. (the Company) was floated on the stock market. This process was conducted through the public offering of 44,082,943 ordinary shares of Euro 1 par value each.

These shares, representing the Company's share capital, are listed on the Barcelona and Madrid stock exchanges and on the electronic stock market.

The Company only becomes aware of the identity of its shareholders when information is voluntarily provided by them or in compliance with prevailing legislation. Based on the information held by the Company, its most significant shareholders at 31 December 2014 and 2013 are as follows:

Percentage ownership

31.12.2014

31.12.2013

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Boyser, S.R.L.	14,12%	14,12%
Edrem, S.L.	13,50%	13,50%
Dispur, S.L.	12,14%	12,14%
Aniol, S.L.	10,16%	10,16%
NMAS1 Asset Management	8,00%	8,00%
Santander Asset Management	6,42%	-
Bansabadell Inversió Desenvolupament, S.A.	5,00%	9,67%
Maveor, S.L.	5,01%	5,01%
Other shareholders	25,65%	27,40%
	<u>100,00%</u>	<u>100,00%</u>

- Share premium

This reserve is freely distributable, with the exception of what is outlined in section f) of this note.

- Legal reserve

In accordance with article 274 of the revised 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.

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, while this reserve does not exceed 20% of share capital, it can be used to offset losses if no other reserves are available.

- Parent shares

Movement in treasury shares during 2014 and 2013 has been as follows:

	Number	Euros	
		Nominal	Average cost of acquisition / disposals
Balances at 01/01/2013	380,101	380,101	2.7285
Acquisitions	222,334	222,334	2.4368
Disposals	(331,189)	(331,189)	(2.5116)
Balances at 31/12/2013	<u>271,246</u>	<u>271,246</u>	<u>2.5678</u>
Acquisitions	412,853	412,853	2.9498
Disposals	(448,179)	(448,179)	(3.0079)
Balances at 31/12/2014	<u>235,920</u>	<u>235,920</u>	<u>2.8176</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

On 18 February 2011 a liquidity contract was signed on Fluidra, S.A. shares with a management entity, the terms of which are in accordance with Circular 3/2007 of 19 December 2007. On 8 July 2014 the management entity for the liquidity contract was changed, but there were no significant modifications to the terms regarding the former liquidity contract.

Pursuant to article 146 and concurrent articles of the Spanish Companies Act, at the annual general meeting held on 6 June 2012 the shareholders of Fluidra, S.A. authorised the Company to make derivative acquisitions and disposals of treasury shares, directly or through Group companies, with the express purpose of reducing share capital so as to redeem treasury shares. The board of directors was delegated the powers required to carry out the resolutions adopted by shareholders in this respect (thereby rendering the prior authorisation of 8 June 2011 ineffective) and was authorised to use treasury shares to execute or cover remuneration schemes, if necessary.

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

- Recognised income and expense

These include translation differences and changes in the fair value of available-for-sale financial assets, as well as losses or gains on the measurement at fair value of the hedging instrument corresponding to the part identified as the effective hedge, net of tax effect where applicable.

- Dividends and restrictions on the distribution of dividends

At 31 December 2014, the Parent's voluntary reserves, amounting to Euros 17,626 thousand (Euros 13,344 thousand at 31 December 2013), together with the share premium and profit for the year of the Parent, are subject to legal limitations regarding distribution.

In accordance with the decision made by the shareholders in an ordinary general meeting held on 05 June 2013, the Company approved the distribution to shareholders of a dividend totalling Euros 8,000 thousand against voluntary reserves.

At its meeting held on 22 March 2015 the board of directors agreed to propose to the shareholders that dividend of Euros 6,700 thousand be distributed with a charge to voluntary reserves.

The proposed distribution of profit included in the annual accounts of the Parent for 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Basis of allocation:		
Profit/(loss) for the year	(7,209)	4,677
Distribution:		
Legal reserve	-	468
Voluntary reserves	-	4,209
Prior years' losses	(7,209)	-
Total	<u>(7,209)</u>	<u>4,677</u>

- Capital management

The Group manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Group can adjust the amount of dividends payable to shareholders, issue shares or dispose of assets to reduce debt.

Fluidra, S.A. controls the capital structure based on total leverage ratios and net financial debt as a percentage of EBITDA (see note 34).

- The total leverage ratio is calculated as total assets divided by total equity.
- The net financial debt (NFD) ratio as a percentage of EBITDA is calculated as the quotient between the net financial debt and EBITDA. Net financial debt is determined based on the sum of current and non-current financial liabilities with financial institutions and derivative liability instruments less non-current financial assets, less cash and other cash equivalents, less other current financial assets and less derivative financial asset instruments. A comparison of 2013 was carried out using the same criteria, including derivative financial liabilities.

During 2014 the strategy has remained the same as in prior years and has consisted of maintaining the total leverage ratio and NFD/EBITDA ratio between 2 and 2.5. In the case of the NFD/EBITDA ratio, this target has been temporarily exceeded in 2013. The Company has taken all the necessary measures and has once again met this objective in 2014. Ratios in 2014 and 2013 are calculated as follows:

Total leverage ratio:

	Thousands of Euros	
	2014	2013
Total consolidated assets	697,581	721,370
Total consolidated equity	321,053	303,101
Total leverage ratio	<u>2.17</u>	<u>2.38</u>

NFD/EBITDA ratio:

	Thousands of Euros	
	2014	2013
Loans and borrowings	213,478	251,076
Plus: Derivative financial instruments	1,322	2,520
Less: Cash and cash equivalents	(54,665)	(59,850)
Less: Non-current financial assets	(5,432)	(4,408)
Less: Other current financial assets	(2,559)	(2,485)
Less: Derivative financial instruments	(508)	(60)
Net financial debt	<u>151,636</u>	<u>186,793</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

EBITDA (note 34)	<u>65,673</u>	<u>52,722</u>
NFD/EBITDA ratio:	<u>2.31</u>	<u>3.54</u>

- Non-controlling interests

Movement in non-controlling interests during 2014 has been as follows:

Company	Percentage non-controlling interest	
	31.12.2014	31.12.2013
Cepex, S.R.L. (2)	0,00%	21,00%
Inquide Italia, S.R.L. (2)	9,00%	15,00%
Certikin Italia, S.P.A. (2)	0,00%	5,23%
Cepex USA Inc. (3)	0,00%	10,00%
Fluidra Services Italia, S.R.L. (2)	9,00%	0,00%
Fluidra Kazakhstan, Liability Limited Company (1)	40,00%	0,00%
Astral Italia, S.P.A. (2)	9,00%	0,00%

(1) Newly incorporated in 2014.

(2) Exchange of shares in 2014.

(3) Company dissolved in 2014.

No disbursement has been made in relation to the transactions arising from these changes (no amounts disbursed in 2013). The effect of the above-mentioned acquisition on retained earnings was Euros 1,168 thousand (Euros 5,133 thousand in prior year) (see changes in interests in the consolidated statements of changes in equity).

There are no significant restrictions on the Group's capacity to act regarding the assets of non-controlling interests.

Details of the most significant non-controlling interests at 31 December 2014 are as follows:

	Country	Percentage ownership	2014				
			Thousands of Euros				
			Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	2,307	394	1,913	3,165	419
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	2,077	942	1,136	3,903	370
I.D. Electroquímica, S.L.	Spain	40	3,373	605	2,768	2,899	701
Fluidra Youli Fluid System (Wenzhou) Co., LTD	China	30	8,647	3,069	5,578	3,955	165

2013

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

	Country	Percentage ownership	Thousands of Euros				
			Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	2,002	248	1,754	3,451	647
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	1,925	900	1,025	3,698	382
I.D. Electroquímica, S.L.	Spain	40	2,708	405	2,303	2,207	472
Fluidra Youli Fluid System (Wenzhou) Co., LTD	China	30	8,086	3,061	5,025	2,939	162

The aforementioned figures correspond to the % ownership in each company.

16. Earnings per share

a) Basic

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares issued during the twelve-month periods ended 31 December 2014 and 2013, excluding treasury shares.

Details of the calculation of basic earnings per share are as follows:

	31.12.2014	31.12.2013
Profit / (loss) attributable to equity holders of the Parent (in thousands of Euros)	6,642	(10,237)
Weighted average number of ordinary shares outstanding	112,364,073	112,324,101
Basic earnings per share (in Euros)	0.05911	(0.09114)

Profit/(loss) for the year corresponds to the profit/(loss) attributable to equity holders of the Parent.

The weighted average number of ordinary shares outstanding during the year is determined as follows:

	Number of shares	
	31.12.2014	31.12.2013
Ordinary shares outstanding at 1 January	112,629,070	112,629,070
Effect of treasury shares	(264,997)	(304,969)
Weighted average number of ordinary shares outstanding at 31 December	112,364,073	112,324,101

b) Diluted earnings

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Diluted earnings per share are calculated by adjusting profit attributable to owners of the Parent and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. As there are no potential ordinary shares, this calculation is not necessary.

17. Provisions

Details of other provisions are as follows:

	Thousands of Euros			
	2014		2013	
	Non-current	Current	Non-current	Current
Guarantees	-	3,711	-	3,189
Provisions for taxes	2,904	-	2,791	-
Provisions for employee commitments	3,293	-	2,965	-
Litigation and other liabilities	1,817	-	871	-
Total	<u>8,014</u>	<u>3,711</u>	<u>6,627</u>	<u>3,189</u>

Movement during 2014 and 2013 is as follows:

	Guarantees	Provisions for employee commitments	Litigation and other liabilities	Provision for taxes	Total
Balance at 1 January 2013	2,586	3,081	1,016	2,253	8,936
Charges	1,262	351	67	467	2,147
Business combinations	-	-	-	112	112
Payments	-	(330)	(206)	(18)	(554)
Applications	(562)	(93)	(6)	-	(661)
Translation differences	(97)	(44)	-	(23)	(164)
Balance at 31 December 2013	3,189	2,965	871	2,791	9,816
Charges	572	483	306	493	1,854
Payments	-	(222)	(97)	-	(319)
Applications	(18)	(29)	-	(400)	(447)
Transfers	(80)	18	735	-	673
Translation differences	48	78	2	20	148
Balance at 31 December 2014	<u>3,711</u>	<u>3,293</u>	<u>1,817</u>	<u>2,904</u>	<u>11,725</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

18. Loans and Borrowings

Details of this caption of the consolidated statement of financial position are as follows:

	Thousands of Euros	
	2014	2013
Loans and borrowings	109,445	138,591
Finance lease payables	8,219	9,373
Total non-current	117,664	147,964
Loans and borrowings	48,540	41,009
Bank loans	43,819	55,846
Discount lines	1,360	4,373
Finance lease payables	2,095	1,884
Total current	95,814	103,112
Total loans and borrowings	<u>213,478</u>	<u>251,076</u>

All the amounts indicated above are classed as financial liabilities at amortised cost.

At 31 December 2014 bank loans and discount lines accrue interest at average market rates, except those extended by public entities which accrue interest at between 0% and the Euribor at 6 months plus a 3.10% spread (between 0% and 5% in 2013). There are no significant differences between the carrying amount of financial liabilities and their fair value at 31 December 2014 and 2013.

On 27 July 2012, the Group entered into a new loan agreement of Euros 110 million and a revolving credit facility of Euros 48.5 million with a banking syndicate. On 31 December 2014 the outstanding principal of the loan is Euros 84.5 million (Euros 104.5 million at 31 December 2013) and no amounts had been drawn down from the credit facility at 31 December 2014 or 2013.

The banks in the syndicate were BBVA, Banco de Santander, Banesto, Caixabank, Banco de Sabadell, Banca March, Barclays, Bankinter and Banco Popular, with Banco de Sabadell as the agent bank.

The Group has the financial stability to carry out its business plan as a result of this arrangement, as it extends the average payment period for loans and secures short-term funding for the next three years. Several of the Group's investees are acting as guarantors of the arrangement.

The 5-year loan has repayments every six months of increasing amounts and the first instalment is due 12 months from the arrangement date. The credit facility has a single maturity in 2015.

The agreed interest rate on this financing is Euribor plus a spread that ranges from 3.75% to 4.50%, depending on the net financial debt/EBITDA ratio.

The aforementioned financing agreement stipulates compliance with certain annual financial ratios (covenants) based on the net financial debt/EBITDA remaining under 3.5 in 2012 and 2013 and under 3.25 as of 2014. The agreement also stipulates that over the duration of the loan the EBITDA/net finance cost ratio shall remain above 3, and that the net financial debt/equity ratio remains under 1. In addition, these

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

agreements include a series of non-financial obligations to be met. Failure to comply with any of the above ratios would give the banks the right to demand immediate settlement of all the financing provided and any accrued interest. At 31 December 2014 these obligations had been met. At 31 December 2013, the NFD/EBITDA ratio exceeded the above-mentioned limit of 3.5. However, the Group requested a change to the ratio for 2013 from 3.5 to 4.5 from the financial institutions and on 20 December 2013 the Parent obtained approval of the request from a qualified majority of the institutions.

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

	Company	Amount outstanding (thousands of Euros)	
		2014	2013
Syndicated loan for a nominal amount of Euros 110,000 thousand falling due on 27.7.2017 and with a variable interest of 6-month Euribor plus a spread of 3.75%-4.50%, requested for the restructuring of the debt.	Fluidra, S.A.	84,500	104,500
Loan for a nominal amount of US Dollars 10,000 thousand arranged on 5 March 2013, maturing on 5 March 2018 with a fixed interest rate of 4.799% until 5 March 2014 and thereafter a variable interest rate of 12-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	10,000	10,000
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	4,840	6,600
Loan for a nominal amount of Euros 11,000 thousand falling due on 19.04.2016, with a variable interest rate of 12-month Euribor plus a spread of 3.40%, requested to finance capex.	Fluidra, S.A.	4,516	6,368
Loan for a nominal amount of Euros 11,000 thousand falling due on 14.03.2016, with a variable interest rate of 6-month Euribor plus a spread of 3.25%, requested to finance capex.	Fluidra, S.A.	4,156	6,111
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	4,156	6,111
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	4,156	6,111
Property lease for a nominal amount of Euros 10,700 thousand falling due on 21.01.2020, with a fixed interest rate of 3.80% until 2013 and a variable interest rate of Euribor plus a spread of 0.5% thereafter.	Fluidra Commercial, S.A.U.	5,183	5,936
Loan for a nominal amount of Euros 4,700 thousand, arranged on 29 November 2013 and drawn down on 26 June 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	4,700	4,700
Renewal of a loan for a nominal amount of US Dollars 5,000 thousand, renewed on 11 July 2014, maturing on 16 July 2014, with a fixed interest rate of 2.757%, requested for financing working capital.	Fluidra, S.A.	4,118	3,626
Loans for a nominal amount of US Dollars 6,000 thousand falling due on 20.12.2017, with a fixed interest rate of 2.053% from 20.12.2012 to 20.03.2013 and thereafter a variable interest rate of 3-month Libor plus a spread of 1.75%, requested to finance the deferred payment relating to the acquisition of the company. Loan repaid in advance on 30/11/2014.	Aquaproducts Inc.	-	3,481
Loan for a nominal amount of Australian Dollars 4,600 thousand falling due on 30.06.2015, with a fixed interest rate of 4.16%, requested for line restructuring.	Astral Pool Australia Pty Ltd.	3,102	2,983
Loan for a nominal amount of Euros 2,679 thousand, arranged on 29 November 2013 and drawn down on 1 July 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	2,680	2,680
Loan for a nominal amount of Euros 5,000 thousand arranged on 17 June 2014, maturing on 30 June 2019 with a fixed interest rate of 3.764% until 31 December 2014 and thereafter a variable interest rate of 12-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	5,000	-

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Loan for a nominal amount of Euros 10,000 thousand arranged on 27 June 2014, maturing on 30 June 2019 with a fixed interest rate of 3.370% until 30 September 2014 and thereafter a variable interest rate of 3-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	9,000	-
Loan for a nominal amount of Euros 5,000 thousand arranged on 10 July 2014, maturing on 30 June 2019 with a fixed interest rate of 3.4530% until 31 December 2014 and thereafter a variable interest rate of 6-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	4,500	-

The most significant balances in foreign currencies at 31 December 2014 and 2013 are as follows:

Loans and borrowings:

	Thousands of Euros	
	2014	2013
US Dollars	19,063	24,533
Australian Dollars	5,103	4,944
Pounds Sterling	154	1,759
Other currencies	2,144	1,778
	<u>26,464</u>	<u>33,014</u>

The Group has the following credit facilities and discount lines at 31 December 2014 and 2013:

	Thousands of Euros			
	2014		2013	
	Drawn down	Limit	Drawn down	Limit
Credit facilities	43,819	139,830	55,846	159,628
Discount lines	1,360	15,385	4,373	34,775
	<u>45,179</u>	<u>155,215</u>	<u>60,219</u>	<u>194,403</u>

At 31 December 2014 and 2013 there were no loans secured by mortgages (see note 6).

Loans and borrowings mature as follows:

Maturity	Thousands of Euros	
	2014	2013
Less than one year	48,540	41,009
Up to 2 years	50,130	40,560
Up to 3 years	43,315	48,755
Up to 4 years	8,347	42,255
Up to 5 years	4,323	4,069

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Over five years	3,330	2,952
	157,985	179,600
	157,985	179,600

Details of minimum payments and present value of the finance lease liabilities by due date is as follows:

	Thousands of Euros					
	2014			2013		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Less than one year	2,389	294	2,095	2,338	454	1,884
One to five years	8,453	498	7,955	7,469	803	6,666
Over five years	268	3	264	2,806	99	2,707
	11,110	795	10,314	12,613	1,356	11,257
	11,110	795	10,314	12,613	1,356	11,257

With the exception of a property lease which accrues fixed interest until 2014, the carrying amount of which at 31 December 2014 stands at Euros 5,183 thousand (Euros 6,003 thousand in 2013) and a property lease that accrues fixed interest until maturity which has a carrying amount at 31 December 2014 of Euros 545 thousand (Euros 367 thousand in 2013), Group loan interest rates are renewed quarterly, six-monthly or yearly.

The Group considers that there are no significant differences between the carrying amount and fair value of financial assets and financial liabilities.

19. Trade and other payables

Details of this caption of the consolidated statement of financial position are as follows:

	Thousands of Euros	
	2014	2013
Trade payables	65,044	64,371
Other payables	3,009	3,326
Liabilities for business acquisitions / suppliers of fixed assets	3,512	7,576
Public entities	13,671	12,272
Current income tax liabilities	3,991	2,663
Salaries payable	10,615	9,448
	99,842	99,656
	99,842	99,656

Liabilities for business acquisitions / suppliers of fixed assets include Euros 2,187 thousand (Euros 4,869 thousand in 2013) in respect of the current contingent consideration in US Dollars derived from the acquisition of Fluidra Youli, on 9 October 2012. This amount is classed as a financial liability at fair value through profit or loss.

The aforementioned line item also includes Euros 217 thousand (Euros 502 thousand in 2013) deriving from the contingent consideration on the acquisition of Veico Com. Br. Indústria e Comércio, LTDA. (see note 5)

Euros 513 thousand are also included in this caption (Euros 1,218 thousand in 2013) consisting of the

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

deferred payment relating to acquisitions of businesses in prior years.

The contingent consideration liabilities relating to Fluidra Youli and Veico correspond to level 3 of the fair value hierarchy, in accordance with IFRS 13.

The most significant balances in foreign currencies at 31 December 2014 and 2013 are as follows:

Trade payables:

	Thousands of Euros	
	2014	2013
US Dollars	7,587	4,112
Pounds Sterling	4,872	4,496
Australian Dollars	4,791	4,883
Chinese Renminbi	4,600	6,530
Israeli Shekel	2,005	903
	23,855	20,924
	23,855	20,924

Payables to public entities are as follows:

	Thousands of Euros	
	2014	2013
Taxation authorities		
VAT	6,722	5,251
Withholdings	2,161	2,566
Social Security	3,265	3,295
Other	1,523	1,160
	13,671	12,272
	13,671	12,272

20. Other Non-current Liabilities

Details of non-current liabilities are as follows:

	Thousands of Euros	
	2014	2013
Liabilities for business acquisitions	23,638	24,538
Other	2,784	2,893

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Total	26,422	27,431
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Liabilities for business acquisitions include Euros 22,797 thousand (Euros 23,727 thousand in 2013) which is the best estimate of the fair value of the long-term contingent consideration derived from the acquisition of the Aqua Group. This amount is in USD dollars and is classed as a financial liability at fair value through profit or loss. The Group has re-estimated the fair value of this financial liability and recognised Euros 5,750 thousand under finance income in the consolidated income statement for the year ended 31 December 2014 corresponding to the re-estimated contingent liability originally recognised.

Other includes Euros 319 thousand corresponding to loans extended by the Centre for Technological and Industrial Development (CDTI) at a finance cost of 0.6% to 2%.

The contingent consideration liabilities relating to Aqua correspond to level 3 of the fair value hierarchy, in accordance with IFRS 13.

For these liabilities, the Group has used valuation models which take into account the present value of expected cash flows, discounted at a risk-adjusted rate. Estimated cash flows have been determined taking into account the various EBITDA scenarios forecast and other variables, in accordance with the formulas indicated in the contracts for the acquisition of the various businesses, the amount payable in each of the scenarios and the estimated probability of each scenario.

21. Risk Management

Fluidra's risk management system is designed to mitigate all the risks to which it is exposed due to its activity. The risk management strategy is based on three pillars:

- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures focused on mitigating risks arising from the preparation of financial information and to improve its reliability, which have been designed in accordance with ICOFR.
- Risks map, which is the methodology used by Fluidra to identify, understand and evaluate risks affecting the Company. Its objective is to obtain an integral outlook of risks, by designing an efficient response system in line with business objectives.

These items constitute an integral system enabling adequate management of risks and the controls mitigating them at all levels of the organisation.

Fluidra's risk management system is global and dynamic. Its field of implementation is focused on the whole the organisation and beyond, clearly aimed at permanence and obligatory compliance by all employees, directors and board members of the Company.

In addition, the internal audit department is responsible for ensuring that these systems are complied with and work well.

The Audit Committee is mainly responsible for preparing and executing the risk system and also depends efficiently on the internal audit department.

The following main risks may affect achievement of business objectives:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Operational risk

- a) Security risks
- b) Risks from erroneous actions and relationships with employees
- c) Market risks and risks from the Group's activities
- d) Brand risk
- e) Process-related risks
- f) Economic risks
- g) Climate risks
- h) Geopolitical risks

Financial risks

- a) Market risk (currency risk, fair value interest rate risk, price risk)
- b) Credit risk
- c) Liquidity risk
- d) Cash flow interest rate risks

The various risks are identified and assessed based on analysis of potential events which may give rise to such risks. The assessment is carried out applying metrics which measure the probability and impact of the risks. The existing controls to mitigate the risks are identified, together with the additional action plans required if the controls are considered insufficient.

This process is performed annually and enables the creation of a risk map for the Company. The most significant risks are extracted from the map, together with the main changes on the prior year, which are then presented to the Audit Committee for discussion and approval.

The risks are rated according to their severity and probability, applying qualitative and quantitative criteria. Once critical risks have been identified and re-assessed, Company management establishes specific actions, indicating the persons or persons responsible for performing the actions and the deadline to mitigate the impact and probability of the risks, once the related existing controls have been reviewed. The analysis of the risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee for supervision and approval. The Audit Committee then reports to the board of directors.

In 2014 the following risks materialised:

- Impact of the unfavourable economic situation in Europe.

During 2014 an overall downturn has been witnessed in France, reflecting the current macroeconomic situation of the country. The Company has redefined its objectives based on reasonable criteria which enables them to be met. The Company has also sold non-strategic business assets and driven sales in those market segments where the economic situation is more favourable.

At the same time, the value in use of the cash generating unit resulting from the acquisition of Manufacturas Gre, which manages the mass market channel, fails to cover the value of net assets and allocated goodwill and therefore, goodwill resulting from the purchase has been impaired, reducing it to Euros 3.5 million. The Company has made structural changes at operational and logistics level to bring expectations into line and boost this segment.

The Company undergoes continuous measurement of its assets by a multidisciplinary team to detect in advance any impairment and determine the actions to take to maintain the profitability of the operations in the Eurozone.

- Unfavourable movements in exchange rates with certain foreign currencies:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Fluidra operates primarily in Euros; 70% of sales are to the Eurozone. The Group's activities are also mostly concentrated in the Eurozone. As a result, although changes in exchange rates affect the Company's results when consolidating subsidiaries based outside the Eurozone, the impact is relatively limited. The individual risk from each currency is not significant. However, in 2014, five of the currencies (Israeli Shekel, Australian Dollar, Russian Rouble and US Dollar) have performed similarly. The combined impact on Fluidra's financial result was Euros 1,149 thousand. These currencies are not hedged, as assets are concentrated in the Eurozone, substantially reducing the impact of fluctuations on translation of the income statement into Euros.

To mitigate potential risks, the main response and supervision plans are as follows:

- Development of new products.

Ongoing analysis of sales of new strategic products and comparison with competitors, based on monitoring tools and market research and analysis of statistical databases by market and product type. Comparative studies to make products stand out from those of competitors and updates to valuation dossiers for products based on the information obtained. Specific action plans aimed at ensuring that production capacity is aligned with expected levels of demand for new products.

- Technological risks.

Due to the nature of the activities of Fluidra's business units, protecting their technology and developments is key to maintaining their competitive advantages. The Group therefore has development and action criteria and policies and legal processes which guarantee such protection.

Fluidra is clearly determined and convinced that the strengthening and harmonisation of its procedures and internal controls in its subsidiaries is the way forward to improve efficiency and increase productivity in all of its processes. This will also help towards the early detection and eradication of any irregularities identified in the management of the subsidiaries. The Group has an implementation and roll out project underway known as Invictus, which is a highly valued tool used to meet this objective.

- Irregularities in the management of the subsidiaries:

During 2014 the following measures have been adopted:

- Incorporation of experts both in the Audit Committee and the internal audit team.
- Increase in the size of the internal audit team.

Adaptation of the Ethics Committee to prevailing legislation and boosting of internal measures to promote the use of the ethical channel throughout the Group.

- New activities:

Fluidra's ongoing evaluation of new activities which contribute added value to the Group culminated in 2014 with the creation of Fluidra Engineering Services.

Aware of the fact that any new business involves an intrinsic risk, the Company has hired the services of specialised external consultants who have analysed the required processes and controls to mitigate the risk associated with any new activity. Likewise, expert personnel have also been hired by Fluidra Engineering Services.

- Human capital risks

Fluidra Group companies have a variable remuneration policy linked to professional development and achievement of personal goals, with the aim of identifying and rewarding its best professionals.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

The Parent has a whistle-blowing hotline, created by the Audit Committee and jointly managed by the corporate HR, internal audit and legal departments, to enable any employee of the Group to report internal control, accounting or audit issues.

The Company has an internal code of conduct relating to the securities market.

- Process-related risks

These risks are managed at the corresponding business unit level, monitored centrally by the management control department and verified by the internal audit department.

The processes to obtain consolidated economic and financial information are centralised according to corporate criteria. The consolidated annual accounts and the individual annual accounts of most of the subsidiaries are audited externally.

- Financial risks

Market, liquidity, currency and interest rate risks are controlled by the Group's central treasury department in accordance with established policies. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

Credit risk is managed in a decentralised manner by each of the Group's operating units, based on parameters established by Group policies, with the exception of the subsidiaries in Spain, Portugal and Italy, which are managed centrally by the Group's risk management department.

a) Credit risk

Credit risk arises due to the possible loss as a result of Fluidra, S.A.'s counterparties breaching their contractual obligations, i.e. failing to collect the financial assets under the terms and conditions established.

In the case of the Group, risk is mainly attributable to its trade receivables. This risk is mitigated because the Group has a very diversified portfolio of domestic and international customers, none of whom represent a significant percentage of total sales for the year.

Counterparty credit risk is duly controlled through various policies and risk limits which establish the following requirements:

- Contracts are appropriate for the operation carried out.
- Adequate internal or external credit rating of counterparty.
- Additional guarantees where necessary.

In addition, there is a policy for impairment of receivables, which guarantees that the fair values of trade and other receivables do not differ significantly from their carrying amounts. This policy mainly focuses on receivables overdue by more than 120 days.

The Group's exposure to unimpaired financial assets in arrears is concentrated solely in trade and other receivables. The Group has no other financial assets which have matured and are in arrears.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

The following tables provide an ageing analysis of unimpaired trade and other receivables in arrears at 31 December 2014 and 2013:

	2014	2013
Not past due	77,710	76,589
Past due	37,666	47,268
0-90 days	26,690	35,884
90-120 days	5,102	4,795
More than 120 days	5,874	6,589

b) Liquidity risk

Liquidity risk arises where Fluidra, S.A. might not hold, or have access to, sufficient liquid funds at an appropriate cost to settle its payment obligations at any given time.

The Group 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 credit facilities.

The Group's exposure to liquidity risk at 31 December 2014 and 2013 is shown below. The following table provides an analysis of financial liabilities by contractual maturity.

	2014					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and						
borrowings	100,962	53,988	45,177	8,885	4,542	3,421
Capital	93,719	50,130	43,315	8,347	4,323	3,330
Interest	7,243	3,858	1,862	538	219	91
Finance lease payables	2,389	2,993	1,890	1,918	1,652	267
Capital	2,095	2,760	1,749	1,827	1,620	264
Interest	294	233	142	91	32	3
Liabilities arising from derivative financial instruments	115	90	1117	-	-	-
Trade and other payables	99,842	-	-	-	-	-
Other non-current liabilities	-	1,229	26,577	190	-	1,932
	<u>203,308</u>	<u>58,300</u>	<u>74,761</u>	<u>10,993</u>	<u>6,194</u>	<u>5,620</u>

	2013					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Loans and borrowings	109,940	46,267	52,912	44,261	4,453	3,508
Capital	101,228	40,560	48,755	42,255	4,069	2,952
Interest	8,712	5,707	4,157	2,006	384	556
Finance lease payables	2,338	2,128	1,929	1,710	1,702	2,806
Capital	1,884	1,899	1,720	1,527	1,520	2,707
Interest	454	229	209	183	182	99
Liabilities arising from derivative financial instruments	1,078	122	147	957	-	216
Trade and other payables	99,655	-	-	-	-	-
Other non-current liabilities	-	1,674	334	31,689	278	1,419
	<u>213,011</u>	<u>50,191</u>	<u>55,322</u>	<u>78,617</u>	<u>6,433</u>	<u>7,949</u>

In forthcoming months, based on cash forecasts and available financing, the Group does not expect any liquidity problems.

c) Currency risk

The Group operates internationally and is therefore exposed to currency risk, especially relating to the US Dollar, Pound Sterling and the Australian Dollar. Currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

In order to control currency risk associated with future commercial transactions and recognised assets and liabilities, Group entities use forward currency contracts negotiated through the Treasury Department. Currency risk arises when future commercial transactions and recognised assets and liabilities are presented in a foreign currency other than the Group's functional currency. This risk also arises from balances between Group companies which have been eliminated on consolidation. The Group's Treasury Department is responsible for managing the net position of each foreign currency by entering into external forward currency contracts.

The Group's risk management policy is to hedge, through natural hedging (offsetting receivables and payables), the excess or shortfall US Dollar risk using forwards. In the case of Pound Sterling and the Israeli Shekel, all transactions with the Euro are hedged using forwards. The remaining currencies are not hedged. The Group holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Group's operations in the United Kingdom, Australia and USA is mitigated primarily through borrowings in the corresponding foreign currencies.

Although future currency purchase contracts entered into by the Group are used to hedge the currency risks incurred, hedge accounting is not used.

In particular (outside general policy), as a result of the business combination of Aqua Group, the contingent consideration was denominated in US Dollars and is therefore partially exposed to currency risk. Forward rate and option hedging instruments were used to hedge this risk. Some of these forwards were recognised as hedging derivatives. In the sensitivity analysis, had the US Dollar strengthened/weakened by 10% against the Shekel, profit would have increased/decreased by Euros 663 thousand (+/- Euros 592 thousand at 31 December 2013), without taking into account the effect of the hedging instruments used.

At 31 December 2014 had the Euro strengthened 10% against the US Dollar, the Australian Dollar and the Pound Sterling, with the other variables remaining constant, consolidated profit after income tax would have been Euros 706 thousand higher. Had the Euro weakened 10% against the same currencies, consolidated profit after income tax would have been Euros 862 thousand lower, primarily as a result of the translation of receivables in foreign currency. The translation differences recognised in income and

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

expenses would have been Euros 1,602 thousand higher had the Euro strengthened by 10%, and Euros 5,381 thousand lower had the Euro weakened by 10%.

At 31 December 2013 had the Euro strengthened 10% against the US Dollar, the Australian Dollar and the Pound Sterling, with the other variables remaining constant, consolidated profit after income tax would have been Euros 727 thousand higher. Had the Euro weakened 10% against the same currencies, consolidated profit after income tax would have been Euros 888 thousand lower, primarily as a result of the translation of receivables in foreign currency. The translation differences recognised in income and expenses would have been Euros 3,152 thousand higher had the Euro strengthened by 10%, and Euros 2,489 thousand lower had the Euro weakened by 10%.

The principal balances in foreign currency are described in notes 13, 18 and 19 to these consolidated annual accounts.

d) Cash flow interest rate risks

As the Group 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.

The Group's interest rate risks arise from other non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. As can be observed in note 18, most of the Group's loans are linked to market variable interest rates which are updated on a quarterly, six-monthly or yearly basis.

The Group manages cash flow interest rate risks through variable to fixed interest rate swaps with or without barriers. These interest rate swaps convert variable interest rates on borrowings to fixed interest rates. Generally the Group obtains other non-current borrowings with variable interest rates and swaps these for fixed interest rates. These are generally at lower rates than those which would have been obtained had the financing been obtained directly with fixed interest rates. Through interest rate swaps the Group undertakes to exchange the difference between fixed interest and variable interest with other parties periodically (generally quarterly). The difference is calculated based on the contracted notional principal.

The difference is calculated based on the contracted notional principal. Although the majority of swaps contracted by the Group hedge interest rate risks in cash flows, they do not comply with the requirements established in IAS 39 for hedge accounting purposes. Consequently, the variation in the fair value of swaps at each reporting date is recognised in consolidated profit and loss for the year. Swaps complying with hedge accounting requirements are recognised as other comprehensive income.

Had interest rates been 25 basis points higher at 31 December 2014, with the other variables remaining constant, consolidated profit before income tax would have been Euros 514 thousand (Euros 552 thousand in 2013) lower or higher, mainly because of a higher or lower finance costs of borrowings at variable interest rates.

e) Market risk

Apart from the swaps contracted by the Group, 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.

22. Purchase costs and changes in inventories

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

This caption of the income statement is as follows:

	Thousands of Euros	
	31.12.2014	31.12.2013
Raw materials and materials purchased	296,134	296,715
Change in inventories	(4,158)	6,533
Net charge to provision for obsolescence	<u>(368)</u>	<u>(1,851)</u>
Total	<u>291,608</u>	<u>301,397</u>

At 31 December 2013 the charge to the provision for obsolescence included Euros 412 thousand from the dissolution of the Projects division.

23. Services Rendered

This caption mainly includes income on sales transport services and other logistics services rendered by the Group.

24. Personnel Expenses

Details of personnel expenses in 2014 and 2013 are as follows:

	Thousands of Euros	
	31.12.2014	31.12.2013
Salaries and wages	104,581	106,721
Termination benefits (1)	3,644	6,205
Social Security	23,752	24,875
Other employee benefits expense	<u>5,046</u>	<u>4,899</u>
	<u>137,023</u>	<u>142,700</u>

(1) Termination benefits include indemnities arising from the industrial optimisation and the new commercial model, which amount to Euros 3,183 thousand in the twelve-month period ended 31 December 2014 (Euros 5,968 thousand in the same period of the prior year).

The average headcount of the Group in 2014 and 2013, distributed by category, is as follows.

	31.12.2014	31.12.2013
Management	84	93
Sales, logistics and production	2,908	2,994

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Administration and purchasing	683	686
	<u>3,675</u>	<u>3,773</u>

The average headcount with a disability higher or equal to 33% during 2014 was 35 employees (26 employees in 2013), 30 of these had the professional category of "Sales, logistics and production" and the 5 remaining "Administration and purchasing" (25 and 1, respectively in the prior year).

The distribution of Group personnel by gender at year end is as follows:

	31.12.2014		31.12.2013	
	Male	Female	Male	Female
Directors (including 1 senior executive)	9	-	9	-
Management	77	5	83	5
Sales, logistics and production	1,978	829	2,035	804
Administration and purchasing	346	329	332	334
	<u>2,410</u>	<u>1,163</u>	<u>2,459</u>	<u>1,143</u>

25. Other Operating Expenses

Details of other operating expenses are as follows:

	Thousands of Euros	
	31.12.2014	31.12.2013
Rentals and royalties	18,700	19,475
Repairs and maintenance	8,459	8,420
Independent professional services	12,474	11,785
Temporary employment expenses	3,848	3,369
Commissions	3,722	2,997
Sales transport	23,996	22,525
Insurance premiums	2,342	2,884
Banking services	1,247	1,268
Advertising and publicity	7,370	6,860
Utilities	8,896	8,950
Communication	2,690	2,993
Travel expenses	8,489	8,753
Taxes	3,254	3,424
Changes in trade provisions	8,897	11,117
Others (*)	9,920	8,963

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

124,304	123,783
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(*) This includes office supplies, logistics, remuneration of the board of directors, guarantees, R&D expenses and other expenses.

In 2013 other operating expenses included Euros 4,608 thousand corresponding to the winding up of the Projects division, primarily recognised as changes in trade provisions.

26. Operating Leases

The Group has various warehouses, premises and industrial facilities leased from third parties under operating lease.

The main operating lease agreements for warehouses and buildings are for a term of 1 to 7 years (considerably lower than the useful lives of the assets) and are at market prices. There are no advantageous purchase options and most of the agreements have renewal options at the termination date of the contracts by mutual agreement by the parties. Lease payments are revised periodically in accordance with a price index established in each agreement.

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

	Thousands of Euros	
	2014	2013
Less than one year	14,095	15,660
One to five years	18,819	16,725
Over five years	6,337	2,891
	39,251	35,276

Operating lease instalments recognised as expenses for the year amount to Euros 18,700 thousand (Euros 19,475 thousand in 2013) (see note 25).

27. Finance Income and Costs

Details of finance income and costs are as follows:

	Thousands of Euros	
	31.12.2014	31.12.2013
Finance income		
Other finance income	955	6,066
Gains on fair value of financial instruments	9,183	2,446
Total finance income	10,138	8,512
Finance costs		
Debt interest (leases and loans)	(8,831)	(8,809)
Interest on drawdowns on facilities and discounted bills	(5,340)	(8,419)
Other finance costs	(3,630)	(4,958)
Losses on fair value of financial instruments	(45)	-
Impairment losses on financial assets		

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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available for sale	(235)	(500)
Impairment losses on financial assets at amortised cost, other than trade receivables and other receivables	(301)	(748)
Losses on sale of associates	-	(190)
Total finance costs	(18,382)	(23,624)
Exchange gains/ (losses)		
Exchange gains	16,286	10,279
Exchange losses	(17,435)	(12,830)
Total exchange differences	(1,149)	(2,551)
Net finance cost	(9,393)	(17,663)

As a result of the optimisation of surplus cash balances, both finance income and finance costs have decreased on the prior year.

Gains on fair value of financial instruments include Euros 7,900 thousand corresponding to the estimate at fair value of the contingent liability deriving from the acquisition of Aqua and Youli (in 2013 this included income arising from the estimated fair value of the financial liability on the acquisition of Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd and Veico Com. Br. Indústria e Comércio Ltda. amounting to Euros 2,446 thousand).

Other finance costs include Euros 1,936 thousand (Euros 2,086 thousand in 2013) corresponding to implicit interest arising from the contingent payments relating to the acquisition of the Aqua Group (see note 20) and the acquisition of Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd. (see note 19)

28. Deferred Tax and Income Tax

During 2014 and 2013 the Group has filed consolidated tax returns through five tax subgroups: Fluidra, S.A., Swimco Corp S.L., Fluidra Services France, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. (incorporated in 2013). The Parent of the tax consolidation group is the parent of each of these subgroups and is responsible for filing the corresponding tax returns with the taxation authorities. The companies of each tax subgroup and the tax rate applicable are as follows:

<u>Fluidra, S.A. (30%)</u>	Poltank, S.A.U.	<u>Swimco Corp., S.L. (28%)</u>
	Pool Supplier, S.L.U.	
Accent Graphic, S.L.U.	Sacopa, S.A.U.	Manufacturas Gre, S.A.U.
Fluidra Export, S.A.	Talleres del Agua, S.L.U.	Calderería Plástica del Norte, S.L.
Astramatic, S.A.U.	Togama, S.A.U.	
ATH, S.L.U.	Trace Logistics, S.A.U.	
Cepex, S.A.U.	Unistral recambios, S.A.U.	<u>U.S. Pool Holdings, Inc. (40%)</u>
Fluidra Commercial, S.A.U.		

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Fluidra Comercial España, S.A.U.		Fluidra Usa, LLC
Fluidra Industry, S.A.U.	<u>Fluidra Services France, S.A.S. (33.33%)</u>	Aquaproducts, Inc.
Fluidra J.V. Youli, S.L.		Fluidra Projects USA, Inc.
Fluidra Services España, S.L.U.	Fluidra Commercial France, S.A.S.	<u>Fluidra Services Italia, S.R.L. (27.5%)</u>
Industrias Mecánicas Lago, S.A.U.	Blue Water Parts, S.A.S.	
Wayfit, S.L. (1)	Fluidra Industry France, S.A.R.L.	Fluidra Commerciale Italia, S.p.a.
Inquide, S.A.U.		Inquide Italia, S.R.L.
Metalast, S.A.U.		

(1) Incorporated in 2014

The Company and the remaining subsidiaries (except Fluidra Middle East FZE and Certikin Middle East FZE) are obliged to file income tax returns each year.

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

	Thousands of Euros					
	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Finance leases	106	133	743	777	(637)	(644)
Property, plant and equipment and investment property	2,874	2,081	2,297	2,986	578	(905)
Deferred gains	40	19	1,764	2,135	(1,724)	(2,116)
R&D expenditure	18	33	96	94	(78)	(61)
Exchange gains/ (losses)	-	-	132	227	(132)	(227)
Customer portfolio	666	493	127	-	539	493
Trademarks	-	-	260	540	(260)	(540)
Patents	-	-	2	-	(2)	-
Contractual relationships	-	-	1,608	2,198	(1,608)	(2,198)
Inventories	3,216	3,418	23	23	3,193	3,395
Provisions for inventories	813	427	-	-	813	427
Trade provisions	3,634	2,640	1	1	3,633	2,639
Other provisions	1,959	2,242	-	76	1,959	2,166

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Credit for tax loss carryforwards and deductions	8,923	10,078	-	-	8,923	10,078
Goodwill	-	-	9,940	9,779	(9,940)	(9,779)
Other items	11,034	9,957	5,588	7,749	5,446	2,208
	<u>33,283</u>	<u>31,521</u>	<u>22,581</u>	<u>26,585</u>	<u>10,702</u>	<u>4,936</u>

Details of the variation in net deferred tax assets and liabilities are as follows:

	Thousands of Euros						
	31.12.2013	Gains and losses	Exchange effect rate in P&L	Equity	Other	Transfers	31.12.2014
Finance leases	(644)	(21)	19	-	9	-	(637)
Property, plant and equipment and investment property	(905)	1,759	332	-	(62)	(546)	578
Deferred gains	(2,116)	12	152	-	228	-	(1,724)
R&D costs	(61)	(16)	-	-	(1)	-	(78)
Exchange gains/ (losses)	(227)	-	-	-	94	-	(133)
Customer portfolio	493	483	-	-	173	(610)	539
Trademarks	(540)	251	30	-	(1)	-	(260)
Patents	-	(2)	-	-	-	-	(2)
Contractual relationships	(2,198)	587	-	-	4	-	(1,607)
Inventories	3,395	(162)	(41)	-	1	-	3,193
Provisions for inventories	427	270	51	-	29	36	813
Trade provisions	2,639	782	56	-	208	(52)	3,633
Other provisions	2,166	(80)	(66)	-	129	(190)	1,959
Credit for tax loss carryforwards and deductions	10,078	(543)	(422)	-	(525)	335	8,923
Goodwill	(9,779)	(94)	285	-	(352)	-	(9,940)
Other items	2,208	2,423	(1,105)	(4)	896	1,027	5,446
Total	<u>4,936</u>	<u>5,649</u>	<u>(709)</u>	<u>(4)</u>	<u>830</u>	<u>-</u>	<u>10,702</u>

	Thousands of Euros					
	31.12.2012	Gains and losses	Equity	Business combinations	Other	31.12.2013
Finance leases	(666)	(13)	-	-	35	(644)
Property, plant and equipment and investment property	(3,037)	2,235	-	-	(103)	(905)
Deferred gains	(3,158)	1,042	-	-	-	(2,116)
R&D costs	(5)	(54)	-	-	(2)	(61)
Exchange gains/ (losses)	(257)	-	-	-	30	(227)
Customer portfolio	(692)	987	-	-	198	493
Trademarks	(640)	100	-	-	-	(540)
Patents	-	-	-	-	-	-
Contractual relationships	(2,798)	600	-	-	-	(2,198)
Inventories	2,670	721	-	-	4	3,395
Provisions for inventories	1,090	(546)	-	-	(117)	427

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Trade provisions	2,176	443	-	133	(113)	2,639
Other provisions	1,991	227	-	-	(52)	2,166
Credit for tax loss carryforwards and deductions	9,748	1,100	-	-	(770)	10,078
Goodwill	(9,700)	27	-	-	(106)	(9,779)
Other items	<u>(1,117)</u>	<u>3,883</u>	<u>(165)</u>	<u>-</u>	<u>(393)</u>	<u>2,208</u>
Total	<u><u>(4,395)</u></u>	<u><u>10,752</u></u>	<u><u>(165)</u></u>	<u><u>133</u></u>	<u><u>(1,389)</u></u>	<u><u>4,936</u></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 4/2004 of 5 March 2004, approving the revised 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 an amount of Euros 7,790 thousand. 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 October 2007 in relation to the flotation of the Company on the stock market, this non-current deferred tax liability and the non-current receivable have been reduced by Euros 1,365 thousand, included in Other non-current receivables (see note 13). At 31 December 2014 both the non-current deferred tax liability and the non-current receivable have been reduced by Euros 228 thousand due to the impact of the exchange rate in Spain pursuant to Income Tax Law 27/2014 of 27 November 2014.

Items charged and credited directly to consolidated equity for the year relating to hedging instruments and the provision for long-term defined benefit payments amounted to Euros (4) thousand in 2014 and Euros (165) thousand in 2013.

Remaining deferred tax assets and liabilities recognised and reversed in 2014 and 2013 have been charged or credited to the income statement, except for those generated by business combinations or other items.

Deferred tax assets and liabilities expected to be reversed in the next 12 months amount to Euros 512 thousand and Euros 18,378 thousand, respectively (Euros 3,315 thousand and Euros 28,249 thousand, respectively, in 2013).

Details of the income tax expense are as follows:

	Thousands of Euros	
	2014	2013
Current tax		
Present year	8,051	7,155
Tax deductions	(237)	(236)
Prior year adjustments	349	(333)
Provision for taxes	-	-
Other	319	(34)

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Deferred tax		
Source and reversal of temporary differences	(6,192)	(6,169)
Credit for tax loss carryforwards and deductions	543	(4,601)
Effect of change in the tax rate	709	19
	<hr/>	<hr/>
Total income tax expense	<u>3,543</u>	<u>(4,199)</u>

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

	Thousands of Euros	
	2014	2013
	<hr/>	<hr/>
Current tax	7,814	6,919
Withholdings and payments on account during the year	(7,789)	(6,604)
Translation differences	15	(133)
Tax payable 2013	(487)	-
Tax payable 2012	-	(1,498)
	<hr/>	<hr/>
	<u>(447)</u>	<u>(1,316)</u>

The relationship between the income tax expense and accounting profit from continuing operations is as follows:

	Thousands of Euros	
	2014	2013
	<hr/>	<hr/>
Profit for the year from continuing operations, before income tax	12,075	(15,781)
Profit at 30%	3,623	(4,734)
Effect of application of tax rates in different countries	3,164	2,930
Permanent differences	(2,716)	2,500
Offset of loss carryforwards not recognised in prior years	(480)	(82)
Difference in prior years' income tax expense	349	(333)
Provision for taxes	-	-
Tax deductions	(787)	(1,001)
Effect of change in the tax rate	709	-
Other	(319)	(3,479)

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Income tax expense	<u>3,543</u>	<u>(4,199)</u>
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Deferred tax assets relating to tax loss carryforwards and deductions not recognised in the Group's consolidated financial statements at 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
	<u>2014</u>	<u>2013</u>
Deductions	3,926	5,338
Tax losses	<u>4,997</u>	<u>4,740</u>
	<u>8,923</u>	<u>10,078</u>

The Group only recognises deductions and tax losses when it considers their recovery is probable. In 2014, Euros 2,795 thousand of tax loss carryforwards and deductions have been used which were capitalised in prior years (Euro 600 thousand in 2011). As a result of the tax losses of the Spanish companies that file a consolidated tax return, in 2014 the Group has recognised Euros 3,001 thousand in deductions and tax loss carryforwards (Euros 9,350 thousand in 2013).

The reversal amounts and terms of the deductions capitalised at 31 December 2014 are as follows:

Years	Thousands of Euros	Final year
2007-2012	1,671	2022-2030
2013	750	2031
2013	16	2028
2014	550	2032
2004-2014	604	No time limit
	<u>3,591</u>	

The amounts and terms of the reversal of tax loss carryforwards capitalised at 31 December 2014 are as follows:

Years	Thousands of Euros	Final year
2009	887	2027
2013	519	2031
2014	1,701	2032
2009-2013	1,890	No time limit
	<u>4,997</u>	

Deferred tax assets, loss carryforwards and deductions not recognised in the Group's consolidated annual accounts are as follows:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

	Thousands of Euros	
	2014	2013
Deductions	1,871	1,777
Tax losses	15,856	12,333
	<u>17,727</u>	<u>14,110</u>

Deductions not capitalised and the related reversal periods at 31 December 2014 are as follows:

Years	Thousands of Euros	Final year
2004-2011	1,335	2015-2029
2012	88	2027
2013	100	2028
2014	45	2029
2011-2014	303	No time limit
	<u>1,871</u>	

Tax loss carryforward amounts and reversal periods are as follows:

Year	Thousands of Euros	Final year
2002-2011	11,529	2014-2031
2012	2,298	2018-2032
2013	3,483	2017-2033
2014	33	2018
2014	24	2019
2014	3	2020
2014	30	2021
2014	129	2024
2014	7,975	2,044
2002-2014	21,859	Losses with no time limit for offsetting

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

47,363

Cepex Mexico, S.A. de CV, Certikin Italia, S.p.A., Fluidra Commerciale Italia, S.P.A. and Aquatron Robotic Technology, Ltd. are undergoing inspections as detailed in their respective notes to the annual accounts. No significant liabilities are expected to arise for the Fluidra Group.

The Spanish companies have the following years open to inspection:

Tax	Years open to inspection
Income tax	2010 to 2014
Value added tax	2011 to 2014
Personal income tax	2011 to 2014
Business activities tax	2011 to 2014

The directors of the Group companies consider that in the event of inspection the possibility of contingencies materialising is remote, and in any case, the additional tax debt arising would not significantly affect the Group's consolidated annual accounts taken as a whole.

29. Related Party Balances and Transactions

Details of balances receivable from and payable to related parties and associates are as follows:

	Thousands of Euros			
	31.12.2014		31.12.2013	
	Receivables	Payables	Receivables	Payables
Trade receivables	493	-	195	-
Receivables	28	-	22	-
Suppliers	-	525	-	455
Trade payables	-	13	-	9
Total current	<u>521</u>	<u>538</u>	<u>217</u>	<u>464</u>

a) Consolidated Group transactions with related parties

Ongoing transactions with related parties are part of the Company's ordinary business and have been carried out at arm's length. They mainly include the following transactions:

- a. Purchases of finished goods, especially spas and accessories from Iberspa, S.L.
- b. Building rental agreements between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Immobiliere, recognised under costs for services received.
- c. Sales to Iberspa of components and materials produced by the Group for the manufacture of spas.
- d. Services rendered by the Group to Iberspa, S.L.

Consolidated Group transactions with related parties are as follows:

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

	Thousands of Euros			
	31.12.2014		31.12.2013	
	Associates	Related entities	Associates	Related entities
Sales	615	794	814	774
Income from services	-	250	-	284
Purchases	-	(3,372)	-	(3,499)
Service expenses and other	-	(3,374)	-	(3,440)

b) Information on the Parent's directors and key Group 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:

	Thousands of Euros	
	2014	2013
Total key management personnel	1,546	1,355
Total Parent directors	1,241	1,091

The members of the Parent's board of directors have received a total of Euros 853 thousand in 2014 (Euros 842 thousand in 2013), respectively, from the consolidated companies in which they are directors. In addition, they have received a total of Euros 388 thousand for executive functions in 2014 (Euros 249 thousand in 2013). The members of the board of directors also received amounts for travel expenses totalling Euros 74 thousand (Euros 78 thousand in 2013).

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 10 thousand during 2014 (Euros 4 thousand in 2013).

The Company also contributes Euros 16 thousand (Euros 16 thousand in 2013) to cover the risks of survival, death and temporary or permanent disability for the same director referred to above.

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.

On 2 June 2010 a stock incentive plan was approved targeted at the Chief Executive Officer and members of the management team who form part of the Group's Executive Committee. The first, second and third (and last) cycles of this Plan started on 15 July 2010, 15 July 2011 and 15 July 2012, respectively.

The plan is implemented through two instruments:

a) 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.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

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 is 660,000.

At 31 December 2014 the best estimate of the whole Plan amounts to approximately Euros 1,004 thousand. An amount of Euros 188 thousand has been recognised in the income statement at 31 December 2014 (Euros 297 thousand at 31 December 2013).

On 13 September 2013, 18,270 Fluidra shares, valued at Euros 42 thousand, were used to settle the amount due to one of the plan participants whose contractual relationship had ended.

In addition, at the General Meeting held on 5 June 2013 the shareholders approved a new share ownership plan for the Company's managing director and those members of the management team belonging to the Group's Executive Committee.

The plan is implemented through two instruments:

a) 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 2013, 15 July 2014 and 15 July 2015, ending on 15 July 2016, 15 July 2017 and 15 July 2018 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 300,000.

The maximum number of SARs to be taken as a reference for establishing the variable remuneration to be paid to the beneficiaries will be 900,000.

At 31 December 2014 the amount recognised in equity for this item amounts to Euros 125 thousand. The best estimate of the whole Plan amounts to approximately Euros 920 thousand. The fair value of the

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

first cycle granted on 15 July 2013 amounted to Euros 280 thousand and the fair value of the second cycle granted on 15 July 2014 amounts to Euros 300 thousand.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by Parent directors

In 2014 and 2013 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

d) Conflicts of interest concerning the Parent's directors.

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

30. Environmental Information

The most significant systems, equipment and installations included as property, plant and equipment at 31 December 2014 and 2013, the purpose of which is to minimise the environmental impact and protect and improve the environment, are as follows:

	2014		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,140	(2,496)	644
Energy saving	641	(182)	459
Reduction of emissions	763	(681)	82
Contamination reduction	743	(651)	92
	<u>5,287</u>	<u>(4,010)</u>	<u>1,277</u>

	2013		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,296	(2,376)	920
Energy saving	620	(117)	503
Reduction of emissions	714	(574)	140
Contamination reduction	516	(403)	113
	<u>5,146</u>	<u>(3,470)</u>	<u>1,676</u>

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Expenses incurred to protect and improve the environment during 2014 and 2013 have been as follows:

Description of expenses	Thousands of Euros	
	2014	2013
External services	134	68
Environmental protection	210	206
	<u>344</u>	<u>274</u>

The directors consider that no significant contingencies exist concerning the protection and improvement of the environment, and accordingly, no provision has been made for liabilities and charges by any Group company at 31 December 2014 and 2013.

During the years ended 31 December 2014 and 2013 no environmental grants have been received.

31. Other Commitments and Contingencies

At 31 December 2014 and 2013 the Group has not presented any mortgage guarantees.

At 31 December 2014, the Group has guarantees with banks and other entities amounting to Euros 3,878 thousand (Euros 3,886 thousand in 2013), of which Euros 541 thousand consist of technical guarantees (Euros 585 thousand in 2013).

The Group has a put option on 30% of the share capital of IDEGIS which can be exercised from 1 January 2018 to 31 December 2023. The strike price of this option is subject to the results of the aforementioned company until the option is exercised. The Group also has a call option on 10% of the share capital of IDEGIS which can be exercised from the date the profits after income tax reach Euros 1,650 thousand and will expire on 31 December 2017. The strike price of the call option is subject to the results of the aforementioned company until the option is exercised, with a minimum limit of Euros 1,155 thousand. In the event that this call option is not exercised, the commitment rises to 40% of the share capital of IDEGIS.

The put options on the share capital of Calderería Plástica del Norte, S.L., SSA Fluidra Österreich GmbH and Veico Com Br. Industria e Comercio, Lda. are carried as liabilities on the consolidated statement of financial position at 31 December 2014 for amounts of Euros 800 thousand, Euros 468 thousand and Euros 217 thousand, respectively (Euros 769 thousand, Euros 462 thousand and Euros 502 thousand, respectively at 31 December 2013).

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 (see note 29).

In addition, at the General Meeting held on 5 June 2013 the shareholders approved a new share ownership plan for the Company's managing director and those members of the management team belonging to the Group's Executive Committee (see note 29).

Two Group companies have litigation with companies belonging to a competitor group. This litigation involves crossed claims originating due to an alleged breach of patents. Fluidra has received a claim for an alleged infringement in France and the USA and has lodged a claim against the aforementioned group in the USA. The Group does not estimate any material impact on the consolidated financial statements as a result of this litigation.

32. Fees of the Auditor and the Auditor's Group and Related Companies

KPMG Auditores, S.L., the auditors of the Group's consolidated annual accounts, invoiced the Group the

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

following net fees for professional services during the years ended 31 December 2014 and 2013:

	Thousands of Euros	
	31.12.2014	31.12.2013
Audit services	545	516
Other assurance services	12	27
Other assurance services	10	-
Total	567	543

The amounts detailed in the above table include the total fees for services rendered in 2014 and 2013, irrespective of the date of invoice.

Other affiliates of KPMG International invoiced the Group the following net fees for professional services during the years ended 31 December 2014 and 2013:

	Thousands of Euros	
	31.12.2014	31.12.2013
Audit services	289	306
Other assurance services	-	9
Tax advisory services	7	11
Other services	48	16
Total	344	342

Furthermore, other auditors different from KPMG invoiced the Group net fees for professional services during the years ended 31 December 2014 and 31 December 2013, as follows:

	Thousands of Euros	
	31.12.2014	31.12.2013
Audit services	115	113
Other assurance services	-	-
Tax advisory services	49	45
Other services	-	-
Total	164	158

33. Late Payments to Suppliers

The information on late payments to suppliers in Spain, in accordance with Law 15/2010 of 5 July 2010 which establishes measures to combat payment default on commercial transactions, is as follows:

	Payments made and outstanding at the reporting date			
	2014		2013	
	Amount (thousands of Euros)	%	Amount (thousands of Euros)	%
Within maximum legal period	86,268	41,7%	95,104	44,9%

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

Other	120,553	58,3%	116,814	55,1%
Total payments for the year	206,821	100,0%	211,918	100,0%
Weighted average late payment days	34		46	
Late payments which exceed the legal period at the reporting date				
	<u>11,733</u>		<u>8,318</u>	

34. EBITDA

The consolidated income statement shows the EBITDA, which for the purpose of these consolidated annual accounts is defined as follows:

Sales of merchandise and finished goods + Services rendered (see note 23) + non-current self-constructed assets + Profit on the sale of fixed assets – Changes in inventories of finished goods and work in progress and raw materials supplies – Personnel expenses (excluding indemnities relating to the change of model) – Other operating expenses + Share of profit/loss of equity-accounted associates.

Calculation of EBITDA for 2014 and 2013

	Thousands of Euros	
	31.12.2014	31.12.2013
Sale of merchandise and finished goods	593,804	592,678
Revenue from the rendering of services	11,334	11,495
Non-current self-constructed assets	4,779	5,400
Profit on sale of fixed assets	5,469	-
Changes in inventories of finished goods and work in progress. and supplies of raw materials	(291,608)	(301,397)
Personnel expenses	(133,840)	(136,732)
Other operating expenses	(124,304)	(123,783)
Share of profit/(loss) of equity-accounted investees	39	40
EBITDA	<u>65,673</u>	<u>47,702</u>
Effect of winding-up of Projects division (1)	-	5,020
TOTAL EBITDA	<u>65,673</u>	<u>52,722</u>

(1) see notes 22.24 and 25.

In addition to the impact of winding up the Projects division, losses of Euros 8,621 thousand were incurred relating to the performance of the division in 2013.

35. Events after the Reporting Period

On 9 February 2015 the French subsidiary Hydrosxim International, S.A.S. was sold for Euros 375 thousand.

On 25 February 2015, the Group entered into a new loan agreement of Euros 155 million and a revolving credit facility of Euros 55 million with a banking syndicate. The loan and revolving credit facility entered into on 27 July 2012 have been fully repaid.

The banks in the syndicate were BBVA, Banco de Santander, Caixabank, Banco de Sabadell, Banco Popular, Bankia, Bankinter and Banca March with BBVA as the agent bank.

Fluidra, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts

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

The Group has the financial stability to carry out its business plan as a result of this arrangement, as it extends the average payment period for loans and secures short-term funding for the next three years, as well as reduce the finance cost. Several of the Group's investees are acting as guarantors of the arrangement.

The five-year loan has repayments every six months of increasing amounts and the first instalment is due 12 months from the arrangement date. The credit facility has the same maturity date as the loan.

The agreed interest rate on this financing is Euribor plus a spread that ranges from 1.40% to 2.50%, depending on the net financial debt/EBITDA ratio.

The aforementioned financing agreement establishes compliance with annual covenants whereby the net financial debt/EBITDA ratio must be less than 3.5.

It also stipulates that throughout the duration of the loan the EBITDA/net finance costs ratio should remain above 3 and that the net financial debt /Equity ratio should be lower than 1. In addition, these agreements include a series of non-financial obligations to be met.

In March the Group acquired the Australian chemical product manufacturing and distribution company Price Chemicals, which has an annual turnover of approximately Euros 7 million.

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

General business performance

The Fluidra Group shows stable sales compared to the prior year, with 0.2% growth (+1% at constant exchange rate) on 2013. Two relevant effects should be taken into consideration from an analysis of sales: firstly the effect of the divestment made in Irrigaronne (distributor of irrigation products on the French market) which has had a Euros 10 million impact on sales, and secondly the Euros 11 million drop in sales in France due to stagnation in the French market. These negative effects have been offset by 11% growth in the Central and Northern European markets, with a 4% recovery in the Spanish market. The 8% growth in the Australian market should also be highlighted (14% at a constant exchange rate).

Regarding product families, residential swimming pools remain stable (+0.8%) with growth in water treatment (+7.5%) and a decline in the irrigation family (-17%) caused by the aforementioned divestment.

EBITDA has increased by Euros 17.97 million, Euros 11 million of which are due to the improvement in gross margin. The gross margin has risen from 49.1% in 2013 to 50.9% in 2014 due to a twofold effect: firstly the effect of the Projects Division in 2013 which led to a fall in gross margin and secondly, the increased efficiency in the management of sales prices and manufacturing costs.

Net operating costs (sum of personnel costs, excluding indemnities due to change in model, and other net operating costs from income from services rendered and non-current self-constructed assets and profit on the sale of fixed assets and prior to changes in trade provisions) show a 2.1% reduction, within the operating deleveraging plans in Europe. This caption includes non-recurrent expenses and income from the opex reduction and asset sale programmes. The effect of divestments in the South of Europe due to the sale of Irrigaronne, S.A.S. (distributor of irrigation products on the French market) has led to a profit of Euros 2.2 million, together with the sale of two buildings for Euros 3.1 million. In the part relating to non-recurrent costs, the whole programme relating to disposals, not just those executed, has generated a charge of Euros 1.2 million. It should be mentioned that Euros 4.0 million of non-recurrent costs in future years arising from the deleveraging are also included. The restricted personnel expenses (-2.1%) and industrial expenses (+1.1%) should also be highlighted.

Trade provisions decreased by Euros 2.2 million, essentially due to the winding up of the projects division (Euros 3.5 million) in the prior year. This year there are extraordinary scenarios of insolvency in the South of Europe, as well as in United Arab Emirates and Morocco.

To analyse finance income we must exclude the impact of estimating the fair value of the financial liability arising from the acquisition of Aqua and Youli which was recognised under finance income for Euros 7.9 million.

Net profit attributable to the Parent rose by Euros 16.9 million, in line with the increase in EBITDA, up from -1.7% of sales to +1.1% of sales.

As regards the Group's consolidated statement of financial position, net working capital was 2.6% lower at Euros 5 million, with an improvement of 5 days in average collection periods. The average payment period to suppliers is 53 days and the Group's objective is to comply with prevailing legislation in all countries in which it operates. Investments amounted to Euros 19.9 million, slightly below the prior year figure of Euros 22.1 million.

DFN has fallen by Euros 35 million, mainly due to the growth in results, the reduction in NWC and lower investments, as well as the sale of the subsidiary Irrigaronne, S.A.S. which has contributed Euros 9.2 million.

The workforce has reduced by 98 employees. The average headcount is 3,573 at 31 December 2014, of which 67% were male and 33% were female.

Fluidra's ongoing commitment to the environment is reflected in the optimisation of the natural resources in its production processes, as well as its heightened use of alternative energies. Additionally, one of the core priorities of the Company's R&D projects is the responsible use of water.

Information relating to transactions with related parties is disclosed in note 29.

(Continued)

Overview of risk policy

See note 21.

Treasury shares

During 2014 the Company has carried out several purchases (412,853 shares) and sales (448,179 shares) of treasury shares. At year end the Company held 235,920 treasury shares, representing 0.21% of its capital and with a total cost of Euros 665 thousand.

Research, development and technological innovation

Investments in research, development and technological innovation amounted to Euros 4,064 thousand during 2014

Events after the reporting period

See note 35

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

2014

On 26 March 2015 the board of directors of Fluidra, S.A. authorised for issue the consolidated annual accounts in conformity with International Financial Reporting Standards as adopted by the European Union (including the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts) for the year ended 31 December 2014. 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.

Mr. Juan Planes Vila, duly represented by Mr. Igancio Acha-Orbea Echeverría

Bansabadell Inversió Desenvolupament, S.A.
Mr. Carlos Ventura Santamans

Mr. Eloy Planes Corts

Mr. Richard Cathcart, duly represented by Mr Oscar Serra Duffo

Aniol, S.L., duly represented by Mr Oscar Serra Duffo

Mr. Gabriel López Escobar

Mr. Oscar Serra Duffo

Mr. Juan Ignacio Acha-Orbea Echeverría

Mr. Bernardo Corbera Serra

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U with registered office 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 Comercial España, S.A.U. with registered office 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. This is the parent of the F.C. España Group, the head of which holds 100% of Ideal Pool Innovations, S.L.U. and 67.5% of Technical Pool Service, S.L.
- Fluidra Commercial France, S.A.S. (merged with Certikin France, S.A.R.L. and formerly called Astral Piscine, S.A.S.), with registered office 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.
- Fluidra Belgique, S.R.L. with registered office in Carcelles (Belgium), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astralpool UK, Ltd., with registered office 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, with registered office 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.
- Fluidra Commerciale Italia. S.P.A. (merged with Cepex, S.R.L. and Certikin Italia S.p.A. and formerly called Astral Italia, S.P.A.), with registered office 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 office in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.
- Astral Pool Switzerland, S.A., with registered office in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra Export, S.A., with registered office in Polinyà (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., with registered office 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, with registered office in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.
- Fluidra Maroc, S.A.R.L., with registered office 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 Prilslusenstvi, S.R.O., with registered office in Praha-Vychod (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Fluidra Danmark A/S, (formerly Astral Scandinavia, A/S) with registered office in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

- Zao "Astral Sng", with registered office 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., with registered office 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., with registered office in Wroclaw (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.
 - Fluidra Chile, S.A., with registered office in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of specific products for swimming pools, irrigation and water treatment and purification systems.
 - Astral Pool México, S.A. de C.V., with registered office in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.
 - Fluidra USA, LLC, (merged with Fluidra USA, Inc) with registered office in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.
 - Astral India PVT LTD, with registered office in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.
 - Fluidra Portugal, Lda. Unipessoal, with registered office 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 office 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. with registered office 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 office in Donquiao Town (China), the principal activity of which is the commercialisation of swimming pool-related products.
- Astral Pool Australia PTY LTD, with registered office 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. This is the parent of the Astral Holdings Australia Pty Ltd. Group, the parent of which holds 100% of the capital of Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd., Hurlcon Research Pty Ltd. (dormant), Rolachem Pty Ltd. (dormant) and HENDY Manufacturing Pty Ltd. (wound up) and Astral Pool Australia Pty Ltd.
- Astral Pool Hongkong CO. LTD, with registered office in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.
 - Fluidra Singapore PTE LTD, with registered office in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.
 - Fluidra Balkans JSC, with registered office 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 office 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.
 - Blue Water Parts, S.A.S., with registered office in Villeurbanne (France), mainly dedicated to selling replacement

Fluidra, S.A. and Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

materials for swimming pools.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

- Astralpool Cyprus LTD, with registered office in Limassol (Cyprus), the principal activity of which is the distribution of swimming pool-related products.
- Metalast, S.A.U., with registered office 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 office in Sant Jaume de Llierca (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 office in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation of plastics and their commercialisation and sale, as well as the manufacture, assembly, transformation, sale, purchase and distribution of all kinds of lighting and decoration apparatus and tools. Foreign and domestic trading activities regarding all kinds of goods and products, directly or indirectly related to the aforementioned products, their sale, purchase or distribution. The representation of foreign or national industrial and commercial firms/companies engaged in the manufacture of the aforementioned products.
- Unistral Recambios, S.A.U., with registered office in Maçanet 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.U., with registered office 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.
- Togama, S.A.U., with registered office in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.
- Fluidra Industry, S.A.U with registered office in Polinyà (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Productes Elastomers, S.A. with registered office 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. Ltd, with registered office 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 office in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.
- Fluidra Industry France, S.A.R.L. (merged with Pacific Industries, S.A.S. and the formerly named Europeenne de Couverteurs Automatiques, S.A.R.L.) with registered office in Perpignan (France), the statutory activity of which is the manufacture of automatic swimming pool covers.
- Aquant (Shanghai) Trading Co. LTD, with registered office in Shanghai, 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 Swimming Pool Equipments Co, LTD, with registered office 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.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

- I.D. Electroquímica, S.L., with registered office in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.
- Swimco Corp., S.L.U, with registered office in Munguia (Vizcaya, Spain) 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.U., with registered office in Munguia (Vizcaya, Spain), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.
- Me 2000, S.R.L., with registered office in Brescia (Italy), the statutory activity of which is the development and lease of buildings.
- Certikin International, Ltd., with registered office in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.
- Hydroswim International, S.A.S., with registered office 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.U., with registered office 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 Swimming Pool Products India Private Limited, with registered office in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.
- Cepex, S.A.U., with registered office 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.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex Mexico, S.A. de CV., with registered office in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.
- Agro-Cepex, S.A.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Certikin Middle East, FZE., with registered office in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.
- Inquide, S.A.U., with registered office in Polinyà (Barcelona, Spain), the principal activity of which is the manufacture of products and chemical specialities in general, with the exclusion of pharmaceuticals.
- Inquide Italia, S.R.L., with registered office in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.
- Certikin Portugal, S.A. with registered office 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.
- Astramatic, S.A.U., with registered office in Les Franqueses 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.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
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- ATH Aplicaciones Técnicas Hidráulicas, S.L.U., with registered office 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 office in Rentería (Guipúzcoa, Spain), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.
- Trace Logistics, S.A.U, with registered office in Massanet de la Selva (Girona, Spain), 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 office in Perpignan (France), the statutory activity of which is the development and rental of real estate.
- Accent Graphic, S.L.U., with registered office 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.
- Fluidra Services France, S.A.S. with registered office 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. (formerly Astral South Africa (Pty) Ltd.), with registered office 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 office in Polinyà (Barcelona, Spain) 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 office in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.
- Astralpool (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), dedicated to the holding and use of stocks and shares.
- Fluidra Services España, S.L.U., with registered office in Granollers (Spain), mainly involved in rendering administration services, providing legal, tax and financial services, managing and training personnel, and providing IT services.
- Fluidra Services Portugal, Unipessoal Lda., with registered office in São Domingo da Rana (Portugal), mainly involved in rendering administration services, providing legal, tax and financial services, managing and training personnel, and providing IT services.
- Fluidra México, S.A. DE CV. with registered office in Mexico City (Mexico), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

- Fluidra Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories. - W.I.T. Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Österreich GmbH "SSA", with registered office in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products.
- Splash Water Traders Private Limited, with registered office in Chennai (India), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Serbica, D.O.O. with registered office in Belgrade (Serbia), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Malaysia SDN BHD with registered office in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.
- Astramatic Malaysia SDN BHD with registered office in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.
- US Pool Holdings, Inc. with registered office in Delaware (United States) dedicated to the holding and use of shares.
- Aquaproducts Inc. with registered office in New Jersey (United States), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.
- Aquatron Robotic Technology, Ltd., with registered office in Afula (Israel), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.
- Fluidra Brasil Indústria e Comércio LTDA. with registered office in Jardim Sao Luis (Brazil), the principal activity of which is the commercialisation, import, export and distribution of equipment, products and services for fluid conduction, irrigation, swimming pools and water treatment. It also holds shares and investments in other companies and renders technical assistance services for machinery, filters and industrial and electrical and electronic equipment and leases industrial and electrical and electronic machinery and equipment.
- Fluidra Al Urdoun Fz., with registered office in Zarqa Free Zone (Jordan), the principal activity of which is the commercialisation of material for swimming pools.
- Fluidra Romania, S.A. (previously Fluidra Balkans, S.A.), with registered office in Bucharest (Romania), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.
- Fluidra Montenegro DOO, with registered office in Podgorica (Montenegro), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.
- Fluidra Indonesia, PT, with registered office in Jakarta (Indonesia), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.
- Fluidra Youli Fluid Systems (Wenzhou) Co., LTD, with registered office in Luishi Town, Yueqing City (China), the principal activity of which is the development, production and sale of fluid conduction products.
- Fluidra JV Youli, S.L.U., with registered office in Sabadell (Barcelona), dedicated to the administration, management and operation of its investment in the share capital of the Chinese company "Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the statutory activity
of subsidiaries, associates
and jointly controlled entities in which the Group holds direct and indirect interests

- Fluidra Colombia, S.A.S. with registered office in Montevideo-Bogotá D.C. (Colombia), dedicated to the purchase and sale, distribution, commercialisation, import and export 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 in general, built with metal as well as all kinds of plastic and plastic derivatives.
- Veico Com. Br. Indústria e Comércio, LTDA with registered office in Ciudad de Brusque (Brazil) is dedicated to the manufacture and commercialisation of all kinds of articles and accessories for swimming pools.
- Fluidra Sverige AB with registered office in Mölndal (Sweden), whose principal activity is the purchase, sale, import and export of product categories and products directly or indirectly required to commercialise materials for swimming pools, water treatment equipment and related activities.
- Fluidra Projects USA, Inc. with registered office in Wilmington (US), 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.
- Fluidra Kazakhstan, Limited Liability Company with registered office in Almaty City (Republic of Kazakhstan), the statutory activity of which is the purchase of swimming pool material for subsequent sale on the domestic market.
- Innodrop S.L. with registered office in Les Franqueses del Vallès (Spain), the statutory activity of which is the rendering of services focusing on the sustainable use of water.
- Fluidra Engineering Services, S.L. with registered office in Sabadell (Barcelona, Spain), the statutory activity of which is the rendering of consultancy services for Group companies.

Equity-accounted associates

- Astral Nigeria, Ltd, with registered office in Surulere-Lagos (Nigeria), the principal activity of which is the commercialisation of swimming pool-related products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2014

% Ownership	
Direct	Indirect

Details of fully consolidated subsidiaries

FLUIDRA COMMERCIAL, S.A.U.	100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	100%	(2)
FLUIDRA BELGIQUE, S.R.L.	100%	
ASTRALPOOL UK, LTD.	100%	
FLUIDRA DEUTSCHLAND GmbH	100%	
FLUIDRA COMMERCIALE ITALIA, S.P.A.	91%	Merged with Cepex, S.R.L. and Certikin Italia, S.P.A.
FLUIDRA SERVICES ITALIA, S.R.L.	91%	
ASTRAL POOL SWITZERLAND, S.A.	100%	
FLUIDRA EXPORT, S.A.	95%	
YA SHI TU (Ningbo) Water Treatment Equipment, Ltd.	95%	
FLUIDRA MIDDLE EAST FZE	100%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%	
FLUIDRA MAROC, S.A.R.L.	95,5%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	100%	
FLUIDRA DANMARK A/S	100%	
FLUIDRA SVERIGE AB	100%	
ZAO "ASTRAL SNG"	80%	
FLUIDRA MAGYARORSZÁG Kft.	90%	
FLUIDRA CHILE S.A.	99,48%	
FLUIDRA POLSKA, SP. Z.O.O.	95%	
ASTRAL INDIA Pvt, Ltd.	95%	
FLUIDRA PORTUGAL, LDA.	100%	
FLUIDRA HELLAS, S.A.	96,96%	
ASTRAL POOL MEXICO, S.A. DE C.V.	93,83%	
POOL SUPPLIER, S.L.U.	100%	
TURCAT POLYESTER SANAYI VE TICARET, A.S.	25,50%	
ASTRAL POOL AUSTRALIA PTY LTD	100%	(2)
ASTRAL HONG KONG CO, Ltd.	100%	
FLUIDRA SINGAPORE PTE. LTD	100%	
FLUIDRA BALKANS JSC	66,67%	
ASTRAL POOL CYPRUS, LTD	80%	
FLUIDRA EGYPT, Egyptian Limited Liability Company	90%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89,9%	
FLUIDRA MEXICO, S.A. DE C.V.	100%	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co. Ltd.	100%	
ASTRAMATIC, S.A.	100%	
FLUIDRA SOUTH AFRICA (Pty), Ltd.	100%	
WAY FIT, S.L.	99,5%	
ASTRAL POOL (THAILAND) CO, Ltd.	99%	
FLUIDRA (THAILAND) CO, Ltd.	100%	
PRO CEPEX, S.R.L.	100%	

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2014

CEPEX MEXICO, S.A. DE C.V.		100%
AGRO-CEPEX, S.A.R.L.		100%
CERTIKIN MIDDLE EAST FZE		100%
INQUIDE ITALIA, S.R.L.		91%
SPLASH WATER TRADERS PRIVATE LIMITED		94,9%
FLUIDRA ÖSTERREICH GmbH "SSA"		100%
FLUIDRA SERBICA, D.O.O. BEOGRAD		60%
FLUIDRA MALAYSIA SDN.BHD.		100%
ASTRAMATIC MALAYSIA SDN.BHD.		99,9%
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO, LTDA		100%
FLUIDRA ROMANIA S.A.		67%
FLUIDRA AL URDOUN FZ		70%
FLUIDRA INDONESIA PT.		100%
FLUIDRA MONTENEGRO, DOO		60%
FLUIDRA YOULI FLUID SYSTEMS (WENZHOU) CO, LTD.		70%
FLUIDRA J.V. YOULI, S.L.U.		100%
FLUIDRA COLOMBIA,S.A.S		100%
VEICO COM. BR. INDÚSTRIA E COMÉRCIO LTDA		100% (3)
FLUIDRA KAZAKHSTAN, Liability Limited Company		60% (6)
FLUIDRA ENGINEERING SERVICES, S.L.		100%
FLUIDRA INDUSTRY, S.A.U.	100%	
METALAST,S,A,U.		100%
POLTANK, S.A.U.		100%
SACOPA, S.A.U.		100%
UNISTRAL RECAMBIO, S.A.U.		100%
TALLERES DEL AGUA, S.L.U.		100%
TOGAMA, S.A.U.		100%
PRODUCTES ELASTOMERS, S.A.		70%
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.		100%
TURCAT POLYESTER SANAYI VE TICARET,A.S.		50%
AQUANT (SHANGHAI) TRADING CO, Ltd.		100%
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENTS CO, Ltd.		70%
I.D. ELECTROQUÍMICA, S.L.		60%
CEPEX S.A.U.		100%
INQUIDE, S.A.U.		100%
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%
LOITECH (NINGBO) HEATING EQUIPMENT CO, Ltd.		80%
APLICACIONES TÉCNICAS HIDRÁULICAS, S.L.U.		100%
US POOL HOLDINGS, INC		100%
AQUAPRODUCTS, INC		100%
AQUATRON ROBOTIC TECHNOLOGY, LTD		100%
FLUIDRA USA LLC		100%
FLUIDRA PROJECTS USA, INC.		100%
A.P. IMMOBILIERE		100%
SWIMCO CORP., S.L.U.	100%	
MANUFACTURAS GRE, S.A.U.		100%
ME 2000, S.R.L.		100%
CERTIKIN INTERNATIONAL, LTD.		100%

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2014

HYDROSWIM International, S.A.S.	100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED	100%	
CALDERERÍA PLÁSTICA DEL NORTE, S.L.	80%	(3) - 100%
CERTIKIN PORTUGAL, S.A.	80%	
FLUIDRA SERVICES FRANCE, S.A.S.	100%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	100%	Merged with Certikin France, S.A.R.L.
BLUE WATER PARTS, S.A.S.	100%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	100%	Merged with Pacific Industries, S.A.S.
TRACE LOGISTICS, S.A.U.	100%	
ACCENT GRAPHIC, S.L.U.	100%	
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%	
FLUIDRA SERVICES PORTUGAL, Unipessoal Lda	100%	
INNODRIP, S.L	100%	

Details of equity-accounted associates

ASTRAL NIGERIA, LTD.	25%	(1)
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Details of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11%	(1)
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(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Astral Pool Australia Pty Ltd is a group of companies in which the parent holds a 100% interest in the capital of the Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Australia Pty Ltd and Henty Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent holds 100% of the capital of Ideal Pool Innovations, S.L.U. and Technical Pool Service, S.L.

(3) Companies which have been fully consolidated in the annual accounts and for which the carrying amount of non-controlling interests have been derecognised (see note 6)

(4) During the year Cepex USA, Inc. and Pools, S.A.S. have been wound up.

(5) Irrigaronne, S.A.S. was fully disposed of in 2013 and 51% of Poleg & Teknik, A/S was disposed of in 2013.

(6) Newly incorporated company.

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2014
(Expressed in thousands of Euros)

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

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Sales to third parties	342,009	178,724	73,071	-	-	593,804
Sales to third parties in Spain	106,076	292	20,294	-	-	126,662
Sales to third parties in France	79,114	1,554	11,389	-	-	92,057
Inter-segment sales	10,965	16,674	218,677	-	(246,316)	-
Sales of merchandise and finished goods of the segment	352,974	195,398	291,748	-	(246,316)	593,804
Services rendered and non-current self-constructed assets	7,672	2,255	6,464	4,835	356	21,582
Depreciation and amortisation and impairment	(2,768)	(13,270)	(17,562)	(11,775)	4,353	(41,022)
Results from operating activities of reportable segments	<u>3,998</u>	<u>919</u>	<u>27,914</u>	<u>(22,675)</u>	<u>11,273</u>	<u>21,429</u>
Finance income	283	3,421	3,103	3,377	(46)	10,138
Finance costs	(1,658)	(2,614)	(2,440)	(14,997)	3,327	(18,382)
Exchange gains/ (losses)	(68)	(625)	353	(652)	(157)	(1,149)
Share of profit/ (loss) of associates	-	-	-	39	-	39
Profit before income tax	<u>2,555</u>	<u>1,101</u>	<u>28,930</u>	<u>(34,908)</u>	<u>14,397</u>	<u>12,075</u>
Income tax income / (expense)	(3,631)	(2,835)	(8,256)	9,069	2,110	(3,543)
Profit from continuing operations	<u>(1,076)</u>	<u>(1,734)</u>	<u>20,674</u>	<u>(25,839)</u>	<u>16,507</u>	<u>8,532</u>
EBITDA	<u>23,131</u>	<u>16,747</u>	<u>51,787</u>	<u>(25,851)</u>	<u>(141)</u>	<u>65,673</u>
Other significant non-monetary items before income tax:	(2,689)	(2,808)	470	1,761	(1,042)	(4,308)

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2013
(Expressed in thousands of Euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2013	31.12.2013	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Sales to third parties	347,576	174,962	70,140	-	-	592,678
Sales to third parties in Spain	101,513	2,310	18,355	-	-	122,178
Sales to third parties in France	98,888	3	14,452	-	-	113,343
Inter-segment sales	8,682	18,359	225,299	-	(252,340)	-
Sales of merchandise and finished goods of the segment	356,258	193,321	295,439	-	(252,340)	592,678
Services rendered and non-current self-constructed assets	6,845	2,772	6,447	2,461	(1,630)	16,895
Depreciation and amortisation and impairment	(3,513)	(4,102)	(18,501)	(36,637)	22,902	(39,851)
Results from operating activities of reportable segments	<u>(1,311)</u>	<u>11,094</u>	<u>23,598</u>	<u>(57,567)</u>	<u>26,028</u>	<u>1,842</u>
Finance income	626	478	856	7,038	(486)	8,512
Finance costs	(3,264)	(2,060)	(3,644)	(15,472)	816	(23,624)
Exchange gains/ (losses)	(158)	(1,220)	(1,185)	467	(455)	(2,551)
Share of profit/ (loss) of associates	-	-	-	40	-	40
Profit before income tax	<u>(4,107)</u>	<u>8,292</u>	<u>19,625</u>	<u>(65,494)</u>	<u>25,903</u>	<u>(15,781)</u>
Income tax income / (expense)	<u>(2,020)</u>	<u>(2,996)</u>	<u>(5,949)</u>	<u>8,378</u>	<u>6,786</u>	<u>4,199</u>
Profit from continuing operations	<u>(6,127)</u>	<u>5,296</u>	<u>13,676</u>	<u>(57,116)</u>	<u>32,689</u>	<u>(11,582)</u>
EBITDA	<u>6,783</u>	<u>17,675</u>	<u>49,443</u>	<u>(28,571)</u>	<u>2,371</u>	<u>47,702</u>
Other significant non-monetary items before income tax:	(8,384)	(3,038)	346	(884)	3,202	(8,758)

Fluidra, S.A. and Subsidiaries

Details of assets and liabilities by segment
for the year ended 31 December 2014
(Expressed in thousands of Euros)

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

	EUROPE	EXPANSION	OPERATIONS	Shared services	Not allocated	Eliminations	Total consolidated figures
	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Assets							
Total non-current assets Spain	7,225	10	56,965	21,298	614,430	-	699,928
Total non-current assets Other	10,402	39,369	32,009	2,693	58,728	-	143,201
Total non-current assets Eliminated	-	-	-	-	-	(477,058)	(477,058)
Total non-current assets	17,627	39,379	88,974	23,991	673,158	(477,058)	366,071
Current operating assets ¹	103,616	107,943	135,865	44,069	-	(117,699)	273,794
Current operating liabilities ²	44,965	60,705	66,792	26,349	-	(98,969)	99,842
Net working capital	58,651	47,238	69,073	17,720	-	(18,730)	173,952
Current non-operating assets	-	-	-	-	244,682	(186,966)	57,716
Current non-operating liabilities	-	-	-	-	286,743	(187,103)	99,640
Total current assets	103,616	107,943	135,865	44,069	244,682	(304,665)	331,510
Total current liabilities	44,965	60,705	66,792	26,349	286,743	(286,072)	199,482
Total non-current liabilities	-	-	-	-	210,888	(33,842)	177,046
Additions of non-current assets other than financial instruments and deferred tax assets	2,976	3,832	9,936	3,151	-	-	19,895

¹ Defined as trade and other receivables

² Defined as trade and other payables

Fluidra, S.A. and Subsidiaries

Details of assets and liabilities by segment
for the year ended 31 December 2013
(Expressed in thousands of Euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Not allocated	Eliminations	Total consolidated figures
	31.12.2013	31.12.2013	31.12.2013	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Assets							
Total non-current assets Spain	6,273	10	60,020	21,343	603,556	-	691,202
Total non-current assets Other	10,994	42,525	29,294	4,191	71,895	-	158,899
Total non-current assets Eliminated	-	-	-	-	-	(471,256)	(471,256)
Total non-current assets	17,267	42,535	89,314	25,534	675,451	(471,256)	378,845
Current operating assets ¹	123,465	94,667	127,061	36,283	-	(101,307)	280,169
Current operating liabilities ²	49,537	54,188	60,085	19,934	-	(84,088)	99,656
Net working capital	73,928	40,479	66,976	16,349	-	(17,219)	180,513
Current non-operating assets	-	-	-	-	209,454	(147,098)	62,356
Current non-operating liabilities	-	-	-	-	254,203	(146,824)	107,379
Total current assets	123,465	94,667	127,061	36,283	209,454	(248,405)	342,525
Total current liabilities	49,537	54,188	60,085	19,934	254,203	(230,912)	207,035
Total non-current liabilities	-	-	-	-	205,784	5,450	211,234
Additions of non-current assets other than financial instruments and deferred tax assets	3,124	4,577	11,125	3,279	15	-	22,120

¹ Defined as trade and other receivables

² Defined as trade and other payables